A Word from the CEO

In June 2019, we shared our new strategic plan “Change to Win” with all employees and presented it to the financial community. Our ambition is clearly focused on our global commercial activities and residential businesses in focused geographies, but not only. I personally decided to include the circular economy as part of our ambition. I strongly believe that as a responsible flooring and sports surfaces company we have a role to play to change the game of our industry with circular economy – a widely recognized solution to address resource scarcity and the climate emergency. This is a key challenge for the building industry.

At Tarkett, we are convinced that there is an urgency to shift models to preserve the world’s finite natural resources. It became clear to us that the transition to a fully circular economy in the flooring industry is one of our strategic objectives. We need to move away from a linear economy, based on production, use and disposal of a product to a circular economy model, where waste can be a resource for our manufacturing, and where our products can be recycled to create new resources after use. That is why we have set a target of tripling to 30% the share of recycled materials in our purchased raw materials by 2030.

To achieve this transition there are two main drivers:

- Eco-designing products with recycled materials and make them recyclable at the end of use with the implication notably of our R&D, purchasing and manufacturing.

- Implementing circular solutions to take-back, collect, sort and recycle / reuse, involving our marketing, sales, supply-chain and R&D teams in close collaboration with our customers, suppliers and other partners.

However, we know that we cannot make the transition from a linear to a circular economy alone. We need all stakeholders to get involved if we want to change our behaviors and economic model: policymakers, to encourage an economy based on recycling; suppliers, to offer new sources of secondary raw materials and collection services; and customers, to embrace sorting and recycling flooring, and to ask for more and more recycled and recyclable products.

We believe in this power of collaboration and dialogue and we stepped up our efforts in 2019 working closely not only with our employees, customers, suppliers and other business partners, but also with thought leaders – such as the Ellen MacArthur Foundation CE100 initiative, scientific institutes, universities, standardization bodies, public authorities and professional trade associations. The challenge is to build together a circular economy with good quality safe materials, creating beautiful spaces that contribute to healthiness and well-being.

In addition to our ambition to change the game with a circular economy, we also set targets in the three other areas of our ‘care for the people and planet’ pillar of our Change to Win strategy:

- **Safety is our number one commitment** and by strengthening further our safety culture we aim to reduce our recordable accident frequency rate\(^1\) to 1 by 2025.

- **Contributing to the global effort against climate change** is another priority. Our transition to a circular economy will contribute significantly to reducing greenhouse gas emissions in the value chain, complementing our existing efforts in our plants. Here, through continued improvement of energy efficiency and an increase in the use of renewable energies we aim to reduce our emissions\(^2\) by 30% by 2030 compared to 2020.

- Lastly, we cannot achieve any of these objectives without the implication of our **diverse and talented teams**. In this area we will continue to grow our human capital by upholding business ethics, ensuring diversity, applying our talent philosophy, and by promoting internal mobility – which we aim to increase to 70% by 2025 (vs 53% in 2018).

Through this new strategic plan, we will continue to contribute, at our level, to the United Nations’ Sustainable Development Goals and to the ten principles of the Global Compact defined by the United Nations, making good on our values and on our customer promise.

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\(^1\) Injury frequency rate for all employees (# of workplace accidents with lost time less than or greater than one day per million hours worked hours)

\(^2\) Scope 1 & 2 greenhouse gas emissions per square meter of flooring (kg CO₂e/sqm)