

GLOBAL VISION LOCAL DESIGN SOLUTIONS FOR ALL



2014
ACTIVITY & SUSTAINABILITY
REPORT

WHO TARKETT IS

A global leader, GloCal, entrepreneurial, ambitious, innovative and engaged: Tarkett's DNA has six main characteristics.

p. 02

INTERVIEW WITH THE CEO

Thanks to Tarkett's strong DNA, its balanced business model, its "GloCal" approach, and its focus on innovation and sustainability, the Group is well positioned for the future.

p. 04

ENGAGED

Tarkett draws up solutions to worldwide challenges in society: urbanization, population aging and resource scarcity.

p. 06

GLOCAL

Tarkett has set itself apart in the flooring sector by being global (purchases, innovation, operational excellence) while acting locally (design, sales and marketing, industrial and logistics set-up).

p. 20

EXPERIENCE TARKETT

Housing, Healthcare, Education, Offices, Retail & Hospitality, Sports: a whole world of flooring solutions in photos.

p. 30

RESPONSIBLE

An integral part of Tarkett's business model, the Sustainability Strategy focuses on the 4P: Purpose, Planet, People and Profit.

p. 44

ENTREPRENEURS

Tarkett empowers teams that develop an entrepreneurial spirit: portraits of four employees in the United States, Italy, Canada, and Russia.

p. 54

GOVERNANCE AND 2014 REVIEW

Tarkett's Governance, 2014 Results, Business Review (EMEA, North America, Sports, CIS Countries, Asia-Pacific and Latin America) and Sustainable Development Dashboard.

p. 59

PROFILE

Each day,
create the ultimate
flooring experience



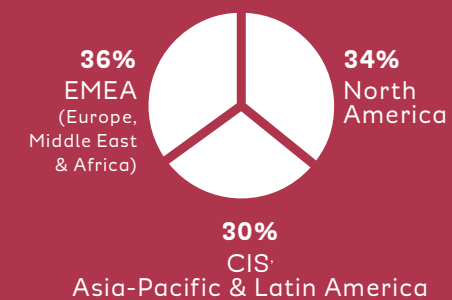
Tarkett strives constantly to improve the quality of life and well-being of people, providing high performing and sustainable flooring and sports surface solutions around the world. Our global standards for excellence, our innovation capabilities and broad product portfolio, combined with our local design expertise and understanding of customer needs, enable us to offer integrated solutions for individuals, companies and the public sector. Committed to sustainability, our empowered teams are engaged in building long-lasting relationships with all of our partners to create the ultimate flooring experience.

01

6
MARKET SEGMENTS

- Housing
- Healthcare
- Education
- Offices
- Retail & Hospitality
- Sports

A BALANCED GEOGRAPHICAL PRESENCE⁽¹⁾



A BALANCED AND ATTRACTIVE CUSTOMER BASE

60% Commercial
40% Residential

Tarkett logo icon

80% Renovation
20% New construction

(1) 2014 net sales split, pro forma for Desso.

WHO TARKETT IS

Tarkett is a global leader in innovative flooring solutions that generate value for customers in a sustainable way. Our balanced business model is supported by our decentralized organization and shared commitment to sustainability, ethics and excellence.

**A BROAD PRODUCT
PORTFOLIO**
VINYL
LINOLEUM
CARPET
WOOD
LAMINATE
RUBBER & ACCESSORIES
ARTIFICIAL TURF
TRACKS


SALES IN MORE THAN
100
COUNTRIES

LEADER

We offer customers one of the broadest product portfolios in the flooring and sports surface industry, providing integrated and coordinated solutions to professional and residential end-users all over the world. We are the global leader in various segments including vinyl flooring and artificial turf for sports fields.

GLOCAL

Our 34 industrial sites, 12,000 employees and sales in 100+ countries put us in close contact with customers and suppliers everywhere in the world. Globally, we drive operational excellence, commitment to our values and innovation, while empowering local teams to manufacture and design products and services suited to local customer needs and trends.

ENTREPRENEURIAL

Entrepreneurship is part of Tarkett's DNA: continuous flooring innovations and acquisitions have marked our 130-year history. Today we continue to foster an entrepreneurial mindset to leadership, empowering our teams and encouraging agility and accountability in decision-making.

AMBITIOUS

Tarkett has an ambitious growth plan built on a combination of organic growth through innovation, and external growth through value-creating acquisitions that complement its geographical footprint and product range. We have a history of successfully integrating our acquisitions.

INNOVATIVE

Advanced design and innovation help us to improve people's well-being, and create healthy living environments. Our focus on sustainable performance and how our flooring is used and recycled results in breakthrough innovations that demonstrate our industry leadership.

ENGAGED

Tarkett is committed to protecting our planet and bringing a sustainable lifestyle to all people, while addressing society challenges: urbanization, population aging and resource scarcity. We aim to contribute to people's well-being and to the development of the circular economy powered by the Cradle to Cradle® principles, in partnership with external players.



NET SALES
2.4
BILLION EUROS

2014 figures



34
INDUSTRIAL SITES



12,000
EMPLOYEES



18
ACQUISITIONS
IN THE LAST 7 YEARS



1.3
MILLION SQUARE METERS
OF FLOORING SOLD EACH DAY



76%
OF MATERIALS
CRADLE TO CRADLE® ASSESSED⁽¹⁾

**DYNAMIC
AND RECOGNIZED
BRANDS**

**STRATEGIC FLOORING
BRANDS**

TARKETT, JOHNSONITE,
TANDUS CENTIVA, DESSO

**STRATEGIC SPORTS
SURFACE BRANDS**

TARKETT SPORTS, FIELDTURF,
BEYNON, EASYTURF

**SERVICE
BRANDS**

RESTART, FLOORCRAFT,
TARKETT ACADEMY

(1) Percentage of raw materials in volume. Assessment based on Cradle to Cradle® criteria with EPEA support on all products except Sports, Eastern Europe carpet & rugs, outsourced finished goods and packaging.

CEO MICHEL GIANNUZZI INTERVIEW

“A BALANCED AND FLEXIBLE APPROACH TO PROFITABLE GROWTH”



A culture of entrepreneurship has been key to Tarkett's long-term success. CEO Michel Giannuzzi explains how the company's strong DNA, combined with a balanced business model and a "GloCal" approach and a focus on innovation and sustainability, ensure that Tarkett is well positioned for the future.

What were the highs and lows of 2014?

M.G.: Three examples illustrate how the business moved forward in 2014 in line with our sustainable and profitable growth strategy: external growth via four acquisitions, including the European commercial carpet specialist Desso (see inset); organic growth through innovation with the launch of FloorInMotion, a breakthrough service for the healthcare sector and the industry's first connected flooring solution; and excellence thanks to committed, entrepreneurial teams with our internal survey showing we have made progress across all areas, including talent management, engagement and shared vision. 2014 was also marked by the unpredictable political and economic crisis in Ukraine and Russia, where Tarkett has a significant presence. We nevertheless demonstrated our resilience by reacting rapidly in terms of cost structure and pricing, thereby protecting the EBITDA margin despite a fall in the fourth quarter due to a sharp drop in the value of the rouble.

What are the key advantages of Tarkett's business model?

M.G.: Diversification and balance are key to our strength. We have the most balanced geographical exposure in the industry, so we can benefit from growth opportunities in one region to compensate for a slowdown in another. This resilience

is reinforced by our 60/40 customer split between professionals and consumers, and our diversification across markets, from healthcare, education and offices to hospitality, housing and sports.

What role does sustainability play?

M.G.: We believe we are among the flooring companies that have gone the furthest in terms of integrating sustainability into our strategy and vision and sharing this with customers and employees. Specifically, our Sustainability Strategy based on the "4P" – Purpose, People, Planet and Profit – enables us to positively contribute to addressing challenges related to population growth and demographic changes: urbanization, aging population and resource scarcity. This is clearly reflected in our commitment to developing solutions that improve the quality of indoor air and people's well-being for example, but also to recycling and reusing our products at their end of use, thus participating in building a profitable circular economy powered by the Cradle to Cradle® principles.

What is Tarkett's DNA and how is it reflected in your people?

M.G.: Our employees share our core values: team spirit, close relationships with customers, integrity, respect for the environment and a sense of personal responsibility. They also share a sense of entrepreneurship, which we actively encourage via our "GloCal" approach, leveraging global



€240M

OF SALES ADDED THANKS TO ACQUISITIONS
SINCE 2013. OUR OBJECTIVE
IS TO GENERATE €300M OF
ADDITIONAL SALES BY 2016.

synergies and acting locally. When we acquire a company, we look very carefully at whether the employees and management are compatible with our own DNA. Our acquisitions over the years have resulted in a family of entrepreneurs.

What is your outlook for 2015 and beyond?

M.G.: In 2015 against a volatile, uncertain and complex political and macroeconomic backdrop, we will maintain our resilience by continuing to develop our entrepreneurial spirit. Looking further ahead, innovation will play a major role: offering custom designs and modular solutions to respond to customers' desire for personalization and versatility will be a big trend. Overall, Tarkett's focus on sustainable innovation and adding value for customers positions us well for the future. ■

Read our full 2014 results on www.tarkett.com

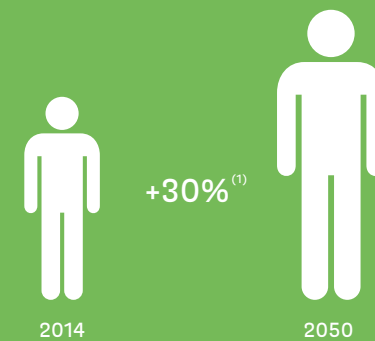
ACQUISITIONS FUEL GROWTH

The acquisition of Desso in Europe completed at the end of 2014 complements our 2012 acquisition of Tandus in the US, by enabling us to offer commercial carpet solutions to customers all over the world. We also acquired Renner Sports Surfaces in the US and Gamrat's vinyl flooring manufacturing business in Poland, and increased our sales and industrial presence in China. Acquisitions represent a key pillar of Tarkett's strategy, helping us to expand and reinforce our offering, develop our business in emerging countries, and take advantage of consolidation opportunities.

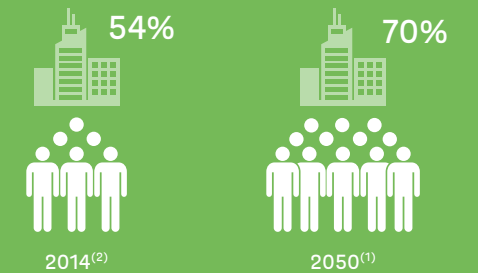
ENGAGED

Together at Tarkett,
we contribute to meeting
key challenges:
urbanization,
aging population,
resource scarcity

Heterogeneous Vinyl,
Accent Evolution.



GROWTH IN POPULATION

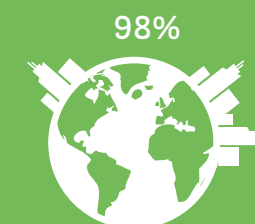


GLOBAL URBAN POPULATION



URBANIZATION: HOW CAN FLOORS HELP MEET THE CHALLENGES OF TOMORROW'S MEGACITIES?

Flooring will play a growing role in promoting well-being
and healthy and safe environments, while assuming an ever
more important role in channeling indoor traffic flows.



OF THE GROWTH IN THE WORLD'S
POPULATION WILL OCCUR IN CITIES AND
IN DEVELOPING AND EMERGING COUNTRIES⁽¹⁾



WILL NEED TO BE INVESTED
IN URBAN INFRASTRUCTURES
WORLDWIDE BY 2030⁽¹⁾

1) Source: World Business Council for Sustainable Development, Vision 2050 report, 2010.
2) Source: United Nations, World Urbanization Prospects, 2014.



INSEPARABLE: FUNCTION AND DESIGN

by Yama Karim, architect,
Studio Libeskind

Renowned architect
Yama Karim believes that
advanced technology
will allow flooring to assume
an increasingly important
role in managing tomorrow's
urban development challenges.



Noteworthy

1. Long neglected as a key element of a building, flooring will assume an increasingly active role in helping to manage these urban challenges.
2. New intelligent and connected flooring systems will provide city authorities with valuable real-time information about indoor traffic flows.



By 2050, approximately 70% of the global population will be urban, representing more than 6 billion people spending 90% of their time indoors⁽¹⁾. This means that cities will grow to currently unmatched proportions, imposing new challenges in terms of smart structures, traffic flows, resource management and people's health and well-being.

MEGACITIES, MEGA CHALLENGES

Some cities, like Tokyo and New Delhi are projected to have populations of nearly 40 million by 2030, posing a huge challenge: how can we ensure so many people can live together safely, well, and healthily? How will we balance people's complex expectations for well-being and services, while still respecting the planet? Consumption-related issues will take on a greater dimension, making the use of different building materials for housing

and public installation indispensable while city infrastructures will have to be reorganized to match increasingly dense traffic flows, not only on city streets but also inside buildings and on public transport. Today, city planners, architects and designers have to decide whether to integrate offices, stores, restaurants, services and housing, not to mention parks and green areas, into the old fabric of cities, or to build on the outskirts, in both cases ensuring that there is a good urban mix to help the city stay alive 24 hours a day.

FLOORING TECHNOLOGY MAKING THE DIFFERENCE

Long neglected as a key element of buildings, flooring will assume an increasingly active role in helping to manage these urban challenges. New materials and flooring compositions will not only foster people's well-being and comfort through intelligent design and researched use of color and patterns, but also provide active features such as anti-slip, sound control, light reflection, easy maintenance and recycling, which will contribute to improved and healthier indoor environments.



ABOUT OUR EXPERT

Yama Karim
is the principal
at Studio

Libeskind in New York, which
he joined in 2003. Among other
projects, he is currently managing
the Studio's CityLife project
in Milan and the Corals complex
in Singapore.

1.3 M

WEEKLY GROWTH
OF GLOBAL URBAN
POPULATION

Source: IPCC report.

New intelligent and connected flooring systems will provide city authorities with valuable real time information about indoor traffic flows, allowing them to channel and distribute pedestrian traffic to avoid congestion and safety hazards. Signaling using flooring colors, patterns or engraved messages will help people find their way more easily, making transit times less stressful. Colors and patterns will also make the transition from public spaces – the lobby, the lifts, the passageways – to private spaces.

