

A Word from the CEO



Fabrice Barthélemy

In 2020 Tarkett **demonstrated strong resilience** in the face of the COVID-19 pandemic and its health, economic and financial repercussions. Around the world, the professionalism and commitment of our teams has been remarkable. Our teams remained focused on our key priorities: satisfying our customers, supporting local communities in managing the crisis, and maintaining the Group's financial health. At the same time, we continued to deploy our initiatives in favor of eco-design and the circular economy, as well as the reduction of greenhouse gas emissions at our industrial sites.

Since the outbreak of COVID-19 our **primary focus has been and remains the health and safety of our employees, customers, and partners**. We immediately implemented sanitary measures and social distancing on production sites and remote working for support functions to keep operations running and ensure the continuity of service to our customers. Our teams were notably motivated to support the health care sector as it endeavored to rapidly increase hospital capacity to cope with the influx of COVID-19 patients.

We have thus demonstrated the resilience of our business model in a depressed and complex environment. We managed to keep operations running and maintained a good level of service for our customers even at the peak of the crisis. Thanks to structural savings and a rigorous mitigation plan, we have been able to improve the profitability. We have tightly monitored working capital, generated strong free cash-flow and deleveraged significantly.

In such challenging times, we also felt it important to reiterate our absolute commitment to respecting and promoting ethical principles, business integrity and social responsibility. The Supervisory Board, the Executive Management Committee and I were pleased to share our updated Code of ethics. This revised and reinforced edition reiterates the importance of ethics and integrity as an integral part of Tarkett values, clearly describes the conduct expected of everyone to uphold business integrity, indicates the availability of whistleblowing systems, and details our commitments to social responsibility.

As we marked in 2020 ten years of our **commitment to the United Nations Global Compact**, and its 10 principles on human rights, labor, environment, and anti-corruption, we are convinced that putting people and future generations first and investing in the circular economy will further strengthen the resilience of Tarkett's business model. It is our way to provide a tangible **contribution to the UN 2030 Sustainable Development Goals**, in particular for good health and well-being (Goal 3) thanks to flooring contributing to indoor air quality and healthy and safe spaces; for responsible consumption and production (Goal 12) via our ReStart® collection and recycling service for flooring; and for climate action (Goal 13) with circular economy and GHG emissions reduction programs. This is also why we co-signed, with other leaders, the call for mobilization for a **Green Recovery**, convinced that Tarkett can contribute to and benefit from a transition to a sustainable future.

On combatting climate change for example, we have already reduced our emissions¹ by 27% compared to 2010, surpassing our initial objective². In 2019 we announced our next target as part of our Change to Win strategy, to reduce emissions¹ by a further 30% by 2030 vs 2020. We are also committed to tripling the share of recycled raw materials to 30% by 2030 with our ambitious circular economy program, which also contributes to tackling climate change³.

In 2020, we appointed a **Group Sustainability Officer** to the Executive Management Committee to accelerate the deployment of our Change to Win strategy on these sustainability initiatives and to be at the forefront of the green recovery.

As **safety, is our “number one priority, every day, everywhere”** we continue to strengthen Tarkett safety standards, reinforce their daily application and ensure the sharing of good practices across the Group.

We also have the ambition to **foster a more inclusive culture** and build teams that reflect the diversity of our society and our customers all over the world. I strongly believe that diversity and inclusion lead to diversity of thinking thus stimulating innovation, developing agility, and delivering more performance. As part of Tarkett's global Talent Management Guiding Principles, we have set a target regarding gender diversity, having at least 30% women in management and senior management by 2025 and we also encourage the adoption of complementary diversity objectives that respond to local priorities.

As well as strengthening the governance and action on our “People & Planet” pillar, the Group is also committed to accelerating the deployment of the other Change to Win strategic pillars:

- Foster sustainable growth by increasing focus on healthcare and education, end-user segments which should benefit from stimulus plans and public investment; leverage and share across segments our expertise in infection control and demanding cleansing protocol for flooring; accelerate digital channels' development reinforcing customer loyalty and responding to increased on-line e-commerce activities, in particular in residential.
- Continue deploying a strong customer-centric mindset and an organization driven by simplicity, agility, and speed, which allowed the Group to adapt quickly and keep serving customers during lockdowns.

