2020

Universal Registration Document

Tarkett

The Universal Registration Document / Annual Financial Report is a reproduction of the official version of the AFR which was compiled in XHTML and is available on the Tarkett website. The French version corresponds to the official translation in XBRL.

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Tarkett

Société anonyme with Management Board and Supervisory Board with a share capital of €327 751 405

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

352 849 327 RCS Nanterre

2020 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

This Universal Registration Document was filed with the Autorité des Marchés Financiers (the "AMF") on 26 March 2021 as a competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of said regulation.

The Universal Registration Document may be used for the purpose of a public offering of securities or admission securities traded on a regulated market if supplemented by a note relating to securities and if applicable, a summary and any amendments made to the universal registration document. The whole is approved by the AMF according to the Regulation (EU) 2017/1129.

This Universal Registration Document is available on the websites of Tarkett (www.tarkett.com) and the AMF (www.amf-france.org).

Tarkett at a glance

A world leader in flooring and sports surface solutions

For over 140 years now, we commit every day to the design of great spaces. For Tarkett, this means putting people and planet first, caring about the environment and the health of present and future generations incorporated by our Tarkett Human-Conscious Design™ approach.

It is our holistic way of doing business, capable of marrying the specific expectations of each of our customers with the profound challenges of protecting our planet, reducing our carbon footprint and changing the game with circular economy. Working together with our partners, we deliver safer and healthier spaces in which people can reach their full potential.

A BROAD RANGE OF SOLUTIONS

We offer to our customers one of the largest portfolios of flooring and sports surface solutions, and we share with our customers our expertise in multiple market segments.


Vinyl


Linoleum


Carpet


Wood


Laminate


Rubber & Accessories


Artificial Turf


Athletic Tracks

HEALTH CARE & AGED CARE

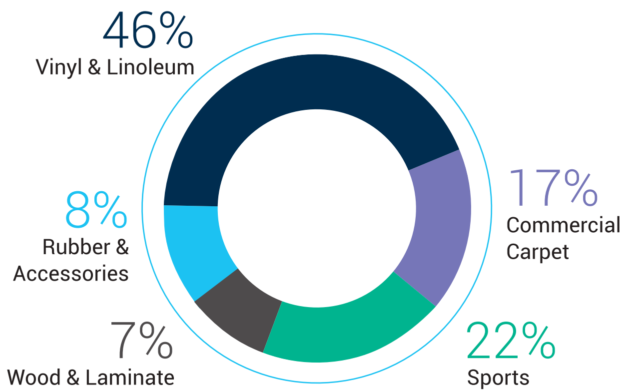
EDUCATION

WORKPLACE

HOSPITALITY

SPORTS

RESIDENTIAL



% of net sales by product categories

TARKETT WORLDWIDE

24
R&D laboratories

—

1
research & innovation center

—

4
design centers

—

33
industrial sites

—

9
recycling centers

€2.6 billion
2020 net sales

More than
12.000
employees

No. 1
in vinyl worldwide

ATTRACTIVE END-MARKET EXPOSURE

69%
Commercial (incl. Sports)

31%
Residential

SALES DRIVEN BY RENOVATION

~ 80%
Renovation

~ 20%
New construction

% of 2020 net sales

1.3 million
m² of flooring sold every day in over 100 countries

CONSCIOUS CHOICES. FOR PEOPLE AND PLANET.

Tarkett Human-Conscious Design™ is our pledge to stand with present and future generations. To create flooring and sports surfaces that are good for people and for the planet. And to do it every day. We deliver on this through three commitments:

- Deep human understanding.
- Conscious choices. For people and planet.
- With all our stakeholders. Every step of the way.

Eco-design by appling Cradle to Cradle® principles

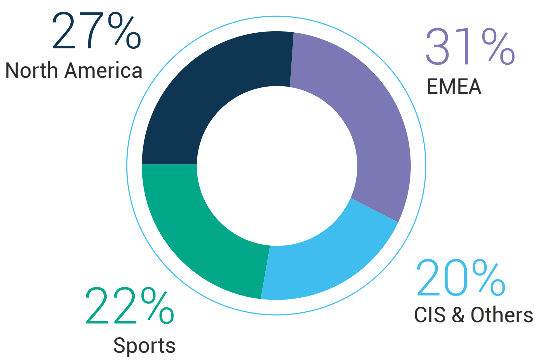
Driving collaboration in circular economy

Comply with the 10 United Nations principles

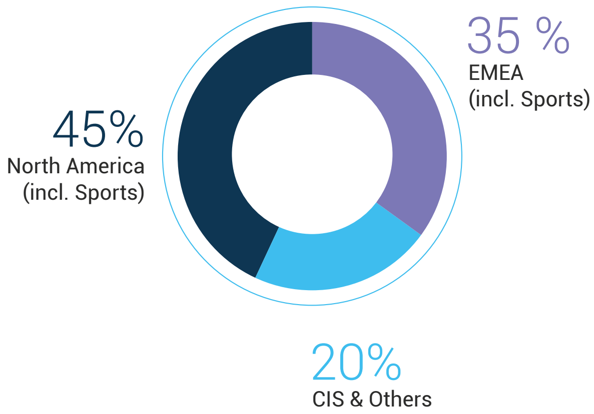
Contribute to the Sustainable Development Goals defined by the United Nations

Tarkett in figures

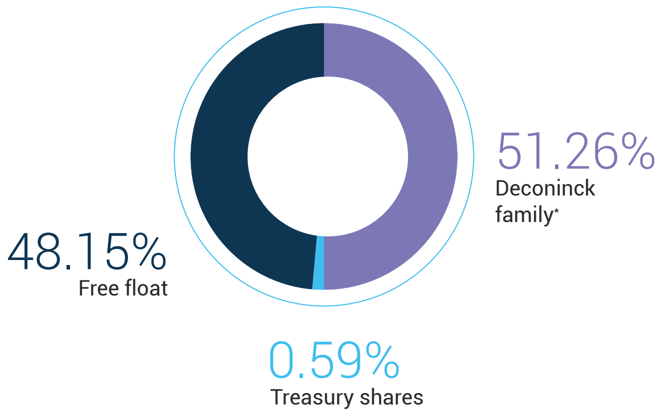
SALES BY SEGMENT



SALES BY GEOGRAPHIES



SHAREHOLDING STRUCTURE
(31.12.2020)



Tarkett is listed on Euronext Paris (compartment B, ISIN: FR0004188670, ticker: TKTT).

** Deconinck Family includes Société Investissement Deconinck, members of the Deconinck family and companies related to them. More details in section 7.*

Supervisory Board

The Supervisory Board is composed of 12 members: 5 members representing the Deconinck family, the majority shareholder, 4 independent members, 2 members representing employees* and 1 observer. The Board complies with standards and regulations regarding the proportion of independent members, men & women, and diversity of expertise.

Éric La Bonnardière
(Deconinck family)
Chairman
Member since 2015

Didier Deconinck
Vice-Chairman
Member since 2011

Nicolas Deconinck
Member since 2015

Julien Deconinck
Member since 2018

Agnès Touraine
Member since 2016

Didier Michaud-Daniel
Member** since 2019

Françoise Leroy
Member** since 2013

Sabine Roux de Bézieux
Member** since 2017

Guylaine Saucier
Member** since 2015

Jean-Hubert Guillot
Member*** since 2019

Ségolène Le Mestre
Member*** since 2020

Audit, risks and compliance committee:
- Guylaine Saucier (President)**
- Françoise Leroy**
- Julien Deconinck

Observer:
- Bernard-André Deconinck

Nominations, compensations and governance committee:
- Françoise Leroy (President)**
- Sabine Roux de Bézieux**
- Agnès Touraine
- Didier Michaud-Daniel**

* *A representative of Tarkett's Social and Economic Committee (Tarkett CSE) also attends the Supervisory Board's meetings.* ** *Independent Member.*
*** *Was appointed member of the Supervisory Board representing employees by the Tarkett CSE.*

Executive Management Committee

The Group Executive Committee is led by Fabrice Barthélemy, CEO. This international and entrepreneurial team is composed of experienced leaders who share the Group's interest and values, while ensuring operational agility through a decentralized organization.

Fabrice Barthélemy
CEO

Eric Daliere
President of Tarkett North America and Tarkett Sports

Slavoljub Martinovic
President of Tarkett Eastern Europe

Francesco Penne
President of Tarkett EMEA & LATAM

Pierre Barrard
EVP Group Strategic Marketing, Digital & Innovation

Raphaël Bauer
Chief Financial Officer

Audrey Dauvet
Group General Counsel

Séverine Grosjean
EVP Group Human Resources & Communication

Arnaud Marquis
Group Sustainability Officer

Carine Vinardi
EVP Group R&D and Operations

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 emissions[1] by 27% compared to 2010, surpassing our initial objective[2]. In 2019 we announced our next target as part of our Change to Win strategy, to reduce emissions[1] 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 change[3].

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 CO_2e/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.

Our Business Model dedicated to serving our customers...

Our Inputs: Sustainable Capital

Financial capital
- Listed on Euronext Paris
- Family shareholder (51.26%)
- Free float (48.15%)

Manufacturing capital
- 33 production sites in 18 countries worldwide (Europe, Turkey, North America, CIS, China, Brazil, Australia)
- 9 recycling centers

Intellectual capital
- Reputed brands (Tarkett, FieldTurf...)
- More than 150 patent families active in 42 countries
- 24 R&D labs, 1 research & innovation center, 4 design centers
- Network of internal experts and methodology (World Class Manufacturing, Design Thinking, Cradle to Cradle®, Talent Philosophy...)
- Scientific partnerships (universities, Environmental Protection Encouragement Agency - EPEA, suppliers...)