FLOORS TURNING PLACES INTO LIVING SPACES

Flooring is decided upon early in an architectural project. A decisive factor in our choice is the purpose of the room or space, be it commercial or residential, with the highest priorities for public spaces being durability, maintenance, and replaceability, as long as the floor also looks nice and is comfortable. As architects, we must find the right balance between durability and comfort, to help people relax and spend quality time in urban spaces. ■

(1) Source: World Business Council for Sustainable Development.



For more information:
<http://tarkett.com/>



LOOKING AND FEELING GOOD

by Diane Martel



Diane Martel, Vice-President of Environmental Planning for Tarkett North America, believes that we should provide our customers with sustainable products that contribute to their well-being.

10

Paramount to this is eco-designing with good materials. Synthetics and substitutes for nature must be made of good materials and be safe for both the environment and for people. Customers today expect their durable goods to be sustainable, and everyone is concerned about the health and environmental impacts of their choices.

DESIGN FOR HEALTHY AND ENVIRONMENTALLY-FRIENDLY FLOORING

There is a strong trend worldwide for consumers and architects to want to know as much as possible about the products in their homes and offices. As a pioneer of sustainability, anticipating regulations and widely applying the Cradle to Cradle® principles, our flooring solutions have Total Volatile Organic Compounds emissions that are 10 to 100 times lower than the world's strictest standard. We also decided to use a non-phthalate plasticizer technology in all our European and North American production sites, improving environment and air quality indoors as well as giving us a competitive advantage. A number of our products are asthma & allergy friendly™ certified. Tarkett aims to be transparent and build a trustworthy relationship with its clients. Thus, it discloses the detailed profile of its products, providing third party-assessed data regarding the composition and environmental impact of the materials used. To close the loop,



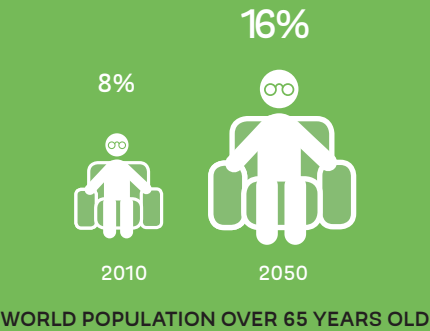
Nyköping School, Sweden, 2014

The goal was to create a school with a good acoustic environment so that stress and noise could be reduced for pupils and employees. Thanks to iQ Optima Acoustic, the school got a flooring solution that helped it achieve a higher class in sound absorption – class B. The design of the flooring was also a key challenge. Much work was done with the patterns and light. Neutral colors were used in the common spaces while bolder and identity-creating colors went around the teachers' working spaces.

we also engage and support our customers in collecting and recycling used flooring, building on a sustainable and profitable circular economy model.

DESIGN FOR PERFORMANCE AND QUALITY OF LIFE

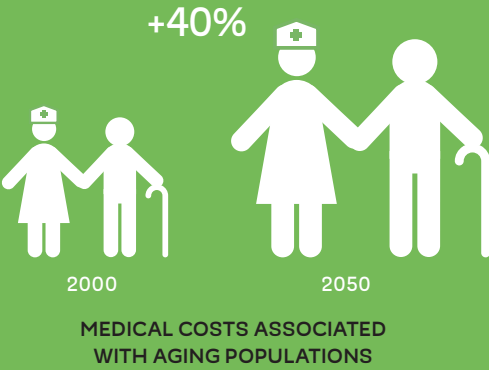
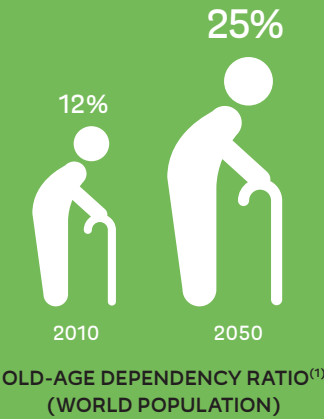
Flooring for public spaces must offer high technical performance, as well as flexibility, modularity and customization. The recent Luxury Vinyl Tiles product ranges, as well as carpet tiles or rubber tiles are good examples of the complex equation to be solved: easy to maintain and durable in places with high pedestrian traffic, quick and easy to install and replace with very little disruption, easy solutions to keep public spaces looking new, trendy and acoustically comfortable. ■



THE AGING POPULATION: HOW CAN WE MEET THE NEEDS OF THE SENIORS?

The number of seniors is on the rise: innovative flooring solutions can help to maintain their health, well-being and independence.

11



(1) The old-age dependency ratio is the ratio of the population aged 65 years or over to the population aged 15-64. They are presented as number of dependents per 100 persons of working age (15-64). Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat-http://esa.un.org/wpp/unpp/panel_indicators.htm



MEETING
THE AGING
POPULATION
CHALLENGE

by Frédéric Serrière,
Sociologist

In the next 40 years, the number of seniors is expected to double worldwide. Sociologist Frédéric Serrière explains the implications for public policy and budgets, and the role of innovation.

Noteworthy

- 1. An increasingly aging population implies rising costs for governments around the world.
- 2. Helping older people stay autonomous improves quality of life and optimizes budgets.
- 3. Technical innovations can form part of the solution.

The aging of the world population is one of the most pressing issues of our time. Increased longevity and declining fertility has resulted in a growing number of older people as a proportion of the total population in developed countries. In the next ten years, the issue will start to impact developing countries, including China.

RISING COSTS, SHRINKING BUDGETS

There are economic consequences to having an aging population. This well-documented term covers three distinct groups: active and autonomous, fragile (over the age of 75) and dependent. As the older generation lives longer, the younger one will have to work more years to meet the higher cost of pensions. On the other hand, the phenomenon has given rise to the silver economy, and ensures that people can enjoy a high quality of life in their own

homes or care homes, and all that that entails. This helps them to remain self-sufficient and provides guidance regarding their health issues by giving them an environment that enhances their well-being. Currently, 55 million fragile seniors require care worldwide, and this figure is expected to increase drastically from 2022 onwards. This public policy headache is compounded by the fact that medical costs associated with aging populations are expected to increase by over 40% between 2000 and 2050. Taking care of an aging population on a restricted budget represents a challenge for governments, but also provides opportunities for innovation and growth. The keys to meeting the challenge: legal reforms, home care packages, research initiatives and technological innovations.

INNOVATIONS TO HELP SENIORS
STAY INDEPENDENT

Helping elderly people maintain their independence is vital not only for the well-being of individuals and their families but also for public finances. Countries including Switzerland, England and Canada have already taken the first step and passed laws that improve the viability of home care through tax cuts and healthcare packages. Other countries have funded initiatives for creating stimulating environments in nursing homes. Private companies are also paving the future of the silver economy. Families need to know that their elderly loved ones are safe, while continuing with their own busy lives. Integrated systems able to provide this reassurance are in high demand. Other innovations include installations and specific design spaces that help with everyday living, sensors that detect abnormal activity such as fall and assistance alerts. However, effectiveness is dependent on use: solutions must be pragmatic, customized and flexible.

1.45 bn

OF SENIORS
(OVER 65 YEARS OLD)
BY 2050.

Source:
World Population
Aging 2013,
United Nations Report.

These are the first steps in finding sustainable solutions that maintain the independence of older people and help delay, prevent or cope with dementia. Such innovations, whether via government reforms or from private companies, will be key to promoting the well-being of seniors and their relatives and easing the burden on the public purse. ■



For more information:
<http://tarkett.com/>



ABOUT
OUR EXPERT

Frédéric Serrière is an international expert on global aging and mature markets. Co-founder of consultancy firm Senior Strategic, he has authored several books and advises corporations on the Silver Economy.



HELPING PEOPLE THRIVE

by Cindy Hubbell



Cindy Hubbell, Director of Healthcare Development at Tarkett North America, talks about innovations such as the Group’s healthcare mission statement and collaboration with healthcare organizations that are setting new healthcare standards in the industry.

14

Tarkett is committed to creating innovative flooring solutions that promote Generative Space. These are well-designed spaces that enable us to perform at an optimal level, nurturing us and encouraging us to thrive. Tarkett’s healthcare mission is to elevate flooring so that it becomes an integrated part of patient-centered care and the healing environment.

LEARNING FROM OUR PARTNERS

Collaboration with our partners and recognized healthcare experts in all parts of the world, such as the non-profit organizations Planetree, NXT Health, Practice GreenHealth and the Center for Health Design in North America, allows Tarkett to learn about patient-centered care, innovation, research and development, sustainability, life safety and procurement, giving the company much better insight into the needs not only of the sick, but also the elderly. Currently, global healthcare is shifting from treating sickness to promoting wellness. Simply put, this means we’re living longer and better lives and we need to center on optimal wellness at every age. Flooring will never cure serious disease, but it can help someone who isn’t well have a better day.

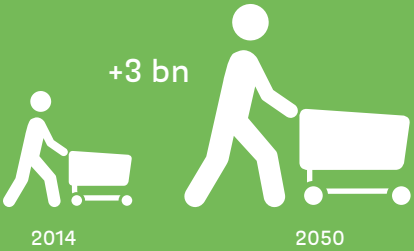


Soleil d’Automne, Retirement homes, France, 2014

Tarkett offered an innovative, revolutionary flooring solution, FloorInMotion, specifically to detect falls amongst residents of retirement homes. With sensors under the floor, FloorInMotion allows the displacements of the elderly to be followed in real time so medical staff can rapidly help if they should fall whilst also allowing the healthcare professionals to detect residents who are wandering off. This is a significant help to the personnel, allowing them to monitor residents’ movements.



Tarkett floors are designed to reduce slips and falls, provide comfort underfoot and create a calm, tranquil environment through color and design, elements that can also help people find their way. After developing flooring guidelines for designing memory care spaces for those afflicted with Alzheimer’s disease, we are studying how flooring can enhance spaces for those with autism. In 2014, Tarkett launched FloorInMotion, an intelligent flooring system that will be a game changer in our industry. FloorInMotion aims at improving the performance of healthcare and elder care institutions by providing information on the residents’ safety and activity. Our connected flooring system notifies staff if a fall occurs and it can also detect intrusions or exits from a room. ■



ADDITIONAL MIDDLE CLASS
PEOPLE CONSUMING MORE
RESOURCES BY 2050⁽¹⁾



OF WASTE ARE PRODUCED WORLDWIDE
ANNUALLY; THAT’S 80 TO 126 TONNES
GENERATED EVERY SECOND



RESOURCE SCARCITY: HOW TO BETTER USE OUR RESOURCES?

Eco-design with good materials and repeated reuse of our products could solve our resource challenges supporting the circular economy.

15



US\$3.2 trillion



MATERIAL VALUE OF CONSUMER
GOODS LOST EACH YEAR⁽²⁾

More than 10 million tonnes



OF WASTE ARE PRODUCED DAILY
BY HUMAN ACTIVITIES
(EXCLUDING AGRICULTURE AND CONSTRUCTION)

(1) Source: World Business Council for Sustainable Development.
(2) Source: Figures from the Ellen McArthur Foundation and the World Economic Forum.



CREATIVITY IS
OUR RAREST
RESOURCE

by Michael Braungart, EPEA,
Co-founder of the Cradle
to Cradle® philosophy

Chemist and optimist Michael Braungart argues that 9 billion people by 2050 can be supported with the planet’s resources if we are more creative in the way we use them and ensure they are continuously recycled.

Fears that the world’s resources cannot support 9 billion people⁽¹⁾ are unfounded. Many of these resources could be infinitely recycled if they were integrated into products initially designed for reuse, so the issue is one of basic design. Were humans to develop products, tools, furniture, homes, factories and cities intelligently from the outset, there would be no issues with waste, contamination or scarcity. Creativity could eventually lead to endless reuse of our scarce resources while improving people’s health and well-being. The issue is still that engineers and designers often design a product for its first-time use only and do not consider its potential use after it has broken, grown threadbare or become unfashionable. This is where Cradle to Cradle® principles come in. Companies that apply them not only create a positive environmental footprint but make a beneficial contribution to the economy, quality of life and equity.

Noteworthy

- 1. Effectiveness: our impact on the planet must be beneficial, not neutral.
- 2. We are not aiming for zero waste, but for reusable products designed with materials that are good for people and the environment. The Cradle to Cradle® philosophy enforces creativity and positive behavior.

DOING THE RIGHT THING FROM THE BEGINNING

To help bring about a large-scale transformation in the way we make things, William McDonough and I founded the Cradle to Cradle Products Innovation Institute, based in San Francisco (USA) with offices in Europe. The objective is to engage and guide products’ manufacturers and designers in widely applying Cradle to Cradle® principles, making safe and healthy products that are continuously reusable in biological and technical nutrient cycles and have been created using good materials, clean energy, clean water and social fairness. This approach spurs the creation of truly innovative, high-quality and beautiful products and transforms their production into a positive force for the economy, society, and the environment.

CELEBRATING LIFE AND CREATIVITY TO WELCOME OUR FUTURE GENERATIONS

Cradle to Cradle® is about celebrating life and creativity, and thinking in terms of positive contribution instead of neutral impact or minimizing negative impact. It’s not about being less bad.



ABOUT OUR EXPERT

Michael Braungart founded EPEA, the Environmental Protection Encouragement Agency in 1987. He is a professor at Rotterdam’s Erasmus University and co-author with William McDonough of “The Upcycle” and “Cradle to Cradle”. For several years, Michael has supported Tarkett and Desso in their transformation into Cradle to Cradle® companies.

3 bn

ADDITIONAL
MIDDLE CLASS
PEOPLE CONSUMING
MORE RESOURCES
BY 2050.

Source: World Business
Council for Sustainable
Development.

It’s about doing things well. It is our responsibility – all stakeholders – to reinvent the way we operate, do business, consume, design, use and recycle resources. Each of us can be an agent for change, together co-creating and accelerating a positive, circular and “up-cycle” economy. As a step-by-step journey, I continuously strive to connect people, companies and leaders to not only educate and transform them but also to boost innovation and creative solutions. The Cradle to Cradle® philosophy is an engine for innovation, reinventing high quality and eco-effective products designed with safe materials that are good for the environment and for people’s well-being. ■

(1) World Business Council for Sustainable Development.