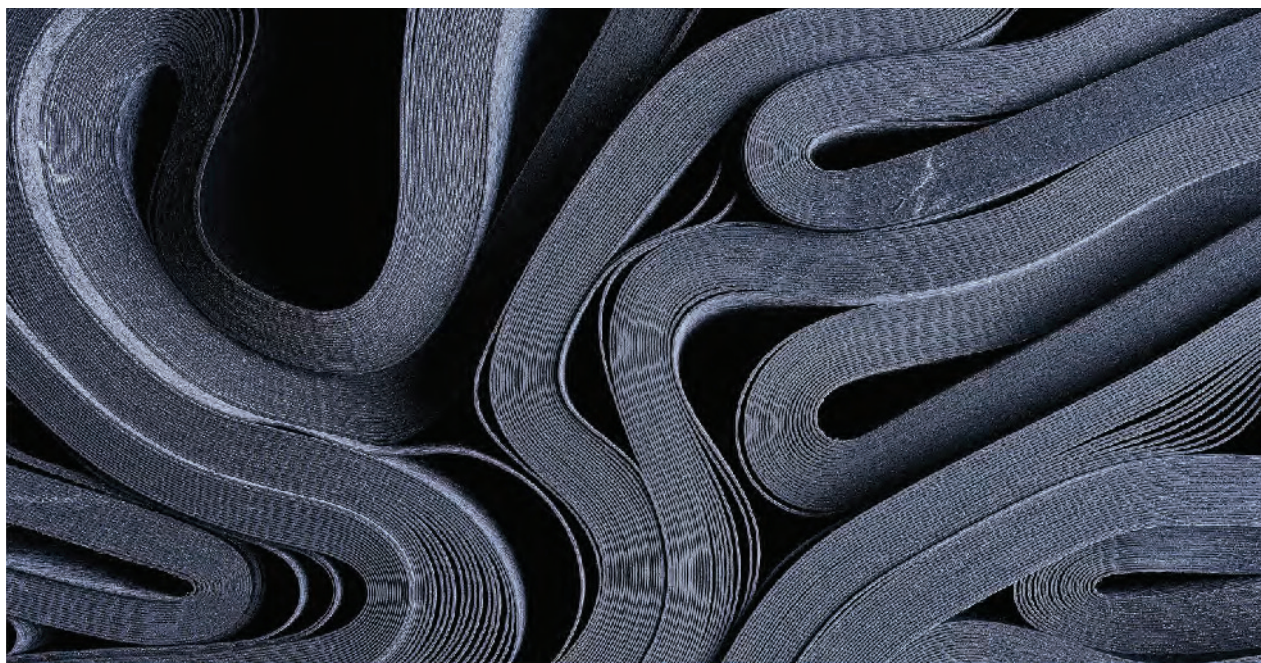
- Accelerate our disciplined cost savings program by further reducing the SG&A cost base, continue to optimize our industrial footprint and wisely invest in selective growth initiatives, while preserving cash and optimizing the financial structure.

So, amidst challenging conditions and with the exceptional dedication of our teams, we are fully engaged with intensifying the deployment of our Change to Win strategy which will strengthen the resilience of Tarkett's business model and allow us to seize new opportunities for sustainable growth, putting people and planet first.

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

⁽²⁾ 20% reduction in 2020 vs 2010.

⁽³⁾ We estimate that the use of approximately 1 ton of recycled material avoids approximately 2 tons CO₂e of GHG emissions (scope 3) compared to the use of virgin primary raw materials - based on data issued from Tarkett LCAs via SimaPro Software, where avoided emissions vary depending on the recycled material.



Post-industrial flooring waste to be recycled in our recycling centre at Clervaux, Luxembourg.