Human, social and relationship capital
- More than 12,000 employees in 30 countries, 40 nationalities
- Diversified B2B2C clients, present in over 100 countries (sales forces, showrooms...)
- Diversified suppliers, from international key raw materials suppliers (PVC, plasticizers...) to local suppliers
- Local communities close to our industrial sites

Natural capital
- Energy from renewable and non-renewable sources
- Water
- Renewable (wood, jute, cork, ...) and non-renewable (fossil and mineral) raw materials, from recycled and virgin sources

Governance and compliance capital
- Management Board, Supervisory Board and 2 specialized committees
- Executive Management Committee
- Codes of ethics and conduct
- Whistleblowing procedure
- Code of conduct Securities Markets

Our Ambition: Change to Win

- Be the global leader in commercial flooring and sports surfaces
- Grow selectively in residential flooring
- Change the game with circular economy

1. *Sustainable Growth*
2. *OneTarkett for our Customers*
3. *People & Planet*
4. *Cost & financial discipline*

Our values: Committed – Collaborative – Creative – Caring

Our Segments:
A recognized expertise in specific segments, in renovation and new construction
- Health & Aged Care
- Education
- Workplace
- Hospitality
- Sports
- Residential

Our Solutions:
A comprehensive, innovative and coordinated offer of flooring and sport surfaces
- Resilient flooring (vinyl, linoleum...)
- Commercial carpet
- Wood and laminate
- Rubber and accessories
- Artificial turf and athletic tracks

Our Channels:
A local service tailored to our different clients and regions
- Distribution, DIY and digital online platforms
- Key accounts, end-users, facility managers
- Specifiers (architects, designers), installers, contractors

Our Stakeholders:
Our ambition to transition to a circular economy through continual dialogue and collaboration with our stakeholders
- Our customers, architects, designers, installers and end-users
- Our employees and other external workers
- Our suppliers, service providers and business partners
- Our shareholders, investors, creditors and the financial community
- Our trade associations, business networks, academic and scientific institutions
- Public authorities, intergovernmental and non-governmental organizations

Our Outputs: sustainable performance despite challenging context

Demonstrating the resilience of Tarkett's business model

€2,633 million **Net sales** **(-9.5% organic growth)**	€278 million **Adjusted EBITDA**	10.6% **Adjusted EBITDA margin** (% of net sales)	€-19.1 million **Net profit**	€672 million **Remunerations**	€74 million **Investments**	€25.1 million **Income tax paid**	€0.4 million **Support to local communities (Tarkett Cares)**

Confirming our solid worldwide positions

3rd **largest flooring supplier worldwide** | 1.3 million **m² flooring sold daily in over 100 countries** | No. 1 **in vinyl flooring**

Maintaining efforts to protect teams and develop talents

Safety
2.62 Injury Frequency Rate (FR1t - # accidents with lost time < & > 24 hours per million worked hours) for all employees
2025 objective: 1.0 Injury frequency rate

Diversity
26% of managers are women
2025 objective : 30% of managers and executives will be women

Internal mobility
56% of open management positions filled by internal candidates
2025 objective : 70% of open management positions filled by internal candidates

Training & Performance
34% employees trained in last year
50% of permanent employees had a Performance & Development Review

Continuing to meet customer and societal expectations with good materials and healthy spaces

- **Assessing raw materials** (for health and environmental impacts) according to **Cradle to Cradle® (C2C) principles** (98%)
- **Contributing to well-being through our products:** indoor air quality (98% of flooring with low volatile organic compounds emissions), healthy spaces (97% of flooring using phthalate-free plasticizers), comfort (visual, acoustics, installation, maintenance…)
- **Selecting raw materials not contributing to resource scarcity** (68% - renewable, abundant or recycled)

Supporting a green recovery by responding to the climate emergency and developing a circular economy approach

- **Reducing production greenhouse gas emissions intensity** (-27% $kgCO_2eq$/sqm scope 1 & 2 vs 2010, better than 2020 objective (-20%), 27% renewable energy)
  2030 objective: 30% reduction in GHG emissions intensity vs 2020
- **Shifting to a circular economy model** bringing a positive contribution to climate change, using more **recycled materials** (~127,000 tons, 13% of raw materials in volumes)
  2030 objective: 30% (in volume) of recycled raw materials
- **Recycling our production waste** internally and externally
- **Collecting flooring via the ReStart® program** (~109,000 tons between 2010 and 2020)
- **Innovating and eco-designing** with new technology for disassembly and recycling
- **Achieving water savings** (-54% l/sqm vs 2010) by equipping plants **with closed loop water systems** (71%)

Driving collaboration in the value chain and in communities

- **Engaging with responsible suppliers** ("responsible sourcing program" with 75% of targeted suppliers adopting our code of conduct or equivalent, C2C eco-design)
- **Sharing our products information with our clients** (Material Health Statements - MHS, Environmental Product Declarations - EPD)
- **Supporting local communities** through Tarkett Cares and employees' involvement
- **Training students and professionals** in flooring profession and installation techniques via Tarkett Academy (36,000 people trained from 2012 to 2020)

1 PRESENTATION OF THE GROUP

1.1 General presentation

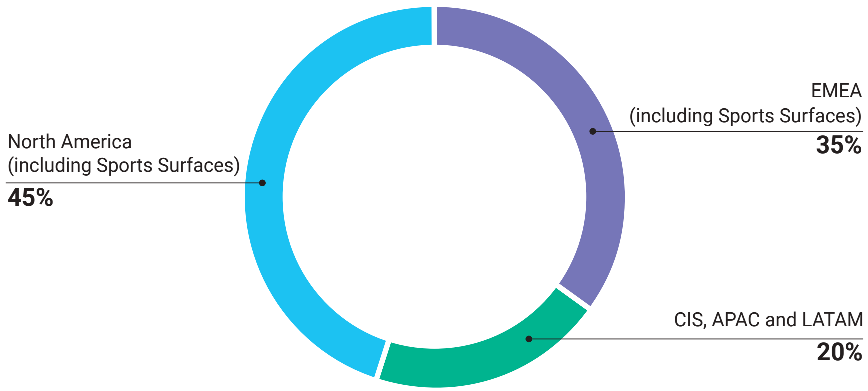
1.1.1 Group activity

With more than 140 years of experience, Tarkett is a worldwide leader in innovative flooring and sports surface solutions.

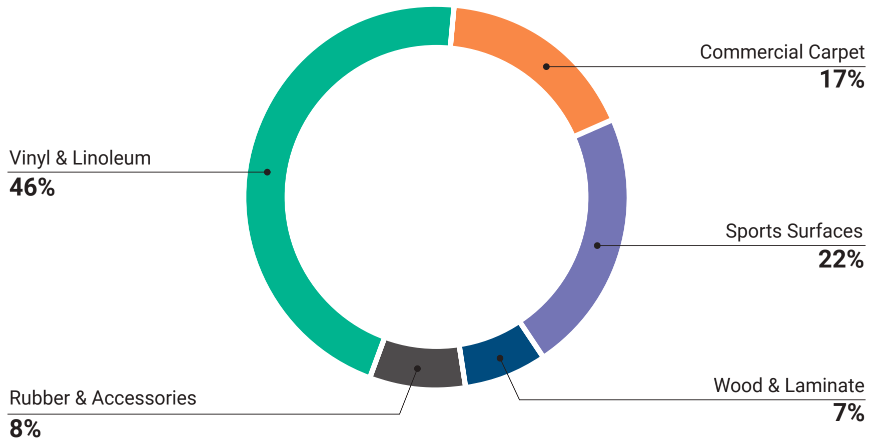
Tarkett offers one of the widest ranges of flooring solutions in the industry. With experienced teams and sales in more than 100 countries, the Group has acquired extensive knowledge and an excellent understanding of customer cultures, tastes and requirements, local regulations, and the use of flooring in each country.

With 33 industrial sites and customer service centres located close to the local markets, the Tarkett Group is able to offer highly flexible solutions to meet to customers' specific needs.

Distribution of 2020 net revenue by geographical area



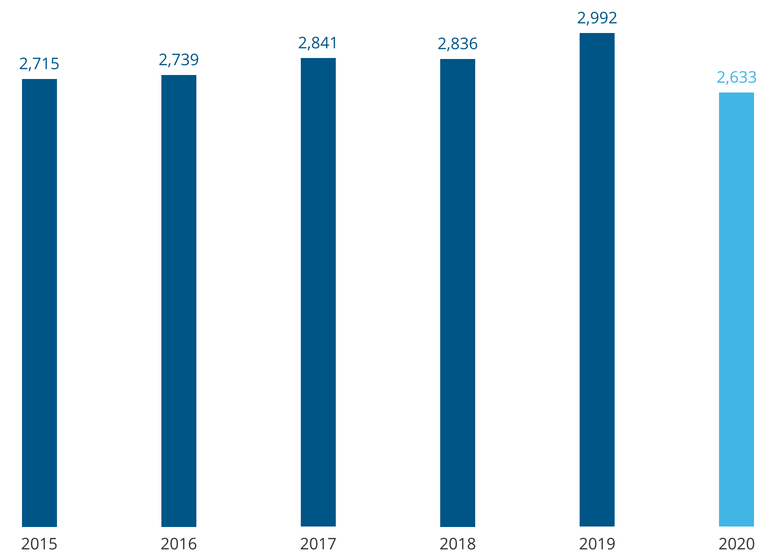
Distribution of 2020 net revenue by product categories



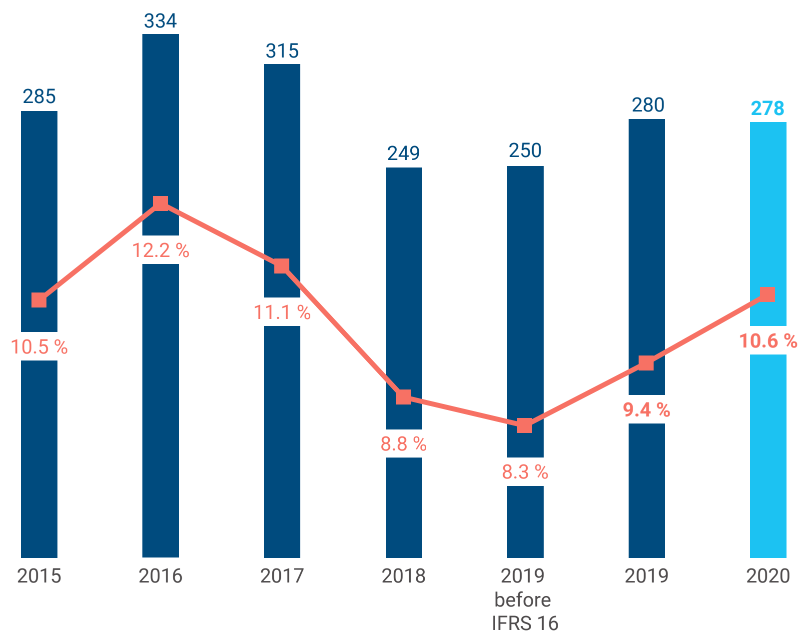
1.1.2 Main key figures

The financial data presented below is derived from the Group's Consolidated Financial Statements for the financial year ended 31 December 2020, prepared in accordance with IFRS as adopted by the European Union, which are included in section 5.1 "Consolidated Financial Statements for the year ended 31 December 2020". The Consolidated Financial Statements for the year ended 31 December 2020 were audited by the Company's Statutory Auditors. The Statutory Auditors' Report is included in section 5.9 "Statutory Auditors' Report on the Consolidated Financial Statements".