For more information:
<http://tarkett.com/>



GOING FULL CIRCLE

by Anne-Christine Ayed



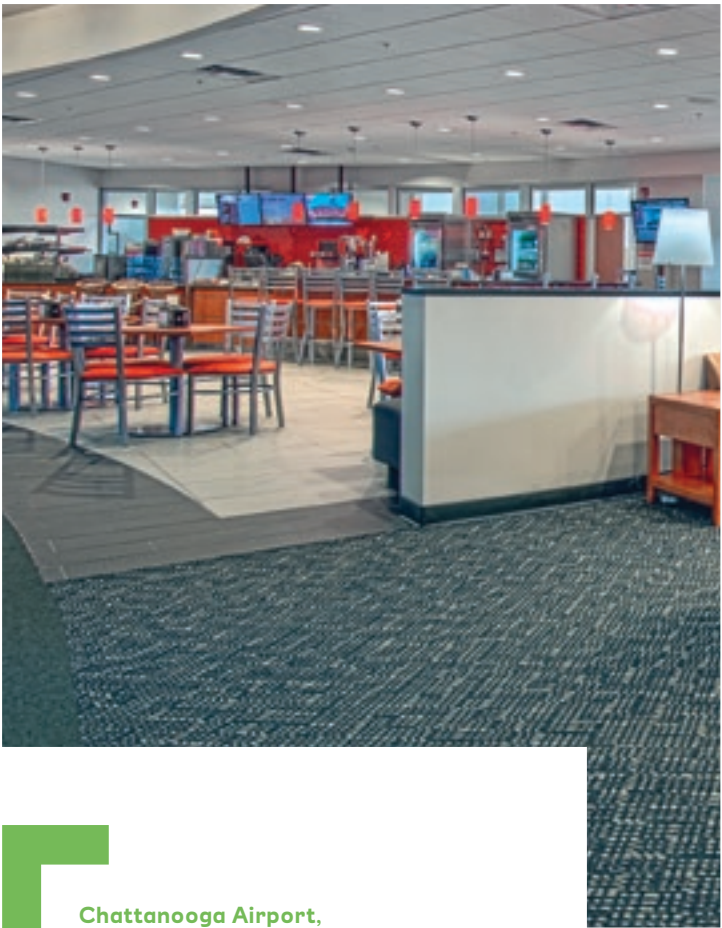
Anne-Christine Ayed, EVP Research, Innovation & Environment explains Tarkett's commitment to the circular economy and a Cradle to Cradle® approach.

18

At Tarkett, we are firmly committed to moving from the historical linear economy, with its one-off use and disposal of resources, to a profitable circular economy model in which resources are recycled and reused, as well as moving from the traditional consumption model to the functional and service economy model. The circular economy encompasses two production cycles: one in which products are manufactured with resources that are recycled and are then reused themselves, and one in which biodegradable materials are returned to nature.

CLOSED-LOOP CIRCULAR DESIGN

Working closely with the Environmental Protection Encouragement Agency (EPEA – see pp. 16–17) we have adopted a closed-loop design process focused on four areas. The first is good materials: choosing materials that are positive to the environment and people's health, and which can reenter in one of the cycles. For example, our linoleum range is made from linseed oil, pine resin and cork while the underlay of our ethos® carpet tiles (Tandus brand) is made from PVB used in security glass and windshields.



Chattanooga Airport, United States, 2014
When the owners of Chattanooga Airport, Tennessee decided to replace the airport's Powerbond flooring (Tandus brand) as part of a full airport renovation, the brief was simple: attractive, durable, long lasting and sustainable. Powerbond® proved once again to be the solution: a hybrid resilient sheet flooring, impermeable to moisture and 100% recyclable. All the Powerbond removed from the terminal was closed-loop recycled at Tandus's nearby facility before being reinstalled at the airport.

The second is resource stewardship: wisely using resources across all our operations, by saving water, optimizing and using renewable energy and reducing greenhouse gas emissions across all our operations (see pp. 44–48). We are implementing closed water loops at our production sites and



using biomass to generate energy. For example, our wooden flooring factories now use sawdust to generate their own energy. The third is people-friendly spaces: contributing to our customers' well-being, for example through the use of products that contribute to improved indoor air and environments. With asthma and other allergy sufferers in mind, we successfully developed flooring products with extremely low TVOC⁽¹⁾ emissions and non-phthalate plasticizers, and are now turning our attention to cleaning and maintenance systems (see pp. 24–25). Finally, through our "ReStart" (formerly called "ReUse" in Europe) program, we are working on collecting and recycling products and materials at the end of their useful life and re-introducing them into the manufacturing cycle. This implies working in partnership with customers, suppliers, and even competitors, to collect, disassemble and sort post-installations and

used post-consumer flooring, and identify new sources of recycled raw materials. It also means widening our supplier base to include, for example, waste management companies.

MOVING TO CIRCULAR ECONOMY POWERED BY CRADLE TO CRADLE® PRINCIPLES

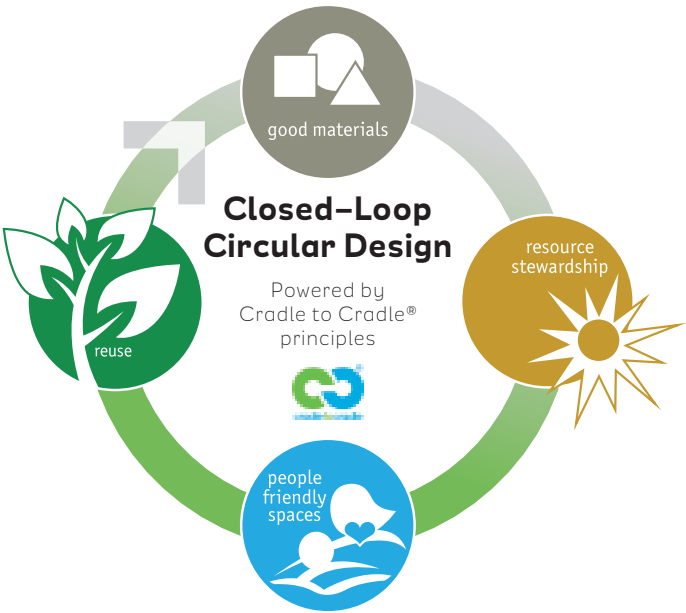
In this context, assessing, monitoring and measuring are key to our continuous improvement. That's why we aim to assess 100% of our materials based on the Cradle to Cradle® principles by 2020, reaching 76% in 2014. Similarly, we have increased the number of our product lines with the Cradle to Cradle® certification, sending our customers, suppliers and partners a clear signal of our commitment to the circular economy and sustainability (see p. 47). ■

(1) Total Volatile Organic Compounds.



For more information:
<http://tarkett.com/>

19



Tarkett practices sustainability through its closed-loop circular design model which is Tarkett's way of best applying the Cradle to Cradle® principles to support the development of the circular economy. Tarkett was one of the first companies to join the Ellen MacArthur Foundation's "Circular Economy 100" program in February 2013.

Circular Economy Case Study

A typical example of eco-design using "good materials" is our program to produce vinyl floor tiles from materials used in other industries. Tarkett in Brazil obtains aggregates from medicine blisters and transforms these into granulates to produce new flooring products instead of using virgin PVC. Using local scrap materials from sources close to the Tarkett plant enables us to reduce both the use of virgin materials, energy and carbon emissions from transportation. It also improves the competitiveness of Brazilian products against other imported ones.





GLOCAL

At Tarkett we think
that to perform
globally we must
act locally

LVT, Starfloor Click 30
Colored Pine.

Why?



Tarkett’s GloCal philosophy allows it to act globally for purchasing and operational excellence, for sustainability, for research and for innovation, and to act locally in each of its markets for designs to be adapted to regional tastes and close relationships to be knitted with customers and suppliers.

At a managerial level, GloCal means decision-making is decentralized, local managers are entrepreneurs and a balance is achieved between local empowerment and accountability, and Group alignment and shared values.

GLOBAL STRENGTH + LOCAL EXPERTISE = GLOCAL

Across the board, from operational excellence to purchases via innovation, design and sales, Tarkett's GloCal philosophy puts it at a competitive advantage over other industry players, providing local customers with the negotiation position of a worldwide group.

The advantages of being global include having negotiating power for purchases, synergies in research and innovation and Best in Class industrial process benchmarks. Being local allows us to make bespoke designs for each market, optimize logistics and develop strong relationships with clients.

WCM FOR OPERATIONAL EXCELLENCE

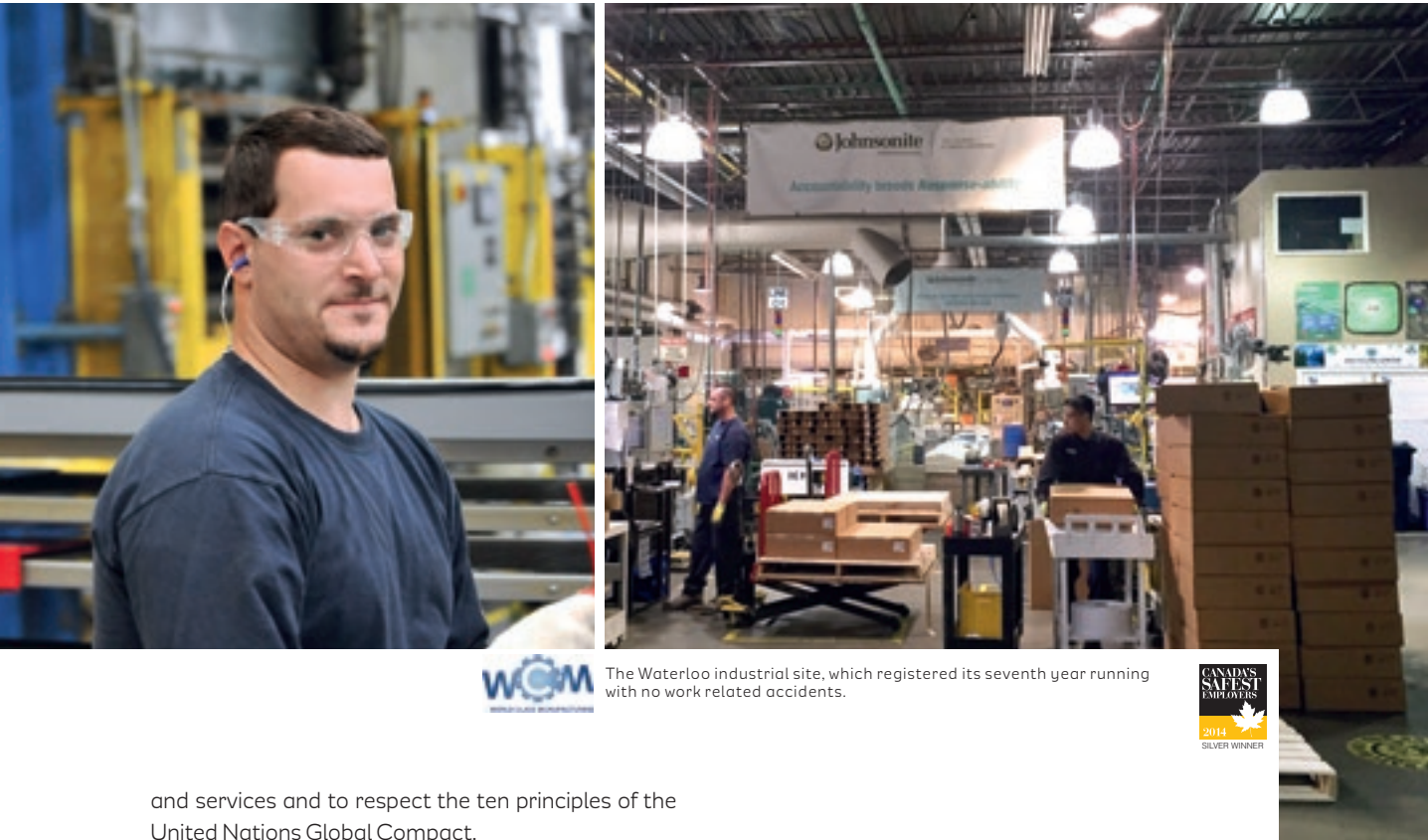
Tarkett's World Class Manufacturing (WCM) program was introduced in 2009 at production sites across the globe to increase competitiveness, improve customer satisfaction and achieve outstanding results in terms of safety and the environment. The WCM program specifically targets customer service, quality and cost, and ensures that each production site employee is coached to work safely.

The program has helped Tarkett's Waterloo plant, in Canada, to be accident-free for the past seven years, thereby reducing claims fees and insurance premiums, and to achieve OHSAS 18001 Certification. In 2014, it won one of Canada's Safest Employers Awards. "We are extremely proud of our safety accomplishments and our ongoing record of success in Waterloo," says Jodi Coburn, Tarkett's vice-president in Canada. "It is gratifying that our team's efforts have been recognized by such an organization in Canada." (See p. 56)

PURCHASING RESPONSIBLY

Tarkett acquires its supplies, on the one hand, from global groups using its own position as a global group. On the other, it ensures a trustworthy source of sustainable supplies from local suppliers. This allows for Tarkett to support the local community and gain flexibility. Tarkett encourages both groups to join the circular economy to develop new products

Otradny industrial site in Russia, the biggest vinyl factory in the world, certified ISO 9001, ISO 14001 and OHSAS 18001. As of the end of 2014, 91% of industrial sites are certified ISO 9001, 88% ISO 14001 and 76% OHSAS 18001.



The Waterloo industrial site, which registered its seventh year running with no work related accidents.



and services and to respect the ten principles of the United Nations Global Compact.

In Brazil, Tarkett uses materials recycled just 60 km from the plant to produce vinyl tiles and planks. This not only considerably reduces the carbon footprint caused by transport, but also contributes to the local economy and makes our products more competitive against imported ones.