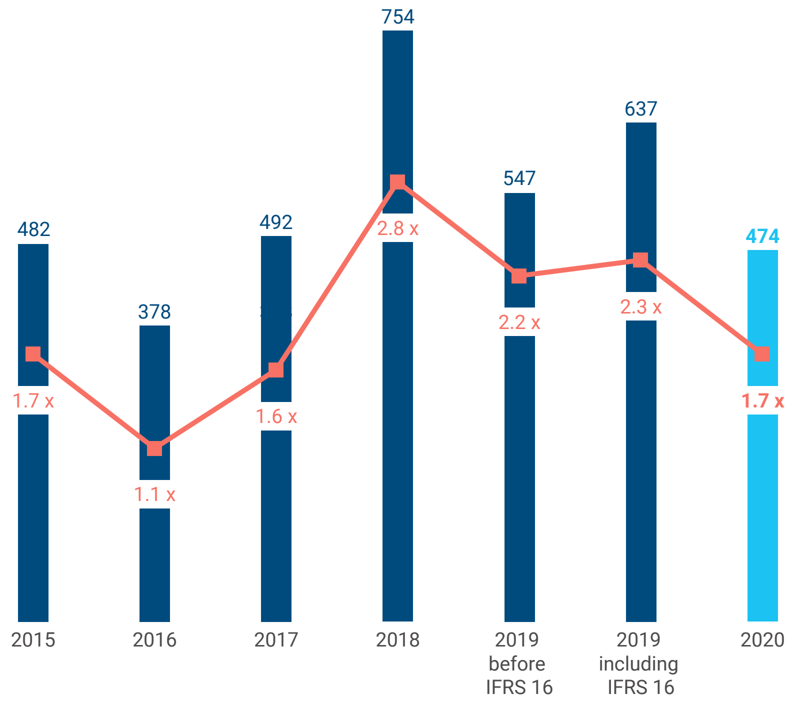
Net revenue
(in € millions)



Adjusted EBITDA
(in € millions and as a % of net revenue)

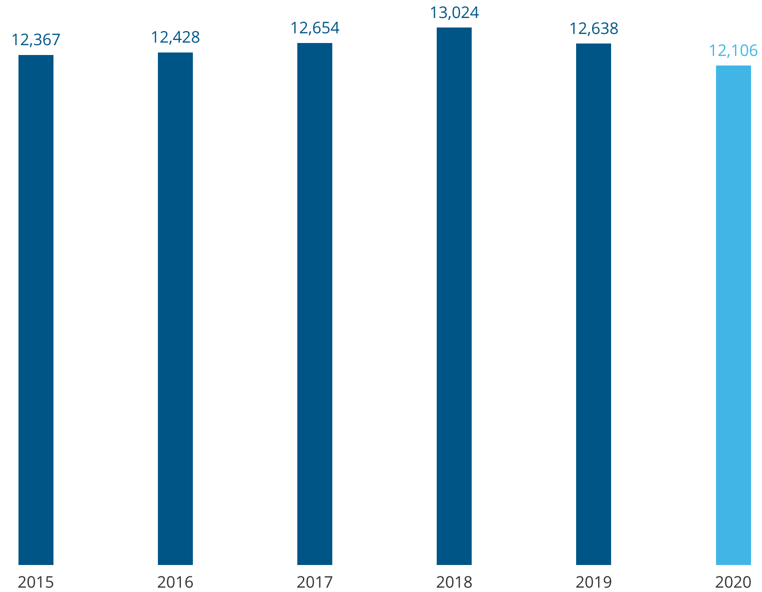


Interest-bearing loans
(in € millions and debt ratio pro forma[(1)(2)])



(1)Net Debt/ Adjusted EBITDA pro forma: includes 2018 full year EBITDA of Lexmark (company acquired in September 2018).
(2)The 2019 net debt includes the introduction of factoring and securitisation programmes amounting to €126m

Group headcount
(at 31st of December excluding Laminate Park employees)



(in € millions)	31 December 2020	31 December 2019
Consolidated results		
Net revenue	**2,632.9**	**2,991.9**
Organic growth[1]	-9.5%	0.7%
Adjusted EBITDA before IFRS 16[1]	**247.0**	**249.5**
% of net revenue	9.4%	8.3%
Adjusted EBITDA[1]	**277.9**	**280.0**
% of net revenue	10.6%	9.4%
Adjusted EBIT before IFRS 16[1]	**118.0**	**120.6**
% of net revenue	4.5%	4.0%
Adjusted EBIT[1]	**119.4**	**121.8**
% of net revenue	4.5%	4.1%
Operating income (EBIT)	**47.4**	**96.6**
% of net revenue	1.8%	3.2%
Net income/(loss) of the year	**(19.1)**	**39.6**
Dividends per share (in Euros)[3]	-	-
Consolidated financial position		
Shareholders' Equity	770.3	834.2
Net debt before IFRS 16[2]	364.9	547.5
Net debt[2]	473.8	636.8
Balance sheet total	2,337.0	2,433.8
Consolidated cash flow		
Cash generated from operations	313.1	448.6
Investments	(74.1)	(124.6)
Free cash flow[1]	163.5	231.4
Market capitalisation at 31 December 2020	**944.0**	**943.9**
Headcount as of December 31[4]	**12,106**	**12,638**

[1]Cf. Section 4.7.
[2]Cf. Section 4.3.3 and Note 7 in Section 5.2.
[3]To be submitted for approval at the Shareholders' Meeting of 30 April 2021.
[4]Excluding Laminate Park employees

1.2 History

The Group was formed in 1997 through the merger of the French company Sommer Allibert S.A. and Tarkett AG (which were at the time listed on the Paris and Frankfurt Stock Exchanges, respectively). Sommer Allibert S.A. was also formed as the result of a merger in 1972 between two French companies. Sommer was established at the end of the nineteenth century and Allibert was formed at the beginning of the twentieth century by Mr Joseph Allibert, whose heirs are the members of the Deconinck family, the majority shareholder. Tarkett was formed at the end of the nineteenth century in Sweden.

In 1997, the Group embarked on a strategy which refocused on flooring by selling its other activities, in particular automotive equipment (in 2001) obtained from Sommer Allibert S.A., and was renamed Tarkett (in 2003).

The Group began a strategy of dynamic growth in the flooring industry through a series of acquisitions and joint ventures. As a result, the Group stepped up its activities in Eastern Europe in 2002 and acquired a strong base in Russia with the establishment of a partnership with the Serbian company Sintelon AD, which was completely absorbed by the Group in 2009. In 2004, the Group entered the Sport segment by taking a minority interest in the Canadian company FieldTurf, a manufacturer of artificial turf, acquiring control of that company the following year. At the same time, the Group began to develop its flooring activities in North America, notably with the acquisition of Johnsonite Inc., a manufacturer of resilient flooring and accessories.

In 2006, the Group completed the withdrawal of its subsidiary Tarkett AG from its listing on the Frankfurt stock exchange and in 2007, investment funds recommended and managed by Kohlberg Kravis Roberts & Co. L.P. (“ KKR”) indirectly acquired approximately 50% of the Company’s shares while the Deconinck family retained approximately 50% of the share capital, the remaining shares being held directly and indirectly by management.

Since this point, Tarkett has been intensifying its external growth policy and has made a number of acquisitions in the field of sports surfaces which have enabled the Group to establish a position as market leader. The Group has also made various acquisitions in the flooring industry in order to strengthen its position in certain regions and enter dynamic countries in which the Group is not yet present. For example, the Group entered the commercial carpet market in the United States in 2012 with the acquisition of the Tandus group, an American designer, manufacturer and retailer of carpets for commercial segments. This acquisition enabled the Group to establish itself as a major player in the North American commercial carpet market.

In 2013, the Group made its initial public offering on the Paris stock exchange and pursued its dynamic external growth policy with the acquisition in 2014 of the Desso group, one of the European leaders in commercial carpet. In addition, KKR, which had already decreased its ownership stake upon the Group’s IPO, sold the remainder of its ownership in the Company over the course of 2016.In 2018, Tarkett also acquired Lexmark Carpet Mills, a manufacturer of high-quality carpets, mainly for the hospitality industry in North America. Since this time, the Group has continued to consolidate its activity in the sports surface sector through targeted bolt-on acquisitions.

Tarkett focused its efforts on delevraging in 2019 and launched a new strategic plan entitled "Change to Win" in June of the same year. In this context, the Group paused its external growth policy but plans to resume it before the end of the plan. Given the context marked by the Covid-19 pandemic in 2020, Tarkett has not resumed its external growth strategy yet and chose instead to focus its efforts on protecting the Group’s profitability and cash flow whilst pursuing its delevraging.

1.3 Strategy

Tarkett's ambition is to become the world leader in commercial flooring and sports surfaces and to grow in a targeted manner in the residential sector. The Group's vision is also to become a leader in the circular economy, an area in which it has set itself some ambitious objectives.

The Group strives to propose innovative solutions to create value for its customers and designs flooring and sports surfaces which offer end users a good return on investment, high technical performance and clear, strong commitments in terms of environment.

Tarkett presented its new "Change to Win" strategic plan in June 2019. This strategic plan covers the 2019-2022 period and has provided the Group with a clear roadmap for the implementation of its vision and the fulfilment of its ambitions.

1.3.1 Strategic objectives of the Group

The strategic plan is based on the following four strategic pillars:

a) **Sustainable growth upheld by an increased focus on a selection of buoyant commercial market segments such as health, education and offices, the development of a global range in the hotel sector and the continued expansion of the sports segment. The Group is also planning to invest in digital distribution channels in order to harness their future growth.**

> Tarkett is to intensify its efforts in a number of commercial market segments in which the Group already holds a strong position thanks to a sustained innovation capacity, a varied, comprehensive product range, high technical performance and recognised design quality. The segments which the Group plans to target as a priority include offices, healthcare establishments and retirement homes and education. These are also market segments in which Tarkett can make a difference due to its ability to take part in regional or global calls for tenders which are developing particularly in the office segment. With production sites in Europe, the United States and Asia, Tarkett has the capacity to serve major customers in different regions of the world in which they are present. Tarkett will continue to work innovatively in terms of design and technical performance in order to serve these markets. Due to the context created in 2020 by the Covid-19 pandemic, Tarkett is currently planning to focus its efforts on segments which are likely to benefit from recovery and public investment plans, mainly in the health care / aged care and education segments. The Group will also aim at increasing its market share in segments which are likely to remain fairly sluggish in 2021 such as the office segment, the hospitality segment and sports surfaces.

> Tarkett is also working towards a position as leader in in the hospitality segment. The acquisition of Lexmark Carpet Mills in September 2018 has enabled the Group to gain a foothold in a market in which it had limited presence. The Group is now able to promote its comprehensive, global product range in this segment notably to major hotel chains which account for a significant share of the worldwide market. A new management team was established for this activity at the beginning of 2020 whose aim is to establish Tarkett as a market leader whilst at the same time enhancing its profitability. This strategy is beginning to bear fruit albeit in a difficult context in which the pandemic has seriously affected the hospitality and leisure industry.

> Tarkett is continuing to develop its activities in Sports. The Group has become a global leader by focusing on solid organic growth and targeted acquisitions. The pandemic has also affected the level of activity and its seasonal nature, but the growth potential remains high both for initial installations and replacement activities for existing fields and tracks.Tarkett is hoping to maintain its strong position by offering new solutions, including a greater integration of the different elements constituting the range and boosting growth by means of targeted acquisitions in new regions from 2021 onward.

> Tarkett is also in the process of launching its range in digital distribution channels in order to harness their growth. Digital platforms are eventually expected to represent between 10% and 12% of flooring sales and Tarkett is keen to gain a foothold as quickly as possible, in particular with chains specialising in DIY. With this aim in mind, Tarkett has developed tools which will help it to stand out from the competition and guarantee a high level of online visibility. The Group is also exploring different solutions for facilitating final mile deliveries, which represents one of the major challenges in online selling. In 2019, the Group tested a number of different solutions in partnership with leading distribution channels with a view to determining which will be the most appropriate to implement. The context in 2020 encouraged the growth of these distribution channels and Tarkett was able to continue to develop in this area. These developments were particularly marked in Europe and the CIS countries.

b) **An approach will be even more focused on customers with a simpler, more flexible, agile organisation.**

- Tarkett began to simplify its organisation and optimise its working methods in 2019. This trend continued in 2020 and various steps were accelerated in response to the pandemic and travel restrictions. These changes are being implemented throughout the Group as a whole. The aim is to provide the Group with greater agility but also to offer customers unique, smooth access to the Tarkett sales teams and allow marketing and innovation teams to respond more effectively to customers' expectations.
- Tarkett brought together innovation and marketing at the beginning of 2020 in order to develop innovative solutions which fulfil customers' expectations in the commercial market segments in which the Group wishes to grow as a priority. The Group's ambition is to invest in innovation in order to respond to the growing needs of its customers to develop a healthy environment and unique, modular areas which are easy to maintain and install. The Group has also defined the circular economy and recycling as priority areas for innovation. Tarkett is keen to optimise the value of the materials which it uses and to develop innovative solutions so that the products and solutions offered to customers can be recycled in a complete loop. Tarkett also plans to use technological innovation to multiply the lifecycle of materials and develop innovative collection and recycling solutions.
- The Group has an international research and innovation centre located in Luxembourg and a scientific committee made up of internationally renowned internal and external experts.
- Research and development activities are being carried out in collaboration with the Operations in view of their effects on production processes. The aim is to increase the efficiency of research and development relating to products and processes taking into account the industrial and supply implications created as a result for the Group. This new organisation should enable Tarkett to increase its industrial efficiency and to be better prepared for technological, statutory and environmental developments.
- Tarkett is also planning to optimise synergies in terms of design. The Group has three regional design teams continuously monitoring trends in the various markets. This enables Tarkett to offer products in line with the latest market trends that correspond to customer expectations. The Group is to intensify the exchanges between the three centres in order to capitalise on its global expertise.
- Based on this logic of an approach focusing on customers and their requirements, Tarkett has decided to establish a key account management organisations for strategic market segments, notably the hotel and office segments. In these two segments, a global presence and range is a differentiating element for major regional or global customers.
- The Group is also simplifying its product portfolio by reducing the number of reference items in each collection. The aim is to reduce the number of references by around 30% whilst developing the sales level. This will enhance the clarity of the product portfolio and reduce the complexity and costs throughout the entire value chain. This simplification process is well underway in EMEA. The number of references for the EMEA zone was down by 13% at the end of 2020.
- Since July 2019, Tarkett has been working with the support of a new sales force organisation in North America which has been offering a unique point of entry for customers. This reorganisation, which was finalised in the first half of 2019, has gone hand in hand with a transition towards the use of a single brand (Tarkett) in order to enhance the visibility of the Group in the North American market.

c) **An ambitious development in terms of the circular economy, with specific efforts made to develop recycling solutions for customers.**

- Tarkett aims to establish a virtuous model for product design. It is recommending the use of high-quality materials, the responsible management of resources, the creation of areas that encourage well-being and living standards and the reuse and recycling of products and materials.
- Tarkett's strategic priority is to increase the use of recycled materials in its production processes. By the end of 2030, it is expected that the share of recycled materials in purchased volumes of raw materials will amount to 30% compared with 13% in 2020. The Group has also set itself the priority of reducing greenhouse gas emissions by around 30% between 2020 and 2030.
- Tarkett is a precursor in the transition towards the circular economy model in the flooring industry. The Group will continue to invest in the development of technologies, turnkey solutions and partnerships which encourage the development of this model. The head of sustainability appointed by the Executive Management Committee in July 2020 is charged with reducing greenhouse gas emissions and stepping up the implementation of circular solutions for customers. He supervises innovation programmes for the circular economy and the creation of associated business models. He works in close cooperation with the operational and marketing departments to ensure that all the teams involved understanding the implications of sustainable development so that these issues can be integrated in all Group processes.
- Tarkett is continuing to develop industrial processes and technologies so that vinyl flooring and carpets can be recycled more easily. In 2019, the Group announced the launch in Europe of a solution which will help to manage the lifecycle of carpet tiles by developing an innovative process in its factory in Waalwijk (the Netherlands) which separates the two main components of carpet tiles - the backing and the nylon fibre. These components are then recycled and used to manufacture new carpet tiles.

- The Group is also addressing the problem of reusing and recycling fitting waste and used products. Tarkett draws on its collection and recycling programme, ReStart®. 109,000 tonnes of flooring were collected between 2010 and 2020 within the framework of ReStart® in Europe, Brazil and North America (recuperation of vinyl and linoleum flooring and carpets after installation and use). Tarkett's aim is to develop this programme worldwide, particularly in Europe and North America, by incorporating increasing numbers of customers and working with the support of strong partners.

d) **A rigorous cost reduction programme has been developed with the aim of generating savings of 120 million Euros between 2019 and 2022 alongside a selective capital allocation policy aligned with strategic sustainable growth initiatives.**

- The cost reduction programme includes the reorganisation of the industrial footprint and a reduction in selling, general and administrative costs. In this context, Tarkett announced and implemented the closure of 4 industrial sites, including 2 in North America. The production of accessories in Waterloo (Canada) has been transferred to the expanded site of Chagrin Falls (Ohio, USA) and the manufacturing of carpet rolls in Truro (Canada) has been transferred to the carpet production factory acquired as part of the Lexmark takeover, allowing for the achievement of the cost synergies planned in the context of this acquisition. Tarkett has also stopped producing laminate flooring in Europe, closing the Eiweiler site (Germany). The Group has shutdown a storage facility in Goirle (the Netherlands) at the end of 2020 and transferred the products to a fully-automated warehouse close to the production site in Waalwijk (the Netherlands).
- The cost reduction programme is also underpinned by the automation of production processes and the World Class Manufacturing ("WCM") programme, whose effectiveness has already been proven in the past. The acceleration of automation programmes will lead to a reduction in staff costs, an increase in productivity and quality and a reduction in risks of accident. The priority programmes are those relating to automatically guided vehicles, inspection cameras, automated packaging and digital printing. The WCM programme is constantly searching for measures to improve the Group's productivity. This programme is carried out by a dedicated team travelling regularly to the production sites, comparing and sharing the methods used on each site and helping local teams to put in place the best practices for their operations. This programme also aims to improve product quality, increase productivity, control costs, and provide the best services.
- Tarkett has established strong governance to monitor the cost reduction programme. The effective implementation of the latter is a key factor in the success of the plan and therefore demands the involvement and on-going monitoring of the general management and the supervisory board. A decision was made in 2020 to step up certain measures, particularly in relation to general and administrative expenses, to adapt to the new economic environment. The action taken has led to the optimisation of the overall cost structure and an increase in flexibility.
- This programme is accompanied by a selective capital allocation and is aligned with strategic sustainable growth initiatives. For example, the investments relate mainly to security, productivity, automation and the circular economy.
- The priority for 2019 and 2020 was to deleverage the Group. Therefore, no major acquisitions were made during these two financial years. External growth nevertheless remains a strategic line for Tarkett. The Group is keen to seize acquisition opportunities in order to strengthen its position in market segments or key regions. The flooring and sports surface industry remains highly fragmented and offers numerous opportunities. Targeted acquisitions have to fulfil rigorous financial and extra-financial criteria. Financial criteria are measured after synergies and generally correspond to the positive contribution to the EBITDA margin and the return on invested capital. The main extra-financial criteria include cultural appropriateness, management quality and the sustainable development policy.
- The Group also redefined dividend objectives within the framework of this selective capital allocation policy. From now on, Tarkett will be targeting a distribution ratio of between 30% and 50% of the reported net result. This target ratio will also be defined according to the external growth lever and opportunities. The Group is focusing above all on protecting its financial structure and will not be offering dividends in an unstable context. The dividend which had initially been planned for 2019 (and paid in 2020) was therefore eventually cancelled on 18 March 2020 given the context of the pandemic and uncertainties surrounding changes in demand.
- Based on its new "Change to Win" strategic plan, Tarkett has established new medium-term financial objectives whose fulfilment will depend on the successful implementation of the plan:
  - **Continued organic growth**: The Group's aim in each of its main regions (North America, Europe and CIS) is to achieve **organic growth in excess of the growth in the gross domestic product (GDP)** on average over the 2019-2022 period.
  - **Improved profitability**: The aim is to obtain an **adjusted EBITDA margin in excess of 12% in 2022** after the application of the IFRS 16 standard.
  - **Management of the leverage**, which is measured by the ratio of net indebtedness to adjusted EBITDA: L**everage between 1.6x and 2.6x the adjusted EBITDA** after application of the IFRS 16 accounting standard at the end of each year for the entire duration of the plan. However, the leverage target had been suspended in April 2020 for the current year due to the level of uncertainty in the context of the Covid-19 pandemic. The efforts and measures introduced by the Group finally enabled it to be within this target at the end of December 2020.