FOUR INNOVATION DRIVERS

We believe that if we lead innovation in four areas (Modularity & Design, Integrated Solutions, Technology & Performance and Eco-Design), then Tarkett will grow faster and be more profitable than its competitors. Among our most recent innovations: NuGrain and Substrate, launched in North America, are the first luxury vinyl tile products available as part of the Tandus Centiva removable and recyclable portfolio system, mainly for the office segment. ...

"The objective of the WCM program is to continuously improve industrial performance by developing people's skills and know-how about their products and processes. We coach our employees to implement structured problem-solving tools & methods. The WCM approach is deployed through ten different pillars, which include safety, customer service, quality, environment and cost. It is supported by local teams in the plants as well as central teams within the Group and its Divisions. We organize internal WCM audits in the presence of both the WCM Group and the plant teams. In 2014, eight plants were audited and of these Ronneby (Sweden) achieved Bronze and Narni (Italy) achieved Silver level."



Antoine Prévost,
Executive Vice President
Operations

24

R&D LABS AND 1 INTERNATIONAL RESEARCH
& INNOVATION CENTER IN 14 COUNTRIES.



The Tarkett store in Saint Petersburg (Russia), which opened in August 2014.

... FloorInMotion is a unique, electronically connected floor that detects falls, room exits or intrusions among patients in healthcare facilities. It relays the information to staff who can monitor patients' movements on a computer, a tablet or a smartphone. Tarkett developed specific high-technology skills in-house, thus adding value to our service offering (see p. 14). Ultra, introduced in Eastern Europe in 2014, is a new generation of vinyl flooring for the office, healthcare, retail and hospital sectors. It combines high dimensional stability, durability and easy maintenance, from heterogeneous vinyl construction, with surface renewability and design, from the homogenous category.

LOCAL MANUFACTURING FOOTPRINT FOR BETTER CUSTOMER SERVICE

Tarkett has 34 industrial locations across the world. This manufacturing network not only makes it possible to adapt to the different standards and technical requirements in place from country to country, but also means Tarkett's offer can be tailored to local demands while optimizing transportation costs and lead times and keeping import taxes down.

Today, 100% of Tarkett's industrial sites in Europe and North America produce vinyl flooring with non-phthalate plasticizers (except recycled content). Based on this breakthrough eco-innovation, Tarkett introduced in EMEA the Excellence vinyl collection with coordinated accessories, welding rods, wall protection, wetroom and stair solutions in 117 colors and 30 wood designs for use in healthcare and educational spaces; and the iD Inspiration Click Luxury Vinyl Tile (LVT) range for commercial spaces, which is faster to install than glue-down LVTs. These products also have very low TVOC emissions⁽¹⁾ (<10µg/m³ and <100µg/m³), thereby contributing to optimal indoor air quality.

DESIGN LOCALLY

The challenge for Tarkett's designers is to create products which satisfy consumers' color, style, material and sustainability requirements, which differ from region to region around the world. An extensive overview of how our designers work both locally and globally can be found on pp. 26-29.

INTERACTING WITH CUSTOMERS

Local but global, with its 60 offices in 38 countries that employ 2,250 sales and marketing people, Tarkett also has a growing network of Academies

that create local ties with installers and other business partners. The newest opened in 2014 in Bačka Palanka (Serbia), not only to showcase flooring solutions, but to provide working and meeting spaces for architects and designers and a training area for flooring installers.

A new store opened in Saint Petersburg (Russia) in 2014 that not only showcases Tarkett products, but is also a venue where designers and architects can hold meetings and, like customers, obtain professional flooring advice.

FieldTurf and Beynon Sports in North America now both offer this type of advice online, thanks to a live chat feature. Embedded into the website, the live chat platform offers potential clients the opportunity to engage with staff members. Enquiries about the product line, history, installations, contact info and more can be answered immediately.

12

PARTNERSHIPS WITH LABS, UNIVERSITIES & SCIENTIFIC INSTITUTES.

In June 2014 more than 100 architects, interior designers, engineers and consultants working with hospitals, health clinics and care centers across the globe met with Tarkett's expert teams in Paris (France) to exchange ideas on trends in state-of-the-art design practices in the field. ■

(1) Total Volatile Organic Compounds after 28 days.



For more information:
<http://tarkett.com/en/content/competitive-advantage>

Excellence, the new vinyl collection in EMEA for creating stimulating environments.



MEETING THE DESIGN CHALLENGE

By Irena Brankov-Stojanovic, Design and Surface Product Innovation Director for Eastern Europe, Béatrice Mange, Design Vice President EMEA, and Terry Mowers, Vice President and chief creative officer for the commercial business in North America.



Taste is far from universal so, the challenge for Tarkett's designers is to create products that match our global design standards while appealing to consumers' color, style, material and sustainability requirements, which differ from region to region. Our design teams defend a common vision while striving to cater to local tastes and consumer needs.

WHAT ROLE DOES DESIGN PLAY IN THE DEVELOPMENT PROCESS?

For us, design is a multi-faceted, complex subject that requires our designers to combine a variety of stylistic criteria and functional performance requirements.

Irena Brankov-Stojanovic: Design plays one of the most important roles, as it represents a key element of a customer experience and is one of the strongest differentiators between us and the competition.

Terry Mowers: Design has to initiate the aesthetic intent, adding stewardship throughout the process. A good concept has to be closely nurtured.

Béatrice Mange: Design consists of transforming challenges and opportunities into possibilities. It is the vector of solutions centered on the human being, but also on technology.

WHAT ARE THE DESIGN SPECIFICITIES IN YOUR ZONE?

While regional taste patterns have moved closer together in a globally connected world, important differences still persist and need to be recognized in our local design choices.

I.B.-S.: A few years ago the specificity of the Russian market was palatial with a lot of gold and very rich motifs! But today the most popular design is very natural looking, wide planks of parquet. This means the Eastern European market is increasingly influenced by Western European tastes, structures and forms.

Color is a different matter! Because of the very bad weather we have for about eight months of the year, people like clear, warm colors although there is a shift to colder but still bright colors. Dark is only acceptable as an accent. Weather also influences the surfaces clients want: easy to clean with just water, so no deep relief on the surface even if it gives a more natural aspect.

T.M.: In North America, with its Northern, Southern, Eastern and Western preferences, we look to focus first on the commonalities. For example, gray/black is our number one color category, so we make sure we cover the grays and charcoals in every corporate, university and government segment palette, filling in with lighter, brighter colors. Healthcare tends to weigh heavily in the rust/earth neutrals; the primary education segment leans to blues.

B.M.: Even if there are common tendencies in Europe, there is still a wide variety of color tastes. But whatever region you are in, color has a strong effect on our well-being, on our emotions. We know that blue is relaxing whereas red is dynamic, and we also know that the functionality of the product is important (the "natural" side of lino), as is the technology of the floor covering (the acoustic comfort or the low emissions of volatile organic compounds). Innovation is also important across all zones.

Noteworthy

1. Design is one of the strongest differentiators between Tarkett and the competition.

2. Designers must find a balance between innovation, patterns and colors and a product with functional performance.

IS RESEARCH IMPORTANT FOR DESIGNERS?

Consumer, market and trend intelligence form the backbone of each and every new design project. We research locally and share globally.

I.B.-S.: Designers must find a balance between innovation, something the customer will accept and a product that is technically possible to produce. So it is very important to understand the technology and processes.

T.M.: In terms of research, we take the perspective that what's been done before can act as a guide, without getting bogged down in the past. In terms of new materials and processes, R&D is an inseparable part of our design execution.

B.M.: Our Trends & Forecasts cell is vital in helping us understand the concerns and interests of our future clients (see pp. 28–29). ■



For more information:
<http://tarkett.com/en/content/design-0>

A DAY WITH THE DESIGN TEAM

See how a typical day with our designers might unfold, at Clervaux (Luxembourg), the EMEA Design Center.

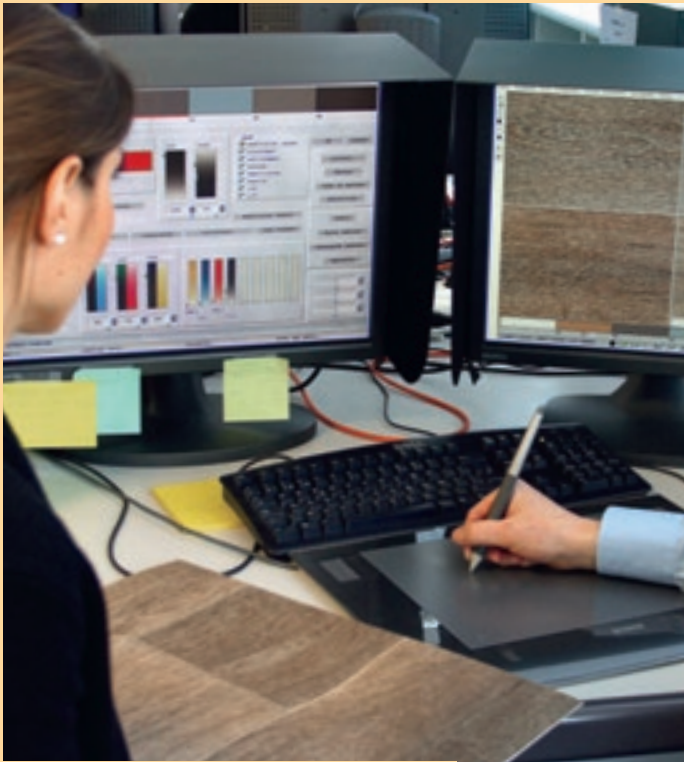


09:00 AM

Insight for Inspiration
Color tendencies, pattern options and consumer and market trends are shared, evaluated and discussed by designers, health and education specialists, psychologists, trend-followers, etc., so that tomorrow's flooring collections fully meet clients' expectations both aesthetically and functionally.

10:30 AM

Brainstorming for the upcoming collection
The design, marketing and R&D teams hold a brain-storming session to finalize one of the upcoming residential vinyl collections. Key conclusions from the color strategy meeting earlier in the day are analyzed, synthesized and translated into a concrete action plan and time lines.



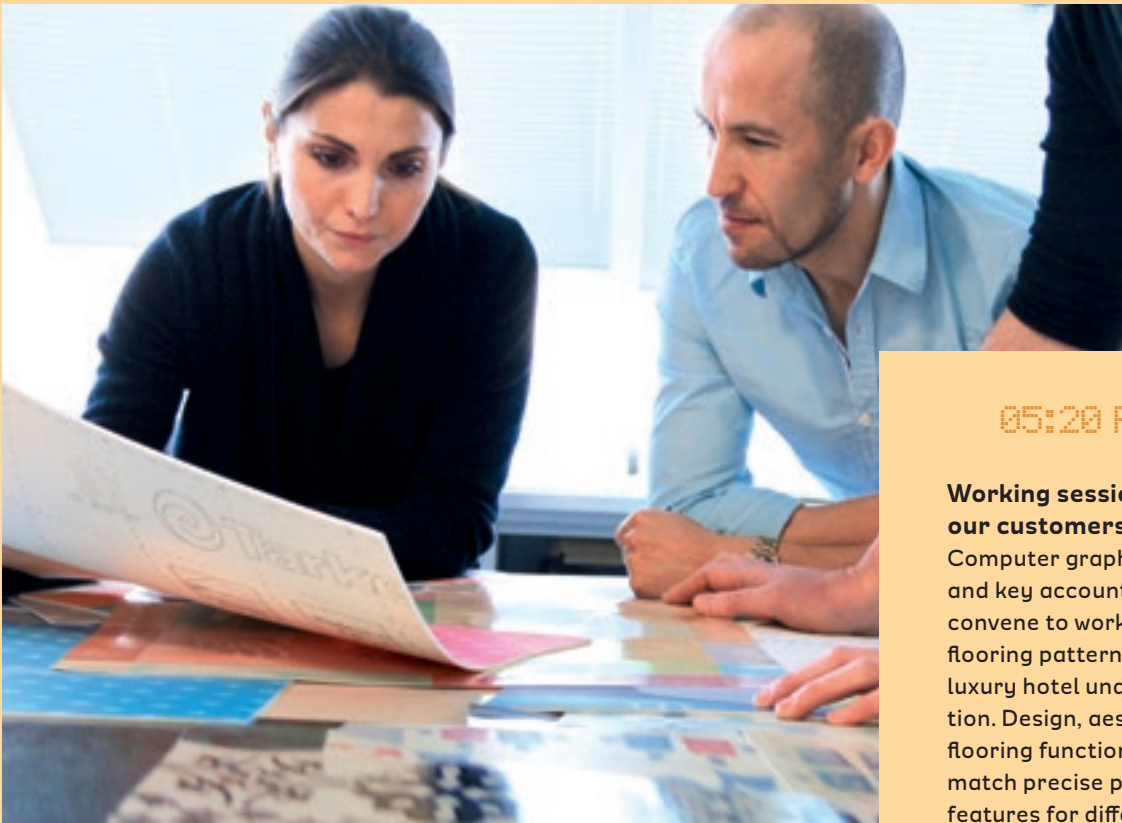
12:15 PM

Prototype and pilot testing of colors and patterns
The colorist and the design manager validate the final patterns and color harmonies for next season's vinyl collection, which will be sent to the design lab for prototyping and a first pilot run on the production line.



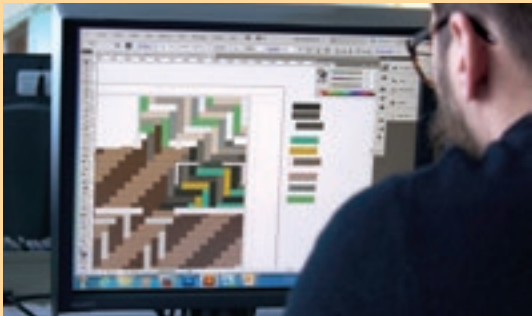
03:00 PM

Turning ideas into a product
Computer graphic experts and material engineers meet with the residential design manager to discuss first ideas for a new collection, using eco-friendly products that are designed to promote well-being.



05:20 PM

Working session with our customers
Computer graphic designers and key account managers convene to work on the flooring patterns for a new luxury hotel under construction. Design, aesthetics and flooring functionalities have to match precise performance features for different areas, whilst also providing orientation in this multi-story complex, allowing people to easily find their way around.