1.3.2 Strategic objectives of the Group

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

- **Global market leadership**: The Group occupies leadership positions among flooring manufacturers for the products that constitute the heart of its business and in the principal geographical markets in which it does business. The Group is the third-largest flooring supplier worldwide on the basis of 2020 sales. The Group is the leading supplier of vinyl flooring and sports surfaces in the world. The Group is also a leader in the vinyl flooring sector in Russia and more generally in the countries of the Commonwealth of Independent States (hereinafter "CIS"), as well as in a large number of European countries, notably in France and Sweden.
- **Balanced geographical exposure and diversified market segments,** which attenuate The cyclical nature of construction and renovation activities: the Group's diversified geographic exposure and its large customer base provide the Group with natural protection against regional economic cycles in the construction and renovation sectors. Approximately 80% of the Group's product sales, in terms of square meters, are for renovation projects, a market that is subject to less volatility than the new construction market. Group sales are divided between commercial users (2/3 of 2020 sales) and residential users (1/3 of 2020 sales). It sells its products to vast numbers of customers worldwide, which limits concentration risk. In 2020, the Group's largest customer represented less than 5% of total consolidated net revenue. The Group believes its unique product range, diversified and extensive customer exposure to attractive end-use segments, extensive customer base and global footprint reduce its dependence on any one industry, region or sector of the economy.
- **One of the widest product ranges in the sports surfaces and flooring industry** which allows the Group to propose unique integrated solutions adapted to the technical specificities, budgets and security and design requirements of different sectors of activity (health and care for the elderly, health establishments, housing, education, offices, sports facilities and hotels). Tarkett possesses one of the widest product ranges available in the flooring market consisting of vinyl, linoleum, wood and laminate flooring, commercial carpets and rubber flooring. The Group is therefore in a position to create integrated solutions using different types of flooring and to position itself as a single point of contact for its customers, thus making their lives much easier. Tarkett also conducts regular studies with its customers, who confirm the high level of satisfaction in terms of product quality, which is a particularly important selection criterion for all customers.
- **Long-term relationships with customers,** which the Group is constantly striving to enhance. Tarkett also developed co-creation tools for its customers. Thus, during 2017, Tarkett opened the "Atelier Tarkett" in the heart of Paris, a place to exchange and gain inspiration dedicated to architects and designers, acting as an extension of the architect's office. This place consists of various areas centred on products and services, such as a library, lab, digital tools, a meeting room and a kitchen. An identical concept has been developed in San Francisco and New York.
- **Special, long-term relationships with installers and contractors**, who play an essential advisory role in the selection of flooring, particularly with commercial users. The Group also created training programmes, called "Tarkett Academy", aimed at building professionals and installers. These programmes help develop the Group's brand loyalty and ensure higher quality installation services for the Group's products.

- **A "GloCal" position":**
  - The Group draws leverage from its global geographic footprint, one of the largest in the industry. It markets its products to thousands of customers in over 100 countries, having production and sales facilities in Europe, North America, the CIS countries, Latin America, and Asia-Pacific. This geographical location is the result of significant investments made over several years and various acquisitions. This broad geographical coverage is now a key competitive differentiator for the Group over its competitors, and one of the main reasons for its long-term success. The global scale and size of the Group also enable it to pool its research and innovation efforts and make the most of the investments made in these areas. Economies of scale are also essential for the Group, enabling it to reduce raw material purchasing costs (particularly for PVC, plasticisers and polyurethane) and benefit from the best operational practices in different regions.
  - The Group also has in-depth knowledge of the technical specificities, designs, tastes, and local preferences of users in the major countries in which it operates. It can thus design products perfectly adapted to the needs and tastes of local users, enabling it to distinguish itself from its competitors by its geographical location and knowledge of the markets.
  - The Group has production sites in the main countries in which it operates. This enables it to offer its customers high quality service while reducing delivery times, transportation costs, customs duties, and working capital requirements.
  - The Group believes its product and technology development capabilities and in-house research and innovation teams are best-in-class, allowing it to provide innovative products that are tailored to the needs and demands of each of its markets, while promoting environmentally responsible solutions that keep it ahead of regulatory and industry norms.
- **An eco-innovation pioneer**. Respect for the environment and the health of people at every stage of the product life cycle is at the heart of the Group's virtuous circuit design approach, applied to all of its activities around the world. By offering ever more innovative products with very low Volatile Organic Compound (VOC) emissions or phthalate-free plasticizers, Tarkett positions itself as a pioneer, influencing industry standards, encouraging a collaborative circular economy, involving all stakeholders in this sustainable approach.
- **An experienced international management team** at the head of an agile, decentralised organisation. The management team, whose members have varied international profiles and solid expertise, promotes an entrepreneurial spirit within the Group. The current management team has played a key role in the development of the new strategic plan which it is currently implementing.

1.4 Overview of the Group's activities

1.4.1 Preamble on sources of information

Unless otherwise noted, the information included in this section is based on Group estimates for 2019 and is provided solely for informational purposes. The Group is currently in the process of updating its estimates for 2020. To the best of the Group's knowledge, there are no authoritative external sources providing exhaustive and comprehensive coverage or analysis of the flooring market. Therefore, the Group has made estimates based on a number of sources, including studies and statistics published by independent third parties (in particular, Freedonia, the European Federation of the Parquet Industry and the European Resilient Flooring Manufacturers' Institute), data published by other players in the market and data obtained from operational subsidiaries. These various studies, estimates, research and information, which the Group considers reliable, have not been verified by independent experts. The Group does not guarantee that a third party using other methods to analyse or compile the market data would obtain the same results. In addition, the Group's competitors may define their economic and geographic regions differently.

1.4.2 General presentation of the Group's activities

The Tarkett Group is a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. Leveraging over 140 years of experience, the Group offers fully-integrated flooring solutions that it believes represent one of the widest and most innovative product ranges in the industry. The Group currently sells in the aggregate an average of 1.3 million square meters of flooring per day, and operates 33 production sites located around the world in each of its principal geographic regions. The Group has a diversified geographical footprint, which enables it to capture growth opportunities wherever they arise. The Group occupies a leading position in each of its main regions and product categories.

The Group's consolidated net revenue stood at €2,633m in 2020, with an adjusted EBITDA of €278 million. The Group's financial information can be divided into four segments: Three geographic segments for flooring (EMEA segment, North America segment, and CIS, Asia Pacific ("APAC") and Latin America segment), and one global segment for sports surface activities.

1.4.3 General presentation of the Group's markets

The Group sells its products in more than 100 countries. With local sales forces and manufacturing facilities in each of its principal geographic regions, the Group is able to match its products to local and regional demands and tastes. The Group's flooring revenue is well balanced geographically, with 35% of 2020 revenue realised in EMEA (including sports surfaces), 45% in North America (including sports surfaces) and 20% in CIS, APAC and Latin America.

Group sales are divided between commercial users (about 69% of 2020 sales) and residential users (about 31% of 2020 sales). In these two principal channels, renovations typically account for the large majority of sales (approximately 80% of sales in terms of square meters). The Group sells residential products with designs and styles that are adapted to each geographical region that it serves. The CIS countries represent the Group's largest geographic region for residential products. The Group's products for commercial end-users are sold mainly in North America and Western Europe, although the Group's business is growing in the APAC and Latin American markets. The Group's commercial products benefit from its substantial research and innovation capacity, which is essential for meeting the technical specifications of commercial end-users such as schools, universities, hospitals, healthcare facilities, offices, hotels and retail establishments. The Group's innovation capacity is also a key factor in its success in the sports surface segment, where the Group is the leader in artifical turf and running tracks in North America and occupies a privileged position in the artificial turf sector in many European countries.

The Group has strong global and national brands that are recognised by end-users and professionals and adapted to the distribution strategy used in each market. Tarkett uses a diversified mix of distribution channels that include wholesalers, speciality chains, independent retailers, large DIY (do-it-yourself) chains, key accounts and professional installers in the building sector. The quality of the Group's products is recognised by architects, installers and contractors who are instrumental in specifying and choosing flooring solutions, particularly for commercial applications. The Group has also adapted its distribution strategy according to the characteristics of the different segments in which it is involved. In particular, it has created logistic platforms which enhance proximity with customers. The Group has also created training centres intended for professionals in the building sector and installers to guarantee the optimum installation of its products and develop brand loyalty. The Group has a broad network of sales and marketing offices with a local sales force in each of its main markets.

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1.5 Flooring and sports surfaces markets

The Group estimates that approximately 14.1 billion square meters of flooring were sold globally in 2019, excluding sales of specialised products such as concrete, bamboo and metal flooring. The categories of products that Tarkett sells account for approximately 26% of the total global flooring market, or approximately 3.6 billion square meters in 2019.

The table below presents an estimated breakdown of the global flooring market in 2019 by product category, based on the number of square meters of product sold.

These estimates were made in 2020 for 2019 and therefore do not take into account the effects of the Covid-19 pandemic on the market.