06:00 PM

Industrialization brings the design to life
The design manager and the head of production verify the fit between the color prototypes from the design lab and the pilot samples from the production line. Two years of work will have gone into this new collection by this time and final colors and patterns will be guaranteed to remain in production for years to come to match customers' needs.



EXPERIENCE TARKETT

Enter our world
of flooring
and sports
surfaces solutions

OUR TIMBER VINYL
flooring creates a sense
of luxury at Southpoint,
a new property
development in South
Brisbane, Australia.
Modular and easy to
install, our Luxury Vinyl
Tiles from the iD 50 click
range grace several
premium apartments.

**HOUSING
SOLUTIONS IN
AUSTRALIA**



32

33

OUR HOMOGENEOUS VINYL
Primo Plus product in an attractive range of colors facilitates maintenance of the 9,000 m² of flooring at Saint George's Hospital, Saint Petersburg (Russia). It also boasts the Vitality Leaf Eco Label for environmental responsibility and resource stewardship.

HEALTHCARE
SOLUTIONS
IN RUSSIA



34

35

OUR DURABLE,
stain-resistant Linoleum
Estrusco flooring was
the clear choice for
the renovation of the
Eckbolsheim *crèche* in
France. A Cradle to Cradle
Certified^{CM} Silver product
that is easy to maintain
with the xf2 surface
treatment, it also respects
people's health and the
environment.

EDUCATION
SOLUTIONS
IN FRANCE



36

37

**EMPLOYEES AT MEXPO
INTERNATIONAL**
in California (USA),
appreciate our modular
flooring. With innovative
patterns and an extensive
range of timeless and fresh
colors, our modular carpet
works in tandem with
all other Tarkus Centiva
products.

**OFFICES
SOLUTIONS IN
THE UNITED
STATES**



OUR LUXURY VINYL TILES
from the iD Inspiration range were an obvious choice for The Style Outlets, a mall in San Sebastian de los Reyes (Madrid, Spain). Thanks to a broad range of new designs, colors, patterns and formats, we are able to offer more than 75,000 potential combinations.

**RETAIL &
HOSPITALITY
SOLUTIONS
IN SPAIN**

FIELDTURF PROVIDES
the Notre Dame outdoor
football stadium in
Indiana with a winning
edge after 84 seasons
on natural grass.
The patented FieldTurf
system was selected
to provide athletes
with a stable surface,
enabling players
to plant and
pivot easily.



OUTDOOR
SPORTS
SOLUTIONS IN
THE UNITED
STATES



TORUŃ SPORTS HALL, one of Poland's biggest professional sports halls, called upon Tarkett to provide high-performance solutions for athletes. Over 18,800 m² of products were used, with multiple teams and resources to support the first installation of its kind in the region.

INDOOR
SPORTS
SOLUTIONS
IN POLAND

RESPONSIBLE

At Tarkett, we make
society's challenges
our mission

Heterogeneous Vinyl,
Tapiflex Excellence Beech Light.

How?

Thanks to our 4P sustainable strategy
(Purpose, People, Planet, Profit)
we define sustainability from a new angle
to help address major society challenges that
humanity will face over the coming years.

Sustainability is a key differentiator for Tarkett, one the few companies to have fully integrated sustainability into its business strategy and to have embarked on this inspiring journey along with its employees, customers and suppliers.

SUSTAINABILITY INSPIRED BY A TANGIBLE PURPOSE

Our sense of purpose is shaped by the complex challenges humans will face in 2050: ensuring that 9 billion people⁽¹⁾ live comfortably within the limits of the planet, while managing their ecological impact. At Tarkett, we are focusing on those areas (see "Engaged" pp. 6-19) – urbanization, aging popula-

tion, and resource scarcity – where we feel we can make the biggest contribution not only with our solutions but also in the way we work to transform our environmental footprint and increase our positive influence on society and the environment.

TARKETT'S SPECIFIC RESPONSES

With more than 70% of the global population expected to live in urban areas by 2050 and spend, on average, 90% of their time indoors, smart infrastructures and indoor air quality are important. We are responding with solutions that contribute to improve comfort, acoustics, lighting and health. By creating low TVOC⁽²⁾ products, ...

... non-phthalate⁽³⁾ technology, designing asthma and allergy friendly solutions and capturing fine dust particles (Desso AirMaster® carpet), many of our flooring solutions aim to contribute to improving health and well-being. Similarly, we support the needs of an aging population through our innovative product design. Current estimates predict that 16% of the world's population will be over 65 years old by 2050⁽¹⁾, requiring specific living and healing environments. High performance flooring solutions can promote safety and hygiene by being anti-slip and joint-free, which are particularly useful in healthcare buildings. We also support the specific needs of elderly people and Alzheimer's patients by offering colored flooring and smart technologies such as connected floors that provide medical staff with patient-related information (see p. 14).

OUR 4P STRATEGY TO BUILD A SUSTAINABLE WORLD TOGETHER



CLOSED-LOOP: THE CIRCULAR ECONOMY MODEL

Integral to Tarkett's approach to sustainability is its move to a profitable circular economy, either by recycling materials and reusing them in the manufacture of new products (the technical cycle) or by a "return to nature" for biodegradable materials (the biological cycle). It begins by designing products made with the right materials and continues with collecting and recycling services (see pp. 18–19).

The third challenge we are addressing is the management of resources by developing smart, closed-loop design based on Cradle to Cradle® principles, thereby contributing to the development of a profitable circular economy model.

A VISIONARY PURPOSE

Our commitment to our planet (see pp. 18–19 and pp. 47–48) means we select materials that are not only safe for people and for the environment, but can be recyclable. We are also responsible in our use of energy and water. We empower our people to achieve our 4P strategy by building long-lasting relationships with our communities, customers, investors and suppliers (see pp. 49–53). And we are succeeding in developing a model of sustainable growth, allowing us to invest and innovate for the long-term viability of our business while being true to our strong ethics and values (see pp. 63–64). This is how we work to achieve our vision of being the global leader in innovative flooring and sports surface solutions, creating sustainable value for all our stakeholders. ■

(1) Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat.
(2) Total Volatile Organic Compounds.
(3) Alternative plasticizers already used for toys and food packaging.



For more information:
<http://tarkett.com/>

PLANET POSITIVE

Environmental sustainability is at the heart of Tarkett's business model. Our Cradle to Cradle® approach ensures we design our products to contribute positively to the environment and to people's well-being at each step of the product's life, while supporting the development of the circular economy.

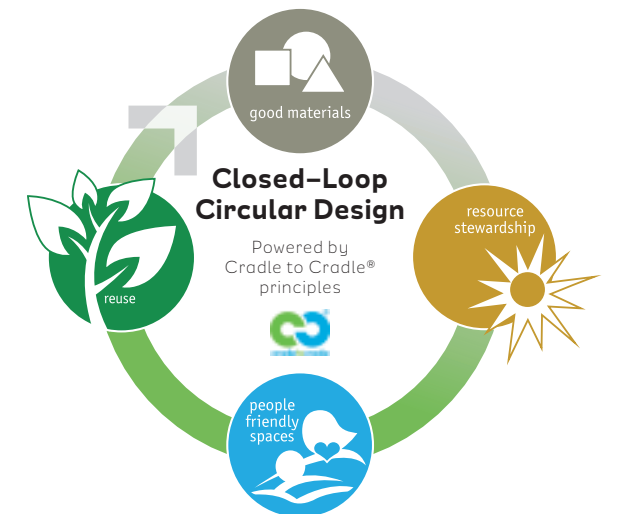
At Tarkett, we believe that customers should not have to make a trade-off between sustainability, performance and design. This belief underpins our closed-loop circular design model, which operates on Cradle to Cradle® principles: good materials, resource stewardship, people-friendly spaces and reuse of materials (see pp. 16–17). In 2014, we progressed across all four pillars in the framework of our 2020 Sustainability Roadmap (see pp. 71–72).

CHOOSING GOOD MATERIALS

Our focus on good materials has led us over the years to develop products using materials that respect people's health and the environment, based on abundant and rapidly renewable resources such as the pine resin and cork in our linoleum range, and on recycled and recyclable materials. Tandus Centiva, for example, developed an underlay for our ethos® carpet tile range made from recycled PVB from safety glasses: it was Cradle to Cradle Certified^{CM} Silver in 2014.

INCREASED UNDERSTANDING AND TRANSPARENCY

We made significant progress in understanding the materials' effect on people's health and the environment, helping us to define a positive list of materials to use in our formulations: 76% of our materials have now been assessed by EPEA⁽¹⁾, a recognized scientific institute, taking us closer to our 2020 objective of ensuring all materials are systematically assessed. Building relationships based on trust and transparency, we publish Environmental & Health Statements⁽²⁾, verified by a



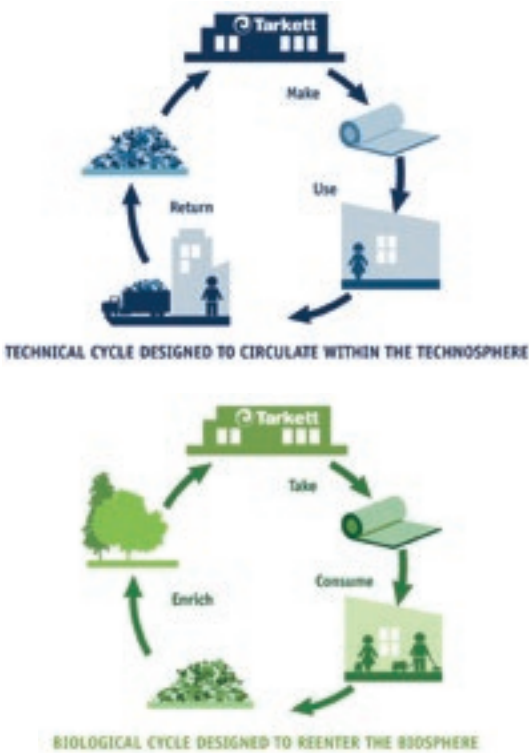
Tarkett practices sustainability through its closed-loop circular design model, which is Tarkett's way of best applying the Cradle to Cradle® principles to support the development of the circular economy.

third-party, which describe the materials used in our products and provide environmental and health quality data.

MAKING RESPONSIBLE USE OF RESOURCES

Resource stewardship remains a major focus at the manufacturing stage (see pp. 71–72 for indicators), notably to gain in energy efficiency. For example, we replaced the gas boilers in our Kalush vinyl and parquet factory in Ukraine with ones that run on the sawdust produced on-site during the manufacturing process. We also improved our use of water, primarily as a result of our drive to implement closed water loops at our production sites. ...

CONTRIBUTING TO A PROFITABLE CIRCULAR ECONOMY MODEL



... IMPROVING INDOOR AIR QUALITY AND PEOPLE'S WELL-BEING

As a pioneer in innovations that contribute to creating people-friendly spaces, we continued to focus on indoor air and environment quality in our product design, both dramatically reducing TVOC⁽³⁾ emissions and switching to non-phthalate plasticizers to create products that respect people's health and well-being (see pp. 18-19 and 24-25). We also developed flooring that can be cleaned and maintained with dry buffing, thus reducing the use of detergents and water.

RECYCLING AT END-OF-USE

At Tarkett, products no longer have an "end of life" but simply an "end of use". In 2014, we collected 13,500 tonnes of flooring and sport surfaces that were being pulled up with the objective of turning this potential waste into high-quality resources for new products instead. Thanks to our 7 in-house recycling centers around the world, we strive to close the loop with our partners, fostering the circular economy model.



CRADLE TO CRADLE CERTIFIED^{CM}

The following products are Cradle to Cradle Certified^{CM}:

- Basic for artificial turf in 2013;
- Bronze for rubber tiles in 2015 (Basic in 2011); Evolay in 2014;
- Silver for wood in 2011, linoleum in 2011 and ethos[®] in 2014;
- Gold for linoleum Veneto Essenza 100% linen in 2013.

RECOGNITION

Our engagement and the deployment of our global sustainable development strategy have been recognized with awards: the BFM Green Business Award in 2011; the Trophy for Strategic Development given by the French Environment and Energy Efficiency Agency and by Ernst & Young in 2012; the Sustainable Innovation Award in 2013 awarded by the BearingPoint cabinet in partnership with the magazine *L'Expansion* and the École des Ponts ParisTech; the 2014 Sustainable Development Woman prize organized by the French magazine *L'Usine Nouvelle*, which honored our EVP Research, Innovation and Environment Anne-Christine Ayed for her work in this field; the Luxembourg Green Business Award of the Year in 2014 during the Green Business summit in Luxembourg, initiated by GreenWorks and organized by the Farvest Group. Finally, Tarkett has been a member since 2010 of the "KKR Green Portfolio Program". Designed in partnership with the non-governmental organization Environmental Defense Fund (EDF), the program is an opportunity for Tarkett to receive guidance and share best practices to improve its environmental performance, including in the areas of greenhouse gas emissions, waste and water stewardship. ■

(1) Environmental Protection Encouragement Agency.
(2) Environmental Health Statements are currently available on demand for the following products in North America: linoleum, rubber, ethos[®] and homogeneous vinyl.
(3) Total Volatile Organics Compounds.



For more information:
<http://tarkett.com/>

PEOPLE FOR SUSTAINABLE GROWTH

We support growth by developing talent and empowering our people to build long-lasting relationships with communities, customers, suppliers and investors.

Human resource management plays a strategic role at Tarkett, supporting the business by ensuring we have the right talent, in the right place, at the right time. This means investing in developing our people, and promoting mobility, but also putting in place tools and processes to ensure employees share a common culture and common values.

STRONG EMPLOYEE SURVEY RESULTS

2014 was a year of recognition for this commitment to investing in our people. Our 4th biannual employee feedback survey, conducted by an independent third-party research institute, demonstrated progress in all areas, with 82% of employees taking part. Once again, we outperformed our industry benchmark in many areas, recording particularly high scores on loyalty and engagement, and on company image. Employees also recognized our efforts in training managers and promoting recognition. In the last four years, we have trained more than 1,000 managers on how to effectively manage teams and provide feedback (Manager@Tarkett program). As a result, more employees say they understand how their performance is evaluated and feel their achievements are recognized through initiatives such as the Tarkett Awards. We also continued to roll out our Talent Review program, resulting in individual performance reviews, career orientation, and personalized development plans.

TRAINING SUPPORTS GLOCAL APPROACH

We have also introduced new programs. "Entrepreneur@Tarkett" focuses on fostering managers' entrepreneurial mindset, and empowering them to make decisions (see pp. 54-58). ...

80%

OF EMPLOYEES FEEL A STRONG SENSE OF COMMITMENT TO TARKETT, AND EXPECT TO BE WORKING THERE IN 2 YEARS' TIME.

Source: Employee Feedback survey 2014.



Vincent Lecerf,
Executive Vice President
Human Resources

"The results of the 2014 Employee Feedback Survey are an endorsement of our strategy to invest in our people. They show our teams are committed, engaged and feel proud to work for Tarkett. Our training programs are key to this shared sense of achievement, promoting a mindset of entrepreneurship in our local leaders alongside shared culture and values."



Tarkett Inside, the new Group Intranet to encourage collaboration and project management across multi-disciplinary teams.



NEW WAYS OF WORKING

2014 saw the launch of “Tarkett Inside”, a new global internal communications tool. This collaborative intranet provides employees around the world with Group news, as well as their own local news. It also provides a platform for working groups: employees can create “communities” around work projects, share documents and ideas and work together in new ways. It will be rolled out to the majority of Tarkett countries in 2015.

... It supports our GloCal approach to the business (see pp. 20–25), enabling local leaders to be agile entrepreneurs with a customer-centric mindset, whilst promoting common values throughout the world. In a similar context, e-learning programs on our Code of Ethics and compliance were completed by managers, sales and purchasing teams around the world. Finally, we have started to implement 360° assessments for top managers, developing the feedback culture by colleagues, peers and subordinates and self-evaluation for personal progress.

FOSTERING AGILITY

We are aware that Human Resources management must be dynamic to reflect the globalized, rapidly changing world around it. A good example is the introduction of “Tarkett Inside” (see inset),

the new collaborative intranet platform which helps employees work together differently, and better. Our aim: to provide employees with the tools, training and structure that enable them to adapt to a changing world and work in a multi-cultural and multi-disciplinary environment.

INTEGRATING ACQUISITIONS

Acquisitions, as a major plank of Tarkett’s growth strategy (see pp. 4–5), represent a particular Human Resources challenge. Ensuring that new teams quickly understand and embrace company values while retaining flexibility to perform begins pre-acquisition: management interviews to determine cultural fit form part of our due diligence process. Post-acquisition, we run communication campaigns to help new employees feel like they are part of the Tarkett family and smoothly perform a progressive integration process. ■



The Employee Feedback, the internal survey conducted every two years to dialog with Tarkett employees.

BUILDING LONG-LASTING RELATIONSHIPS WITH OUR STAKEHOLDERS



Michel Giannuzzi, CEO

“At the heart of the “4P” approach (Purpose, People, Planet, Profit) is the long-term relationship of confidence that our teams build with our clients, our suppliers, our investors and local communities in order to construct a better world together, for today and for tomorrow. In complete keeping with Tarkett’s ethical code of conduct, we are also committed to respecting and promoting among our various stakeholders the 10 principles of the United Nations Global Compact in addition to the principles of the Declaration of Human Rights and fundamental social rights.”



COMMUNITIES
Giving of our time and expertise

Tarkett, its employees and their families give of their time and expertise and have fun while doing it. In Montreal they helped to organize the Games for Hope, a day of sporting fun that raised approximately \$225,000 children’s charities, while more than 200 Tandus Centiva employees took part across North America in Community Service Day by painting, laying flooring or setting up playgrounds. In Serbia, Tarkett employees gave up part of their salaries while the Group gave financial aid to help the thousands of Serbs who were left homeless after severe floods.

SERIOUS FUN IN MICHIGAN

Tarkett North America is contributing flooring products to a new SeriousFun Children’s Network summer camp for seriously ill children and their families. The North Star Reach camp in Pinckney, Michigan, will be able to accommodate more than 1,500 guests. Founded by Paul Newman, the network is a growing global community of 30 camps and is very much in line with Tarkett’s core values. The camp wanted flooring that was attractive, low maintenance and which contributed to good indoor air quality and healthy spaces through low VOCs. Tarkett is sponsoring at least ten children to attend the camp for free.



SUPPLIERS

Respecting the
UN Global Compact
principles as sustainable
partners



Tarkett contractually requires its main raw materials suppliers to respect the UN Global Compact's ten principles, which ask companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. In addition, Tarkett evaluates major suppliers on corporate social responsibility criteria: environment and security. So our choice of supplier is not only based on quality and cost, but on their respect for man and the environment, as well as on their ability to innovate with Tarkett, together building a more sustainable future.

As an example, Tarkett works in partnership with FSC (Forest Stewardship Council) and PEFC (Pan European Forest Certification), certified wood suppliers, and also helps improve safety work conditions by coaching and buying protective equipment and investing in modern, safer machinery.

59%

OF TARKETT'S RAW
MATERIALS WERE PURCHASED
IN 2014 FROM SUPPLIERS
WHO ARE COMMITTED
TO UN GLOBAL
COMPACT PRINCIPLES.

CLIENTS

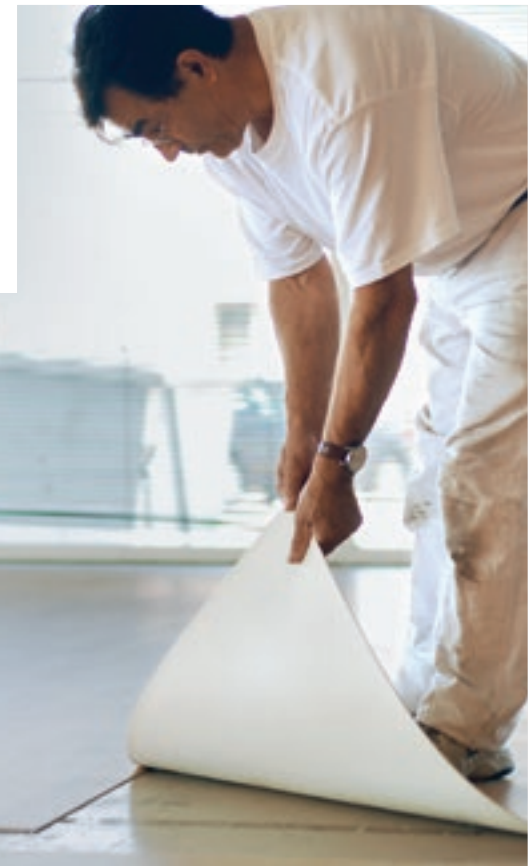
Integrating the circle

All around the world, Tarkett is contributing with its clients to the "Circular Economy". We have developed ReStart, our take-back program, to collect and recycle clean post-installation and used post-consumer flooring, thanks to our seven in-house recycling centers. A good example is the partnership with Wal-Mart and Linron Company in North America: "In 2009, we started working with the ReStart Program because Wal-Mart wanted to recycle all construction materials. With the help of the marketing executives, Houston engineers and production management, we produced a new VCT tile that met Wal-Mart's requirements," explains Ron Harris, co-founder of Linron Company.



TRANSMITTING TARKETT INSTALLERS' KNOW-HOW

Tarkett is committed to transmitting our installers' expertise to external professionals through the 15 Tarkett Academies worldwide. In 2014, 3,700 people were trained, a rise of 29% from 2013. Furthermore, in France, three training centers deliver flooring specialist diplomas recognized by the French National Education Ministry.



Tarkett
iAcademy



54

ENTREPRENEURS

Together at Tarkett,
we empower
people

Story #1 YEARS AHEAD OF THE COMPETITION

Jack Vombaur, Account Executive Tandus Centiva



Grateful to have free rein to run the southern California Tandus Centiva business as an entrepreneur, Jack Vombaur has taken full advantage of being able to offer his clients the full range of products held by Tarkett to take Tandus Centiva years ahead of its competitors.

When he graduated at the age of 25 with a degree in business administration, Jack Vombaur already knew he wanted to go into the flooring business. He's now been in the sector for over 30 years, and has followed companies through a number of name-changes and acquisitions until today, when he has become the major flooring supplier to California's education sector.

Following the purchase by Tarkett of the commercial carpet specialist Tandus in 2012, which merged with Tarkett's Centiva LVT activities to become Tandus Centiva, his biggest challenge has been to manage distribution, create brand awareness, and incorporate the "Tarkett" brand into his marketing campaigns. In North America, the Tarkett brand is known in the residential sector, but Tandus Centiva is more widely recognized among professionals.

Jack explains that Tarkett's acquisition of Tandus changed his world enormously, allowing Tandus Centiva to become a one-stop shop for his clients to fulfil almost all their flooring needs. A school has different requirements for the floors in its classrooms than for those in the gymnasium, the kitchen and the corridors, so Jack offers his customers the possibility to pick and choose among all the products made by Tarkett businesses – Tandus Centiva, Johnsonite and Tarkett Sports – without the need to establish a separate contract with each of them. "We have the right product, the right fit for whatever they need," he explains.

He has also introduced installment and maintenance contracts and a 10-year labor warranty. "All these developments have pushed the Tarkett group years ahead of its competitors



55

**"I'm no longer a carpet guy.
I'm the flooring consultant."**

and given us a real competitive advantage, allowing me to supply 90% of the flooring in a school instead of perhaps only 30% if we had only soft flooring to offer," Jack says. His accounts are all public: government and public education facilities. In California, there are more than 10,000 schools, and 80% of them have bought flooring from Jack!

"I'm no longer a carpet guy. I'm the flooring consultant," he enthuses. It is the autonomy and flexibility he's been given to be entrepreneurial that he's enjoyed the most in his job. ■

Story #2

SETTING GOALS AND ACHIEVING THEM

Sara Veritieri, WCM Environmental Manager



World Class Manufacturing, or WCM, is a management practice with roots in Japan. Tarkett introduced WCM in all industrial sites as a management tool in 2009 (see p. 24).

56

Sara Veritieri is responsible for the “environmental pillar” of the WCM program for the Group, and played an active role in the deployment of the Environmental WCM practices introduced in 2009 at the Narni plant, north of Rome, Tarkett’s only production site for natural-based lino and a frequent pilot site on environmental issues.

“Because operators are empowered through WCM objectives, made responsible and accountable, they become entrepreneurs.”

She says the plant’s greatest environmental challenge is energy consumption, both because of its cost and environmental impact. The objective of the plant is to improve energy efficiency, reducing the kWh/m² of products manufactured, and to increase the use of renewable sources. In the four years since its introduction, WCM has become the lingua franca in the plant. Everyone speaks it, she says, to the point that when the WCM auditors from the Group’s headquarters come to audit the Narni plant, the operators speak directly with them without any need for input from



Now we all speak the same language, so it’s simpler to communicate.

management. And yet, as Sara remarks, the WCM concept is not simple to explain to those who work on the production lines, as it starts as a top-down system with the involvement of the management and trickles its way down to the shop-floor, turning into a bottom-up system. To achieve this, numerous training sessions were organized from 2010, as well as departmental meetings in especially-dedicated WCM areas.

Sara concedes that it was not simple, but results were quick to appear, not only lessening the plant’s environmental footprint, but also in safety, as people’s behavior changes when they apply WCM principles. “Because operators are empowered through WCM objectives, made responsible and accountable, they become entrepreneurs,” she explains. Sara is very pleased, for example, that over the past four years there have been no lost-time accidents in the plant at all. “I’ve seen a lot of progress. Now we all speak the same language, so it’s simpler to communicate,” she says.

The system also enables good ideas to work their way from operators to managers. Sara explains that, because operators work directly in production, the best ideas can come from them: one practical example was the idea to reduce heat loss from the hot fluid pipes by insulating them.

This significantly contributed to the reduction of energy consumption, she says. Many ideas from operators win the plant’s monthly WCM Quick Kaizen award, introduced to acknowledge new ideas that rapidly improve the production process. ■

Story #3

INNOVATING WITH GRASS

Darren Gill, Vice-President – Marketing, Innovation, Customer Service



FieldTurf is the world leader in artificial turf, a product that was unchanged for several years, but in the 10 years since joining the Sports Division of the Tarkett family, innovation has been the name of the game.

The lush green carpet of so many sports fields is often not grass at all but FieldTurf, eponymous with the company that makes it, the world’s largest synthetic grass manufacturer. While its primary market is the United States, Darren Gill is proud that many professional and university sports teams around the world have chosen it for their stadia and that the company is one of only 9 FIFA Preferred Producers. He stresses that the great majority of his customers are high schools and municipalities (see p. 67).

When Darren joined FieldTurf fourteen years ago, after earning a marketing degree from Montreal’s Concordia University, the product first introduced in 1988 as synthetic grass for tennis courts and golf practice tees had developed

into one with a sand and rubber infill to provide athletes with a safe, high-performing and durable surface on which to practice their sport. However, making this synthetic grass look as natural and efficient as the real thing was a challenge.

“The trend today is still clearly focused on innovation.”

And then, in 2005, FieldTurf was bought by Tarkett, which had wide enough financial shoulders to support more innovation. For example, developed in mid-2012 as a response to customer feedback that the artificial turf was too warm, CoolPlay is one of the key innovations of recent years. “We took a creative approach to working on the solution, starting with identifying the heat source (fiber vs. infill) and then testing a multitude of solutions – most of which had never been used in the industry before,” explains Darren. It features a cork composite that is not only a natural insulator, but is also recyclable and comes from a renewable source. And Darren says the trend today is still clearly focused on innovation. “Our turf development team consists of eight strong innovators with eclectic backgrounds. We are extremely excited about our innovation pipeline. Our objective is to maintain our competitive edge, and we’ve taken some progressive steps to further connect our innovation and marketing teams to the market.”

The team at FieldTurf continues to drive towards disruptive innovation and has lofty expectations for the next few years. “Our goal is to provide more value to our customers and athletes and to continue to make our products last longer, while improving playability and player safety,” concludes Darren. ■

We’ve taken some progressive steps to further connect our innovation and marketing teams to the market.