(in millions of square meters)	Volume	% of global market
Resilient flooring (vinyl, linoleum and rubber)	1,511	11%
Wood and laminate	1,397	10%
Carpet (commercial)	690	5%
Total for product categories sold by the Group	**3,598**	**26%**
Carpet (residential)	1,396	10%
Ceramic	8,645	61%
Other	448	3%
Total	**14,087**	**100%**

The product categories in which the Group is present are resilient flooring (vinyl, linoleum and rubber), wood flooring, laminate flooring and carpeting products for the commercial market.

The Group believes that its current product categories benefit from strong growth potential, but it may expand its portfolio to new categories if they present opportunities for profitable growth in line with the Group's strategy. For more information, see section 1.3 "Strategy".

The flooring market is divided into residential and commercial end-users. In 2019, for the product categories in which the Group is present, the residential market represented approximately one-third of global sales, while the commercial market represented approximately two-thirds. In these two primary market categories and in each region, the vast majority of sales (approximately 80% in terms of square meters) are for renovation projects, while a minority is for new construction.

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

1.5.1 Flooring market

Demand for flooring products presents certain disparities depending on the geographical area due to different cultures as well as climatic and statutory factors. However, the globalisation of certain hotel and corporate customers in particular, the dynamism of worldwide players and categories such as LVT and the consolidation of design trends enable worldwide players to differentiate from those present at local level.

The table below presents a breakdown of the global flooring market in 2019 by product category, based on the number of square meters of product sold.

(in millions of square meters)	EMEA		North America	CIS, APAC and Latin America			Total
	Western Europe)[1]	Middle East/ Africa		CIS &Balkans[2]	Asia-Pacific	Latin America	
Resilient flooring (vinyl, linoleum and rubber)	325	48	575	177	352	32	1,509
Wood and laminate	332	94	247	165	533	26	1,397
Carpet (commercial)	90	25	286	6	267	16	690
Total for product categories sold by the Group	**747**	**167**	**1,108**	**348**	**1,152**	**74**	**3,596**
Carpet (residential)	277	189	790	78	62	-	1,396
Ceramic	431	1,239	351	242	5,319	1,063	8,645
Other	54	-	30	-	364	-	448
Total	**1,509**	**1,595**	**2,280**	**669**	**6,897**	**1,137**	**14,087**

[1]The countries included in Western Europe are: Germany, Austria, Belgium, Luxembourg, Denmark, Finland, France, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom and other Central and Southern European countries.
[2]The countries included in Balkans are: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Montenegro, Romania, Serbia, Slovenia and western Turkey.

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

1.5.1.1 EMEA zone

Characteristics of the market

In 2019, demand for flooring in Western Europe was 1.5 billion square meters, representing 11% of global demand for flooring. The categories of products that the Group sells accounted for 747 million square meters in 2019, or 49.5% of flooring products sold in Western Europe, including 22% of sales for wood and laminate products, 21.5% for resilient flooring and 6% for commercial carpet. Products in these categories are used in both the residential and commercial markets.

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

In Western Europe, the Group sells primarily vinyl resilient flooring, wood flooring and laminate flooring, as well as commercial carpet. Most of these sales are in France, Sweden, Germany and the United Kingdom, with the majority of resilient flooring in France, Germany, and the United Kingdom, while the majority of its wood and laminate flooring sales are in the Nordic countries.

In 2019, demand for flooring in the Middle East/Africa was 1.6 billion square meters, representing 11% of global demand for flooring. In this region, where ceramic represents close to 78% of demand for flooring, the categories of products that the Group sells represented 167 million square meters in 2019, or 10% of volumes sold in the Middle East/Africa region, including 6% for wood flooring and laminates, 1% for commercial carpet tiles, and 3% for resilient flooring.

Growth factors

Recent trends in the EMEA region vary from country to country. In France, the flooring market has recuperated since 2017 after suffering over several years from a difficult economic environment. In the Nordic countries and in Germany, the flooring market remained rather stable, but recorded, however, a decline in laminate flooring sales in a highly competitive environment. In the United Kingdom, total construction activity has decreased in recent years, despite an increase in do-it-yourself improvements and home renovations.The Group considers that the flooring market in this area is currently stable, although there is still an uncertain economic context due in particular to the consequences of the Covid-19 pandemic and Brexit. Demand for wood floors may stabilise. On the other hand, volumes of laminate flooring are likely to decline slightly. In this region, sales of luxury vinyl tiles (LVT) continue to grow at a faster pace than the general flooring market.

The Group's Competitive Position

The Group is a leader in the Western European flooring industry. It is a leader in vinyl flooring in Europe and a leading flooring company overall in Sweden. It is also the third-largest manufacturer of wood and linoleum flooring in Western Europe. It is a leader in wood and laminate flooring in Scandinavia, with approximately 15% of sales in that region. In addition, the Group is the second largest manufacturer of commercial carpet in EMEA region.

The Group's main competitors in this region are European groups, which generally concentrate their businesses on a limited number of products. Its most important competitors in this region are Forbo (resilient flooring), Gerflor (resilient flooring), Kährs-Karelia Upofloor (wood and resilient flooring), IVC (resilient flooring, a company acquired by the Mohawk group in 2015), Beauflor (resilient flooring), James Halstead (resilient flooring), and Bauwerk-Boen (wood flooring). In addition, in certain countries the Group faces local competitors. Finally, concerning the commercial carpet market, the main competitor of Desso (brand of the Tarkett Group) is the American group Interface.

1.5.1.2 North America zone

Characteristics of the market

In 2019, demand for flooring in North America was 2.3 billion square meters, representing 16% of global demand for flooring. This market is dominated by the carpet sector, which represented 47% of demand in 2019, but LVT is growing rapidly in most end-user segments. The categories of products that the Group sells accounted for 1.1 billion square meters in 2019, or 49% of flooring products sold in North America. 25% of products sold were resilient flooring and 13% commercial carpet flooring. In North America, these product categories are sold by the Group primarily to commercial users and, to a lesser extent, residential users.

The Group's flooring sales in North America are divided fairly evenly among commercial carpet, resilient flooring and rubber flooring & accessories, with laminate and rubber flooring accounting for a smaller portion of sales in residential. The Group sells its products primarily in the United States, and to a lesser extent in Canada (approximately 6 % of revenues in North America). The Mexican market is considered to be part of Latin America, in the CIS/APAC/Latin America segment.

Growth factors

The flooring market in North America saw sustained growth between 2015 and 2019. In 2016 the U.S. construction market saw a return to pre-recession levels and has continued to reach new highs. Growth has lifted both commercial and residential flooring markets. A transition towards hard surface modular flooring fueled the growth of LVT. However, North American markets were affected by trade policy in 2018 and 2019 challenging growth.

In the coming years, the Group expects a challenging market given the uncertainty surrounding the Covid-19 pandemic and its impact on the US economy. The sources that the Company analyzed indicate product demand may accelerate to resilient products, particularly in the Healthcare segment. In addition, LVT continued to grow at a faster rate than the rest of the market.

The Group's Competitive Position

The Group has a strong presence in several product categories in North America. In this region, it is the third-largest flooring company for commercial end-users. Thanks to the acquisition of Tandus in 2012 and Lexmark in 2018, it is also the fourth-largest commercial carpet company in North America. The Group's occupy a leadership position with regard to rubber flooring and accessories.

The Group's main competitors in this region are Mohawk, Shaw, Interface, Mannington, Engineered Floors and Armstrong Flooring. For most of these competitors, the large majority of their sales are in the U.S. market. In keeping with the strong North American preference for carpet, this product category represents a significant share of these companies' sales (this is particularly the case for Mohawk, Shaw, Interface, and Engineered Floors). However, some of these companies, including Mohawk, Shaw, Armstrong Flooring, Mannington, and Interface, also market resilient flooring, as well as wood and laminate flooring. Competitors for rubber flooring and accessories include Nora/Interface, a rubber flooring manufacturer, as well as local manufacturers. A number of consolidation operations have taken place over recent years in the market: Acquisition by Armstrong of vinyl tiles from Mannington which recently acquired Phenix-Pharr flooring (residential carpets), takeover of Beaulieu by Engineered Floors and Nora by Interface.

1.5.1.3 CIS zone & Balkans

Characteristics of the market

In 2019, demand for flooring in Russia, the other CIS (Commonwealth of Independent States) countries and the Balkans (the former Yugoslavia) was 669 million square meters, representing 5% of global flooring demand. Resilient flooring for residential and commercial applications is very popular in these countries: it represents 26% of flooring demand compared with 11% for the worldwide market as a whole. Other than resilient flooring, the main products sold are ceramic tiles (36% of total flooring demand), wood and laminate flooring (approximately 25%) and carpet (13%).

Unlike Western Europe and North America, resilient flooring is used primarily by the residential market in the CIS countries. For homeowners, renovation is a high priority, and resilient flooring is both well suited to local tastes and to the climate, and attractive for household budgets. The commercial market in this region has been slower to develop, but shows good growth potential. Commercial end users select products that are specifically developed for their environment and constraints. In particular, Russia has adopted stringent fire regulations for commercial products. In Russia and the other CIS countries, the Group sells primarily vinyl flooring to residential end-users, (to a lesser extent wood, laminate flooring), as well as commercial flooring products, such as resilient commercial and commercial carpet.

Growth factors

The Group intends to benefit from the fact that two-thirds of Russia's residential sector has substantial renovation needs, according to Rosstat, Russia's state statistical agency. Moreover, over the last several years Russians have begun to buy laminate floors in order to give the appearance of wood floors while remaining within a reasonable budget.

The Group's Competitive Position

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

Tarkett's market leadership in the Russian resilient flooring market is the result of its well-known brand, local production, well-developed distribution platforms and deep understanding of local tastes. In the Group's opinion, IVC (a member of the Mohawk group since 2015), Komiteks and Juteks/Beaulieu, three local companies, are the other leading companies in this region, alongside the international suppliers Gerflor and Forbo.

The other principal companies in this market are Kronostar, Kronospan, Kastomonu, Egger, Classen and Unilin (a member of the Mohawk group since 2005).

Finally, the Group is the third-largest seller of wood flooring in the CIS countries, where its main competitors are Barlinek and Kährs-Karelia Upofloor.

1.5.1.4 Latin America and Asia Pacific zone (APAC)

Characteristics of the market

In 2019, demand for flooring in Latin America and APAC was 1.1 billion square meters and 6.9 billion square meters respectively, representing 8% and 49% of global demand. Ceramic is the most frequently used material in Latin America and APAC, as a result of local climate, ease of manufacture and the multiplicity of local suppliers.

In Latin America, the Group does business principally in Brazil, where most of its sales are vinyl products for commercial end-users. The Group is also established in Argentina.

In APAC, the Group sells primarily carpet and vinyl flooring to commercial users in China, Australia and to a lesser extent to the rest of Asia.

Growth factors

The Group believes that demand for the product categories that it offers in Latin America could grow, in the context of an overall market that is stagnant or even declining. In Brazil, sales of luxury vinyl tiles (LVT) continue to grow at a faster pace than the general flooring market in this region.

With respect to APAC region, governmental initiatives in China should continue to sustain the construction market. The aging of the Chinese population should also fuel growth in the retirement home sector, in addition to projected growth from the healthcare and education markets.

The Group's Competitive Position

Its position in Latin America was strengthened in 2009 with the acquisition of Fademac (now called Tarkett Brazil Revestimentos LTDA), a Brazilian vinyl flooring manufacturer. It is now the number one commercial vinyl flooring manufacturer in this country. The new commercial organisation in Argentina will allow Tarkett to develop its presence in this important market.

Since 2012, thanks to Tandus group acquisition, the Group has a commercial carpet production site in China. In 2014, Tarkett reinforced its manufacturing and sales presence in APAC through two transactions in China.

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

1.5.2 Sports surfaces market

Characteristics of the market

Within the sports surfaces segment, the Group primarily sells artificial turf, athletic tracks and indoor sports flooring. The Group sells sports surfaces mainly in the United States and Canada, but is also present in Europe, including France, Spain, the Benelux countries, the United Kingdom, and in APAC. The Group draws on the acquisition made in Australia to benefit from the potential of this market.

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

Growth factors

The Group believes that the growth in demand for sports surfaces should continue over the long term, in particular with respect to artificial turf, which represents a significant share of the Group's sports surfaces sales. However, after some years of solid growth above GDP in the main segments Tarkett operates, there could be delays in the funding of projects in the context of the global Covid-19 pandemic. The cancellation and delay of sports has reduced the overall need for sports surfaces and assocated funding and the business is therefore not expected to grow in 2021 due to the pandemic. The artificial turf market should continue to grow in the long run. The growth of the North American market will continue for this category of products. The growth in demand for artificial turf is due to the increased need for renovation of athletic fields and governmental restrictions on water consumption (particularly in the United States). In addition, the Group is starting to benefit from the replacement cycle of fields that were installed between 10 and 15 years ago.

The Group's Competitive Position

The Group is one of the largest suppliers of artificial turf in the world and the leading supplier of athletic tracks in the United States. It has numerous competitors, primarily small companies and resellers who outsource the manufacturing of synthetic fibre.

In the artificial turf market, the Group's strongest competitors in North America are AstroTurf (SportsGroup, Hellas Construction, Shaw Sports Turf and Sprinturf). In Europe, the Group is one of the largest players along with TenCate and Polytan (SportsGroup).

With regard to athletics tracks, the main competitors are Hellas Construction, SportsGroup (APT), Mondo and Stockmeier.

1.6 Products marketed by the Group

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

The Group designs and sells products with the aim of offering a solution for different users according to their requirements, demands and budget: choice of materials, design, compliance with various standards and movement of people. Its large product range allows it to offer integrated decorative and functional solutions using several product categories in a single project, by coordinating accessories with floor coverings. By combining and coordinating its products, the Group can respond to several different needs at a single site.

Each of the Group's products features technological enhancements that improve product quality for end-users. The products are also engineered with environmental stability in mind through a focus on product composition, manufacturing processes and end-of-life.

The controlled use of renewable raw materials and recycled materials is part of the products' eco-design. Products are designed to promote air quality and indoor environments. For example, the levels of Volatile Organic Compounds ("VOCs") emissions given off by the Group's products are lower than current standards, and the Group uses phtalate-free plasticisers for its vinyl floors in certain regions.

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

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

1.6.1 Presentation of the Group's products

The Group sells the following main product categories:

- Resilient flooring: Vinyl or linoleum products (approximately 46% of revenue in 2020) including:
  - Resilient flooring for residential end-users, including heterogeneous (multi-layer) vinyl, which can be sold in rolls or as tiles, especially high-end vinyl tiles (Luxury Vinyl Tiles, or "LVT");
  - Resilient flooring for commercial end-users, including heterogeneous vinyl in rolls, tiles, or LVT, homogeneous vinyl (single-layer), and linoleum floors;
- Wood and laminate flooring (approximately 7% of revenue in 2020) including multi-layer wood and laminate flooring (residential and commercial users);
- Carpets (approximately 17% of revenue in 2020) intended mainly for commercial users;
- Rubber flooring and accessories (approximately 8% of revenue in 2020);
- Sports surfaces (approximately 22% of revenue in 2020), mainly artificial turf and athletic tracks.

The following table presents the breakdown of the Group's 2020 consolidated net revenues by product type:

2020 net revenue	% of revenue
Resilient flooring (vinyl and linoleum)	46%
Wood and laminate flooring	7%
Commercial carpet	17%
Rubber and accessories	8%
Sports Surfaces	22%
Total	**100%**

The Group's activities are organised around 4 segments: Three geographic segments for flooring (EMEA; North America; and CIS, Asia Pacific ("APAC") and Latin America), and one worldwide segment for sports surface products. The following table presents the geographic breakdown of the Group's 2020 consolidated net revenues (including sports surfaces).

2020 net revenue	% of revenue
EMEA	35%
North America	45%
CIS/APAC/Latin America	20%
Total	**100%**

1.6.1.1 Resilient flooring (vinyl and linoleum)

The Group offers a large range of resilient flooring, including homogeneous and heterogeneous vinyl and linoleum. Both residential and commercial end-users purchase heterogeneous vinyl. Homogeneous vinyl and linoleum, on the other hand, are purchased primarily by commercial end-users.

The Group is firmly established in the resilient flooring market. It is the leading manufacturer of vinyl flooring worldwide. Resilient flooring represents the largest portion of the Group's sales in the EMEA and CIS, APAC and Latin America regions, and also accounts for a significant share of its sales in North America. In particular, the Group is the largest manufacturer of resilient flooring in Germany, Sweden, Russia, and Ukraine. It is also the number three North American manufacturer of resilient flooring for commercial end-users, and it offers these products in Latin America (in particular in Brazil, where it is the largest manufacturer of commercial vinyl flooring) and in APAC (in particular in China).

Residential Vinyl Flooring

The Group offers a variety of heterogeneous vinyl flooring for the residential market, which includes apartments and residential houses.

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

Heterogeneous vinyl flooring is composed of several layers of PVC mixed with fillers. A fiberglass reinforcement can be added to bring dimensional stability, as well as a foam or textile backing to bring specific acoustic or thermal resistance. On top, a printed decorative layer, a transparent wear-layer and a traffic resistant finishing treatment are added. Heterogeneous vinyl flooring for residential end-users contains a thin wear layer, which enables it to be sold at competitive prices while maintaining the level of durability needed for residential use.

In terms of the pattern printed on the flooring surface, the Group offers its end-users a variety of colours and designs. The Group strives to fulfil users' expectations in terms of the decorating trends and tastes associated with their geographic region. Heterogeneous vinyl products also offer the advantage of being comfortable and easy to maintain over a long period of time.

Residential heterogeneous vinyl flooring can be sold in rolls or in modular format (tiles or plates). Rolls are generally installed with glue, whereas modular products may be installed using glue, self-adhesive attachments or they may be snapped together, which facilitates their transport, installation and repair. Tarkett has also designed Starfloor Click, a range of modular, designer, ultra-resistant high-end vinyl tiles (LVT). Installation is easy thanks to a simplified assembly system with strips or tiles which can be clipped together. To support the strong growth of this product category, the Group launched ProGen in 2017 on the North American market, a range of semi-rigid tiles.

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

Commercial Resilient Vinyl Flooring

Commercial resilient flooring is specifically designed for high-traffic areas and can withstand numerous shocks. This type of flooring is used in commercial premises and areas: offices, administrative buildings, schools, hospitals, retirement homes, hospitality, stores and shops, the common areas of apartment buildings and industry & transport.

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

Heterogeneous Vinyl Flooring

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

The Group classifies its heterogeneous vinyl flooring products into two types: acoustic products intended to reduce the ambient sound in a room (footsteps, voices, etc.) and compact products which enhance the solidity of the flooring.

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

Among these heterogeneous vinyl flooring products, the Group has developed a high-end modular product which is intended mainly for the commercial market: high-end vinyl tiles (Luxury Vinyl Tiles or "LVT"). This product offers a wide range of designs, which can easily be coordinated with other products, and precision printing using sophisticated graphics techniques.

Homogeneous Vinyl Flooring

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

Homogeneous vinyl flooring has several advantages: Its resistance to wear and tear makes it an ideal solution for areas of heavy use. It is available in a compact version for areas of heavy use and in an acoustic version. The absence of multiple layers in its composition makes the flooring design simple and offers advantages in terms of hygiene and maintenance.

As a result of its particular acoustic benefits, antibacterial properties and reinforced durability, a homogeneous vinyl flooring is frequently used in the healthcare and educational sectors, as well as in retirement homes.

Linoleum Flooring

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

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

Linoleum is a natural product covered with a surface treatment that makes it extremely robust and easy to maintain. The Group's linoleum products offer a level of resistance which is adapted to heavy use in communal premises. It is used above all in the sectors of education, health, offices and indoor sports facilities.

1.6.1.2 Wood and laminate flooring

Wood flooring

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

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

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

Laminate flooring

Laminate flooring is mainly used in the residential market. It can be used to create a design chosen by the user - wood, stone, ceramic or graphic design - but with a greater durability and lower cost.

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

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

Laminate flooring is easy to maintain and install, thanks in particular to the *2-Lock* or *T-Lock* click system, which means that the strips can be locked together without being stuck to the support. Laminate flooring can also be adapted to the specific needs of each end-user: heavy use and weight, high resistance to shocks and/or high-traffic areas. Due to its modular nature, laminate flooring also allows users to easily change their flooring without incurring prohibitive costs.