57

Story #4

STRONG OPPORTUNITIES FOR PERSONAL GROWTH

Stanislav Mitrovic, CFO Eastern Europe



Young people can climb the corporate ladder quickly at Tarkett if they seize the opportunities and challenges that are offered to them, advises the Group's CFO for Eastern Europe, who started his career as a financial investment specialist.

58 Stanislav Mitrovic is a multitasking young Serb who has not only risen to be CFO of the Eastern Europe Division, but is also about to defend his PhD thesis in Economics while helping his wife raise three young children including twin babies! And he loves every minute of it. *"I like my job,"* he says simply, adding that he is *"proud to have been a part of this company for 15 years."*

"Every day we have to find new solutions, being agile and creative to adjust our strategy."

After finishing his university studies in 2000 at the University of Novi Sad in Serbia, Stanislav joined Sintelon as a financial specialist for investment. In 2002, Tarkett acquired Sintelon. In 2004, the 28-year old was given an opportunity to spend more than seven years working at the Tarkett plant in Otradny, a small city 1,200km east of Moscow (Russia), which he had to describe to his wife as *"one of the most attractive places in the world to be!"*

Ten years later, Stanislav is still in Russia, although he moved to Moscow three years ago, and says *"it has been the best experience."* He has held three different positions in the company, taking advantage of the internal mobility the Group offers. And now as CFO, he travels among the 11 countries included in the Eastern Europe division that ranges from Russia to Kazakhstan, Ukraine to Belarus and Serbia, and all of the former Yugoslavia. The job is challenging with currency devaluations and geopolitical tensions, but Stanislav considers the situation not as a crisis, but rather a learning opportunity. *"Every day we*

have to find new solutions, being agile and creative to adjust our strategy," he says enthusiastically. He enjoys working with different cultures, believing it pushes people to think differently and be adaptable.

These are the challenges that have kept Stanislav motivated for 15 years. *"If you work hard and are loyal, Tarkett will find a way to recognize it,"* he remarks, adding that young people like him can move up the corporate ladder without waiting for those at the top to retire. *"People have a lot of opportunities in Tarkett,"* he says. ■

I'm proud to have been a part of this company for 15 years.



GOVERNANCE AND 2014 REVIEW

Loose Lay Vinyl Tiles,
Square Acoustic Zen Chocolate.

GOVERNANCE

EXECUTIVE COMMITTEE
& MANAGEMENT BOARD



Tarkett's Executive Committee is led by Michel Giannuzzi, CEO. This international and entrepreneurial leadership team is composed of ten experienced managers, sharing common Group interest and values while ensuring operational agility thanks to a decentralized organization. Tarkett's Management Board is chaired by Michel Giannuzzi, CEO, and includes Fabrice Barthélemy, CFO, and Vincent Lecerf, EVP Human Resources.



Michel Giannuzzi
Chief Executive Officer
▪ Appointed CEO in 2007
▪ International experience in various responsibilities at Michelin and Valeo



Anne-Christine Ayed
EVP Research, Innovation & Environment
▪ Joined Tarkett in 2009
▪ Held managerial and R&D positions at Dow Chemical and DBApparel in the US and Europe



Fabrice Barthélemy
Chief Financial Officer
▪ Joined Tarkett as CFO in 2008
▪ Held various Finance positions in France and in the UK at Safran and Valeo



Jeff Buttitta
President Tarkett North America
▪ Joined Tarkett in 2005
▪ CEO of Johnsonite (USA) for 15 years prior to its acquisition by Tarkett



Stéphanie Couture
Group General Counsel
▪ Joined Tarkett in 2000
▪ North American Legal Director for Tarkett until 2006. Previously an in-house counsel for Unibroue



Eric Dalieri
President Tarkett Sports
▪ Joined Tarkett in 2009
▪ Worked 10 years for KKR Capstone, consultants in business reorganization and restructuring, and for Boston Consulting Group



Vincent Lecerf
EVP Human Resources
▪ Joined Tarkett in 2008
▪ Has a long experience in Human Resources in several multinational companies, such as Norbert Dentressangle, Rhodia, Poclain and Valeo



Slavoljub Martinovic
President Tarkett Eastern Europe
▪ Joined Tarkett in 2002
▪ Worked since 1996 for Sintelon (Russia and Serbia), acquired by Tarkett in 2002



Antoine Prévost
EVP Operations
▪ Joined Tarkett in 2011
▪ Held managerial positions in operations and manufacturing at Vallourec



Remco Teulings
President Tarkett EMEA and CEO of Desso
▪ Joined Tarkett in 2012
▪ Previously held Marketing and General Management responsibilities at Knauf Insulation

GOVERNANCE

SUPERVISORY
BOARD



Tarkett's Supervisory Board is composed of nine members: four members representing the Deconinck family, two representing KKR and three independent members. The Supervisory Board is chaired by Didier Deconinck and its Vice President is Jacques Garaïalde from KKR. This composition is in line with legislation and standards in regards to proportion of independent members, women and diversity of expertise of its members.



Didier Deconinck
Member since January 2001 and Chairman since September 2005
▪ Vice-President and Director-General of Monin, which he co-founded



Jacques Garaïalde
Member since January 2007, Vice-President since June 2007 and member of the Nominations and Compensation Committee
▪ Partner of KKR since 2003



Sonia Bonnet-Bernard
Independent member since July 2011 and chairman of the Audit Committee
▪ Managing partner at Ricol Lasteyrie, an independent and corporate valuation firm



Gérard Buffière
Independent member since November 2013 and chairman of the Nominations and Compensation Committee
▪ Director of Imerys, where he served as CEO from 2005 to 2011



Bernard-André Deconinck
Member since January 2007 and member of the Nominations and Compensation Committee
▪ Spent his career in various management positions within Tarkett



Eric Deconinck
Member since January 2001
▪ Founded and developed his own consulting firm, Marketing & Business



Jean-Philippe Delsol
Member since November 2013
▪ Partner at Delsol law firm. Consultant for large family owned companies



Françoise Leroy
Independent member since November 2013 and a member of both the Audit Committee and the Nominations and Compensation Committee
▪ Director for mergers and acquisitions at Total until June 2013



Josselin de Roquemaurel
Member since May 2010 and member of the Audit Committee
▪ Director at KKR since 2005

GOVERNANCE

SUPERVISORY BOARD COMMITTEES
AND SHAREHOLDER PROFILE



Tarkett's corporate governance processes are directed to ensure uncompromised business ethics, robust and transparent corporate supervision, and risk management.

In line with standard governance practices, the Supervisory Board has two dedicated Committees. Tarkett has chosen to follow the Afep/Medef⁽¹⁾ code of governance.

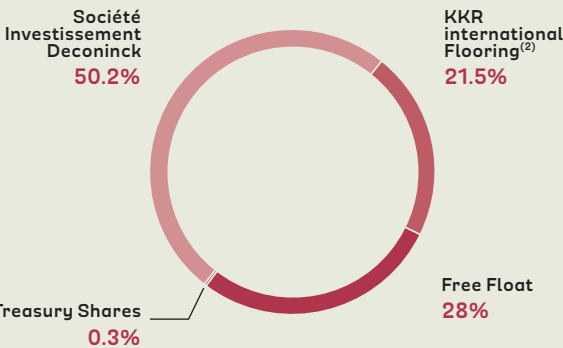
THE AUDIT COMMITTEE

It is chaired by Sonia Bonnet-Bernard, one of two independent members of a total of three members. It assists the Supervisory Board through the following monitoring activities:

- **review of financial information**, in particular, annual or interim reports and consolidated financial statements;
- **internal control**, internal audit and risk management systems;
- **verification of the individual company** and consolidated financial statements by the Company's statutory auditors;
- **independence of the statutory auditors**.

THE SHAREHOLDER PROFILE

2014 marks the first full year that Tarkett has been listed on Euronext. Following the IPO in November 2013, our public shareholders, accounting for 28% of treasury shares, join our historic shareholders to invest in the company's long-term growth. Tarkett's capital is composed of the following shareholders:



(1) Association française des entreprises privées (the French Association of Private Companies)/Mouvement des entreprises de France (the largest association of employers in France).
(2) KKR International Flooring, private equity funds affiliated with Kohlberg Kravis Roberts & Co. L.P.

GOVERNANCE

MANAGING RISK
THROUGHOUT THE BUSINESS



Tarkett considers risk management and internal control to be closely linked. Our risk management uses 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;
- **ensure operational efficiency and efficient use of resources**;
- **ensure reliability of financial information**.

The Group's risk management and internal control processes are coordinated by Tarkett Internal Control and Audit Department.

Making sure that risk management policies and practices are implemented throughout the Group involves formal and continuing programs.

These include:

- **educating employees** on a Code of Ethics for exemplary business practices, which they commit to respecting, and which is a tool that helps Tarkett comply with the competition and anti-corruption rules. In 2014, Tarkett has continued to deploy its worldwide compliance program, including fair competition practices and anti-corruption, to train specific employee groups (sales force, purchasing and managers, etc.) through an e-learning tracking tool and face-to-face training sessions;
- **completing a risk-mapping exercise**, updated yearly, and implementing related action plans;
- **assessing internal controls** on process-related risks (other than operations), through the TRACE (Tarkett Risks And Controls Evaluation) program, which is implemented throughout the Group worldwide;
- **performing regular internal audits within the Group entities**;
- **securing insurance coverage for identified exceptional risks**.

COMPLIANCE CULTURE



"The compliance program is based on a set of core values expressed in our code of ethics, which is communicated to all our employees. Specific fraud, anti-corruption and competition programs are implemented on a continuing basis to ensure strong understanding and commitment to these values. The ultimate aim is that the code of ethics and related procedures reflect a clear, embedded compliance culture. Human Resources, internal control and the audit and legal departments work closely to achieve this goal, supported by a strong orientation from top management."

Stéphanie Couture,
Group General Counsel

FINANCIAL PERFORMANCE

RESILIENT PERFORMANCE IN 2014
DESPITE CHALLENGING CONDITIONS
IN THE CIS COUNTRIES

by Fabrice Barthélemy, Chief Financial Officer



Tarkett's resilient performance throughout 2014 demonstrates the solidity of its balanced business model between geographic regions and end-markets, despite strong headwinds in Russia. In the CIS countries, Tarkett reacted quickly to a challenging macro-economic environment by increasing selling prices and adjusting the cost structure. Moreover, the acquisitions in 2014 of Desso and three other companies expand Tarkett's product portfolio and will benefit Tarkett's results from 2015 onwards. We remain firmly committed to our strategic goals of sustainable and profitable growth, enhanced by selective acquisitions and innovation, while continuing to keep an extremely tight focus on cost management and operational efficiency. Although the economic situation in Russia will remain uncertain for some time, Tarkett should benefit in 2015 from a weaker euro and the erosion of some raw material prices.

NET SALES

€2,414M

Net sales decreased by -4.1% versus 2013 (€2,516M) on a reported basis and by -2.3% organically⁽¹⁾. Acquisitions contributed positively by +0.5% and exchange rates had a -2.3% negative impact on sales (including the "lag effect" of selling price increases in Russia). While the Sports segment continuously improved and trends in EMEA remained healthy, the negative organic growth reflects mainly shrinking volumes in CIS countries and a North American residential activity lower than in 2013.

ADJUSTED EBITDA⁽²⁾ MARGIN

AT 11.4% OF SALES

VERSUS 12.3% IN 2013, AT €275M (VERSUS €310M)

The decline in margin is mainly due to the devaluation of the rouble that occurred in Q4 2014 and the ramp-up costs linked to the new VCT (Vinyl Composition Tiles) line in Florence (Alabama, USA). Nevertheless, the Group maintained a solid free cash flow generation⁽³⁾ (€101M). In a challenging context, Tarkett keeps its focus on selling prices and production capacity optimization in Russia, cash and cost discipline and restructuring actions throughout the Group.

ROCE⁽⁴⁾

13.8%

VERSUS 17.7% IN 2013

NET PROFIT⁽⁵⁾

€61M

VERSUS €98M IN 2013

STRONG BALANCE
SHEET STRUCTURE
NET DEBT/ADJUSTED EBITDA⁽⁶⁾

2.0x

(NET DEBT OF €595M)

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

(2) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.

(3) Free Cash Flow is defined as the cash generated from operations less on-going capital expenditure, less interest paid, less other items and less income taxes paid.

(4) ROCE calculated as EBIT before financial elements over capital employed (tangible assets, intangible assets, goodwill and current assets), excludes Desso data in 2014.

(5) Net profit attributable to owners of the Company.

(6) Based on a 2014 adjusted EBITDA pro-forma for Desso.

EMEA

GROWTH
ACROSS
THE BOARD

by Remco Teulings,
Tarkett EMEA President
and CEO of Desso



Tarkett significantly improved its position in EMEA and will continue to do so in 2015 in the hospitality and office segments through the major acquisition at the end of 2014 of Desso, a leading European commercial carpet tiles actor, widening its product portfolio and extending its sales and manufacturing footprint. Our presence in Poland was reinforced with the acquisition of Gamrat's flooring activities, specialized in high performance vinyl flooring, strengthening our expertise in the healthcare and education segments.

Tarkett continues to invest and innovate in the growing modular vinyl tiles category (LVT) extending its iD range with quick and easy-to-install (click, loose-lay, 24h shipment services) and custom solutions, particularly suited for the housing and retail segments. The Group also confirms its commitment to sustainability, switching all its European vinyl production sites to non-phthalate plasticizers technology.

€681M
NET SALES

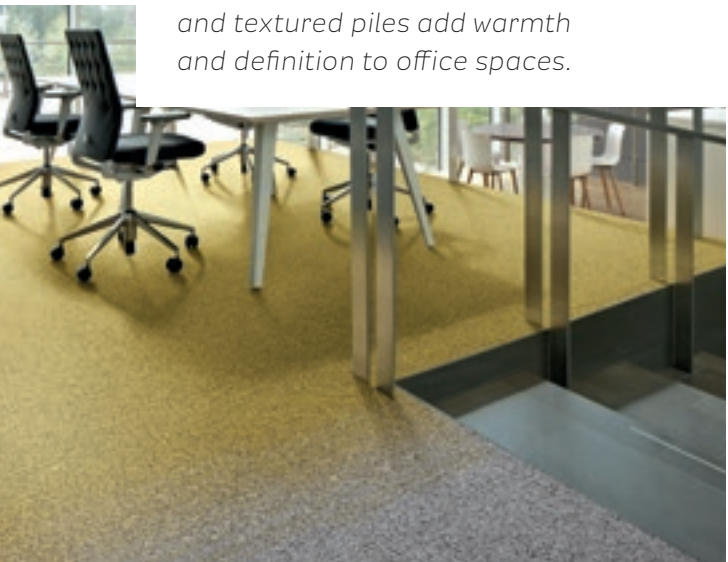
13
INDUSTRIAL
SITES

4,100
EMPLOYEES

#1
IN VINYL

Offices in Transitions

Desso's Transitions commercial carpet tile collection is designed to be recycled in a closed loop in line with Cradle to Cradle® principles. Transitions offers four styles inspired by nature: Fuse, Fields, Pebble and Wave, whose different organic patterns, shimmering yarns and textured piles add warmth and definition to office spaces.



NORTH AMERICA
**BRANDED
SUSTAINABLE**

by Jeff Buttitta,
Tarkett North America
President



€658M
NET SALES

8
INDUSTRIAL
SITES

2,900
EMPLOYEES

#1
IN ACCESSORIES

Sustainability summit

At Tarkett's second annual Sustainability Summit in Cleveland (USA), CEO Michel Giannuzzi shared Tarkett's Sustainability vision based on the "4P" (Purpose, People, Planet and Profit) with architects, designers and other partners, discussing how to contribute to the circular economy through the ReStart reclamation and recycling program.



€304M
NET SALES

7,570
SPORTS FIELDS AROUND
THE WORLD EQUIPPED
WITH FIELDTURF AND
DESSO GRASSMASTER®

900
EMPLOYEES

#1
IN ARTIFICIAL
TURF WORLDWIDE

SPORTS
**CHOSEN
FROM THE
GRASS-ROOTS UP**

by Eric Daliere,
Tarkett Sports
President



A landscaping feat

A historical installation was completed in just 40 days at one of India's largest convention and exhibition centers – Mahatma Mandir – in Gandhinagar, where 46,500 m² (500,000 ft²) of FieldTurf was installed on the roof that slopes down to the ground. This is the largest installation of roof-top artificial turf in the world.

More and more athletes are training either outdoors on FieldTurf artificial turf, on Beynon tracks or indoors on Tarkett Sports indoor surfaces. Advanced innovations, such as the CoolPlay system for turf (see p. 57), the hydraulic "rise and run" track system, or the EasyTurf click for landscaping, have given the company a leadership position worldwide and strong brand recognition. Tarkett FieldTurf solutions were selected by professional teams such as FC Barcelona and by the University of Notre Dame in Indiana (USA) to replace the grass on its American football field. Gillette Stadium's new FieldTurf surface earned FIFA's highest synthetic turf rating for the fourth time: 2-Star recommended status. Tarkett has extended its technology portfolio by acquiring Renner post-tension concrete solutions for complex tennis courts and track surfaces, and Desso GrassMaster® hybrid turf, a unique combination of natural grass and synthetic fibers, selected for the 2014 World Cup opening match at São Paulo (Brazil).

CIS COUNTRIES

ADDED VALUE,
CONVENIENCE,
TRUST

by Slavoljub Martinovic,
Tarkett Eastern Europe
President



18%
OF GROUP SALES
MADE IN RUSSIA⁽¹⁾

3,500
EMPLOYEES IN CIS

(1) Pro-forma for Desso.

THE LARGEST VINYL
PRODUCTION SITE
WORLDWIDE
IS IN RUSSIA
(OTRADNY)

#1
IN VINYL & WOOD
IN CIS

Digital Wood
printing launch

In Eastern Europe, Tarkett launched unique wood flooring collections utilizing digital printing technology for the housing segment, offering a wide variety of exceptional wood flooring designs. Thanks to this innovation, users can import pictures, graphical elements or texts on wood and change colors and nuances in combination with the individual grain of each plank.



1
TARKETT ACADEMY
IN AUSTRALIA

350
EMPLOYEES

2
PRODUCTION SITES IN CHINA
(VINYL AND CARPET)

#1
IN VINYL FOR RESIDENTIAL
IN AUSTRALIA

ASIA-PACIFIC

HIGH
PERFORMANCE
AND DESIGN

by Benoît Miquel,
Tarkett Asia Pacific
Vice President



Growing by acquisition

Tarkett's commercialization and distribution subsidiary for vinyl flooring in China became a fully-owned subsidiary. In addition, Tarkett acquired the industrial assets for vinyl flooring production, near Beijing, which began producing Tarkett products in the 3rd quarter 2014.

The Group enjoys a long-lasting presence in the mature markets (Australia, Japan) and continues to strengthen its presence in India and China, investing in highly-trained sales and marketing talents and in added-value products. Supported by its local manufacturing footprint in China with the new Beijing vinyl plant and its existing Suzhou carpet plant, Tarkett is in a stronger position to better serve local customers, reducing the lead-time and providing custom solutions aligned with the highest-standard products in terms of quality and sustainability. Thanks to its recognized brands, market expertise and combined product offering, Tarkett is focused on the growing demands for the healthcare, elder care, office and education segments, where vinyl and carpet tiles' performance, eco-design and personalized attributes are valued most when compared to local, traditional flooring.

LATIN AMERICA

FOCUSING ON
CLOSE CUSTOMER
RELATIONSHIPS

by Walter Gonçalves,
Tarkett Latin America
Vice President



Balancing the slowdown of public investment in education and healthcare, the 2014 World Cup in Brazil gave Tarkett the opportunity of equipping 100,000 m² of arenas and hospitality installations. Tarkett also focused its activities on new modular vinyl LVT launches, both for the residential and commercial markets, now supported by the local production capacities developed in 2013-2014. In order to increase close customer relationships and brand awareness, we developed a new loyalty service club, training programs for more than 1,200 installers and 700 sales people, and an e-commerce platform and social media campaign.

1,000+
POINTS OF SALES
WITH TARKETT
PRODUCTS

1
INDUSTRIAL SITE
NEAR SÃO PAULO
(JACAREI)

260
EMPLOYEES
IN LATIN AMERICA

#1
COMMERCIAL VINYL
IN BRAZIL

Winning with Tarkomassa

Winner of a 2014 Tarkett Award for providing superior value to customers “with passion and exceptional service”, Tarkomassa was developed in partnership with our supplier as a cost-effective, easy-to-apply and fast-drying leveling compound system used prior to the installation of LVT flooring. This innovation succeeded in gaining appreciation from our installers: nearly 235 tonnes were sold in six months.



SUSTAINABILITY
DASHBOARD

We have developed our sustainability dashboard to allow us to continuously track progress in three dimensions: Environment, Social, and Governance. We have also set up 2020 sustainability objectives, engaging our teams and partners to work together to drive our 4P Sustainable strategy.

ENVIRONMENTAL RESPONSIBILITY				
Strategic initiatives		Indicators	2010 0%	Var. 2014/2013
Choose good materials in terms of potential risk toward people and the environment		% of raw materials for which material assessment has been performed (in purchase volume) ⁽¹⁾	2010 0%	
			2013 63%	+13 pts
Increase the share of abundant, renewable, and recycled materials		% of materials at the start of supply chain which do not contribute to resource scarcity (in purchase volume)	2010 na	0
			2013 67%	-2 pts vs. 2011
Reduce usage of fresh and potable water		Fresh water consumption ⁽²⁾ (liters/m²)	2010 2.99	-16%
			2013 3.07	-13%
Decrease energy consumption and greenhouse gas emissions		% of manufacturing sites that have implemented closed-loop water circuits ⁽³⁾ (or do not use water in their process)	2010 52%	+18 pts
			2013 47%	+13 pts
Design solutions ensuring indoor air quality, health and well-being		Energy consumption ⁽²⁾ (kWh/m²)	2010 3.29	+5%
			2013 3.62	+16%
Ensure that all manufacturing wastes enter into a biological or technical cycle		Greenhouse gas emissions ⁽²⁾ (kgCO₂e/m²)	2010 0.99	+6%
			2013 1.20	+28%
Develop take-back programs for our flooring solutions, allowing us to close the loop		Non-phthalate products (% of m² produced, vinyl flooring only)	2010 0%	+16 pts
			2013 23%	+39 pts
		Low VOC emissions products (% of m² produced, flooring only) (<100 µg/m³ after 28 days)	2010 25%	-1 pt
			2013 93%	+67 pts
		Non-detectable VOC emissions products (% of m² produced, flooring only)	2010 0%	+2 pts
			2013 48%	+50 pts
		Industrial waste going to landfill (g/m²), including hazardous waste	2010 44.6	+8%
			2013 36.5	-11%
		Volume of collected post-installation or post-consumer products (metric tons)	2010 18,900	-18%
			2013 16,400	-29%

(1) Excluding Tarkett Sports, Tarkett Eastern Europe carpet & rugs plants, outsourced finished goods, packaging. (2) Excluding Houston, Cuzorn and Eiweiler (MDF line) production sites. (3) Excluding Houston and Cuzorn production sites.

● Negative evolution ● Positive evolution

SUSTAINABILITY DASHBOARD

Safety & Values

Talent

Dialogue

Community

SOCIAL RESPONSIBILITY			
Strategic initiatives	Indicators		Var. 2014/2013
Guarantee a safe place to work	Lost-time accident frequency rate (LTA per million hours worked)	2013 <div><div></div></div> 2.5% 2014 <div><div></div></div> 2.3% 2020 0 %	<div></div> -9%
	Total accident frequency rate (accidents per million hours worked)	2013 <div><div></div></div> 24.2% 2014 <div><div></div></div> 22.1%	<div></div> -9%
	Severity rate (calendar days stopped per million hours worked)	2013 <div><div></div></div> 75.3% 2014 <div><div></div></div> 70.0%	<div></div> -7%
Ensure respect and integrity	Progress on adhesion to Tarkett values in employee feedback ⁽¹⁾	2010 <div><div></div></div> 56.0% 2012 <div><div></div></div> 58.5% 2014 <div><div></div></div> 63.0% 2020 <div><div></div></div> 70%	<div></div> +4.5 pts vs. 2012
Foster diversity	Share of women in top positions (CEO and CEO-2 positions)	2013 <div><div></div></div> 17% 2014 <div><div></div></div> 16%	<div></div> -1 pt
	% of employees with disabilities (only in countries where disability is defined by law)	2013 <div><div></div></div> 1.4% 2014 <div><div></div></div> 1.6%	<div></div> +0.2 pt
Develop talents and promote an entrepreneurial culture	% of people trained (at least 1 day in total during the year)	2013 <div><div></div></div> 49% 2014 <div><div></div></div> 57% 2020 <div><div></div></div> 100%	<div></div> +8 pts
Listen to employees and engage in social dialogue	Progress on related questions in employee feedback ⁽²⁾	2010 <div><div></div></div> 53.5% 2012 <div><div></div></div> 56.0% 2014 <div><div></div></div> 59.0% 2020 <div><div></div></div> 70%	<div></div> +3 pts vs. 2012
Communicate proactively toward all employees	Progress on related questions in employee feedback ⁽³⁾	2010 <div><div></div></div> 55.7% 2012 <div><div></div></div> 58.7% 2014 <div><div></div></div> 63.3% 2020 <div><div></div></div> 70%	<div></div> +4.6 pts vs. 2012
Provide professional training to the community	External people having received Tarkett Academy training (min 2 to 5 days professional training on installation and/ or maintenance)	2013 <div><div></div></div> 2,903 2014 <div><div></div></div> 3,754	<div></div> +29%

CORPORATE GOVERNANCE			
Strategic initiatives	Indicators		Var. 2014/2013
Promote Corporate Sustainability values to stakeholders	Raw materials purchased with suppliers committing to Global Compact ⁽⁴⁾ (% of purchase value)	2013 <div><div></div></div> 60% 2014 <div><div></div></div> 59%	<div></div> -1 pt
Ensure regular audits of business	Group perimeter audited over the last 4 years (% of operating assets)	2013 <div><div></div></div> 74% 2014 <div><div></div></div> 85%	<div></div> +11 pts

(1) Average responses to employee feedback questions 46a. "I believe Tarkett's values provide clear direction for employees" and 46b "I believe management behaviors are consistent with Tarkett's values".

(2) Average responses to employee feedback questions 19. "In my department, differing views are openly discussed when making decisions" and 36. "Sufficient effort is made to get the opinions and thinking of people who work in Tarkett".

(3) Average responses to employee feedback questions 35. "My manager does a good job of keeping me informed about matters that affect me", 41. "Senior management does a good job of explaining the reasons behind important business decisions" and 44. "Overall, I receive enough information at Tarkett".

(4) Excluding textile (Tandus sites, Bačka Palanka carpet & rugs, Vinisin carpet), laminate (Eiweiler, Mytishchi), Sports, Centiva.

(5) Survey conducted every two years.

Negative evolution

Positive evolution



Tarkett – 1, terrasse Bellini – Tour Initiale – 92919 Paris La Défense – France – Tel.: +33 1 41 20 40 40 • **Group Communications:** Véronique Bouchard Bienaymé • **Photo credits:** Nani Gutierrez; Franck Juery • ©Tarkett 2015, All Rights Reserved. Tarkett, the Tarkett logo and Tarkett's product, collection and company names are trademarks of the Tarkett Group in the U.S. and/or other countries – April 2015 • Cradle to Cradle Certified^{CM} is a certification mark licensed by the Cradle to Cradle Products Innovation Institute. Cradle to Cradle[®] is a registered trademark of McDonough Braungart Design Chemistry, LLC • **Design, produced and written by:** **PUBLICORP** – Tel.: +33 (0)1 55 76 11 11 • 13110.

This document is environmentally friendly. It has been printed on paper originating from resources that are monitored and used responsibly.