1.6.1.3 Carpet

The Group primarily offers carpets for use in commercial spaces such as office buildings, governmental institutions, hospitals and schools. The Group's principal markets for commercial carpet are North America (since the acquisition of Tandus in 2012) and Europe (since the acquisition of Desso in 2014). In 2018, the Group significantly strengthened its position in the North American hospitality sector carpet market with its acquisition of Lexmark.

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

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

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

1.6.1.4 Rubber flooring and accessories

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

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

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

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

1.6.1.5 Sports Surfaces

The sports surfaces manufactured by the Group are used all over the world. They accompany amateur and professional sportspeople in their activities and combine safety, comfort, performance and attractiveness. Sports surfaces are installed in universities, schools and public areas used for sport mainly in North America and Europe (particularly France, Spain, Benelux and the United Kingdom).

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

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

Artificial Turf

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

The Group is one of the manufacturers of artificial turf which has been certified by FIFA (International Federation of Association Football), World Rugby and the FIH (International Hockey Federation) and its pitches are used for training and competitions by some of the leading football clubs in Europe, as well as for hockey, tennis and other multi-purpose sports activities. However, the main users of this product are universities, high schools and government agencies.

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

For sports facilities, the Group produces high-quality fibres, whose properties result from the chemical composition, extrusion parameters and unique, carefully designed geometry. The Group has become a leader in fibre extrusion technology since 2010, when it entered into a joint venture with Morton Extrusionstechnik (MET), a German company specialised in fibre extrusion; the acquisition of all the shares of MET was completed in 2017. This company enables the Group to control the fibre production process for its artificial turf.

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

The Group also offers an innovative range of landscaping products with a variety of designs that respond to the specific needs of end-users, in particular hospitality and commercial centers. Its products are also available to residential users, particularly for landscaping purposes in the United States.

Athletic tracks

The Group offers athletic tracks that promote athlete speed, safety and comfort. They are sold mainly in North America where the company, Beynon Sports Surfaces, is the leading manufacturer.

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

Because of the polyurethane surface layer, the Group's athletic tracks are extremely durable and provide athletes with important safety advantages, in particular due to their stability and shock absorption. These tracks are also suitable for sporting performances: by restoring the athletes' energy, they act as a springboard which "propels" the athlete a little more with each stride. They are quick and easy to install, can be used in all kinds of weather conditions and present good acoustic properties.

Indoor Sports Flooring

The Group offers indoor sports flooring made from wood, vinyl, block or cast polyurethane, rubber, turf and linoleum for multi-purpose sports halls and gymnasiums.

Within the vinyl flooring line, the Omnisports collection is adapted to multi-purpose sports venues. It is available in several thicknesses to respond to the technical requirements of a wide range of sporting events, and to offer performance qualities adapted to the needs of its end-users. The Group also offers lines of wood flooring for sports such as basketball, handball, dance, futsal, volleyball, badminton, pelota, squash and martial arts. Some of the Group's wood flooring product lines are popular for their ease of installation, such as its removable (*Sportable*) wooden floors.

The Group's wide range of indoor sports flooring provides effective solutions for the demands of both professional and amateur sportspeople: shock absorption, ball bouncing and smoothness. Indoor sports surfaces are marketed by a dedicated sales force in the North America and EMEA sports segment and by the general flooring sales forces in other regions. These indoor sports sales are then recorded in the corresponding segments.

1.6.2 Product manufacturing

1.6.2.1 Raw materials and suppliers

The Group uses various raw materials to manufacture its flooring products: PVCs and plasticisers for vinyl flooring; wood for wood and laminate flooring; polymers and fibres for carpets and artificial turf; rubber, which is used in several flooring types; and cork for linoleum flooring. The Group builds its supplier base on long-term relationships, while focusing on optimising purchasing terms and adapting the Group's procurement policy to the specific needs of each country.

Raw materials

PVC and plasticisers for vinyl flooring

The Group mainly uses two raw materials to manufacture the products which it markets: PVC and plasticisers. These are used to manufacture homogeneous and heterogeneous vinyl flooring.

Oil-derivative products accounted for slightly more than half of the Group's raw materials purchases in 2020. PVC and plasticiser producers have worldwide presences, but with regional differences relating to the supply and demand balance in different geographical areas.

When the Group makes acquisitions, it tries to reduce raw material costs by working jointly with the acquired company's suppliers to honour the prices negotiated with the rest of the Group.

Despite its close relationships with its suppliers, the Group is constantly looking for raw materials opportunities, with regard to both technical characteristics and geographical location, to ensure continued competitiveness.

Other raw materials

Wood represented around 8% of the Group's raw material costs in 2020. The Group uses wood to make wood and laminate flooring. The wood flooring market remains very local, due to the significant cost of transporting logs or rough timber. The Group is therefore subject to local fluctuations in the price of wood.

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

Supplier relationships and purchasing policy

Suppliers are essential partners of the Group. The Group has chosen to build long-term relationships with selected partners.

Supplier relations

The Group is careful to maintain relationships of trust over the long term with all its suppliers. These relationships enable the Group to negotiate favourable commercial terms, but also to create value through innovations.

In order to adapt its procurement structure to different geographic regions, Tarkett favours partnerships with:

- the leading international chemical companies, such as BASF, Inovyn, Eastman, Vinnolit, Vestolit, and Evonik, which supply the Group throughout the world;
- local suppliers.

Purchasing policy

The Group tries to centralise its purchases at the global level for the most important raw materials used to manufacture vinyl flooring, wood flooring, and, since 2015, carpets.

In the majority of the Group's supplier agreements, pricing is indexed monthly or quarterly to market prices of the raw materials used in manufacturing its products. These agreements have terms of between one and three years, with no obligation to purchase specific quantities of materials.

The Group's purchasing policy is based on four principles:
- Market analysis and construction of a worldwide pool of suppliers;
- Optimisation of raw materials;
- Collaboration with key suppliers to achieve continuous improvement;
- Annual review of its principal contracts.

The Group actively manages its portfolio of partner suppliers. The Group reviews its main contracts annually in order to renegotiate prices and determine supplier availability.

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

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

1.6.2.2 Production sites

The Group's production facilities are located as close as possible to product delivery sites, while maintaining competitive production costs. The Group has 33 production sites in more than 18 countries in order to be close to its markets, minimise transport costs and customs duties and remain competitive with local players.

Since 2009, the group has been implementing a Lean Management World Class Manufacturing continuous improvement programme in its factories, whose main aim is to achieve improvements in employee security, customer services, product quality, its carbon footprint and its production costs.

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

Location of production sites

The Group owns 30 production sites and rents three in the United Kingdom, China and the United States.

As a result of the Group's historical presence, it has 12 production sites, excluding Sports, in EMEA (including two major sites with more than 500 employees each in Luxembourg and Sweden). The Group's production sites supply the products it markets in this region: resilient flooring, wood flooring, carpet and sports surfaces. In 2020, Tarkett closed its site in Goirle in the Netherlands and transferred its activity to a fully automated warehouse. The Group has also opened a factory in Tuzla in Turkey which specialises in the production of resilient flooring intended mainly for markets in the Middle East. A small portion of European production is also marketed in North America, the Middle East, Latin America and Asia.

The Group owns 8 production sites (excluding Sports) in North America, which produce vinyl flooring, accessories, carpet tiles, and, to a lesser extent, sports surfaces.

The CIS, APAC and Latin America segment also has a substantial number of production sites to satisfy local demand. In this segment, the Group has seven production sites, including two major sites, one in Backa Palanka, Serbia, and the other in Otradny, Russia. The Otradny site, which has more than 1,000 employees, is the Group's largest site worldwide. The production sites in the CIS, APAC and Latin America regions make resilient flooring, wood flooring, laminate flooring, carpets, and rugs. The Group also has a carpet production site in China as a result of the Tandus acquisition and a recently acquired vinyl flooring production plant near Beijing. In Brazil, where the Group is the leading supplier of commercial vinyl flooring, it has a factory that produces vinyl to satisfy local demand.

The Sports segment includes six production sites. Two of them manufacture artificial turf (one in the United States and one in Western Europe), and two make athletic tracks in the United States. The remaining production site is a fibre extrusion factory for artificial turf in Germany. Since the acquisition of Grassman in 2018, the Group has now an artificial turf production site in Australia.

Products marketed by the Group

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

Division	Country	Products	Location
EMEA	*Germany*	Fibres for artificial turf	Abtsteinach
		Flexible flooring	Konz
	France	Artificial turf	Auchel
		Flexible flooring	Sedan
	Italy	Resilient flooring (linoleum)	Narni
	Luxembourg	Flexible flooring	Clervaux
	United Kingdom	Flexible flooring	Lenham
	Sweden	Wood flooring	Hanaskog
		Flexible flooring	Ronneby
	Poland	Wood flooring	Orzechowo
		Flexible flooring	Jaslo
	Netherlands	Carpet	Waalwijk
	Belgium	*Carpet*	*Dendermonde*
	Turkey	Flexible flooring	*Tuzla*
North America	*Canada*	Flexible flooring	Farnham
		Shockpads	Toronto
	United States	Athletic tracks	Hunt-Valley
		Artificial turf	Calhoun
		Flexible flooring	Chagrin Falls
		Flexible flooring	Middlefield
		Carpet	Dalton
		Carpet	Calhoun
		Carpet	Dalton
		Flexible flooring	Florence
		Premium vinyl tiles (LVT)	Florence
CIS	*Russia*	Laminate flooring	Mytishchi
		Flexible flooring	Otradny
	Serbia	Flexible flooring	Backa Palanka
		Wood flooring	
		Carpets and rugs	
	Ukraine	Flexible flooring	Kalush
		Wood flooring	
APAC	*China*	Carpet	Suzhou
		Flexible flooring	Peking
	Australia	Artificial turf	Botany
Latin America	*Brazil*	Flexible flooring	Jacarei

The Group's investments in production sites

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

Continuous improvement of manufacturing processes

The Group is constantly striving to improve its processes.

In February 2009, the Group launched the "*World Class Manufacturing*" ("WCM") programme, inspired by programmes which have been successfully applied in the automobile sector.

This programme pursues three main aims:

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

In connection with the WCM programme, the Group is focusing in particular on customer satisfaction and is carrying out initiatives to improve product quality, respect delivery deadlines and production yields, all while limiting effects on the environment.

The Group has appointed WCM directors for all its sites who coordinate continuous improvement projects and develop related methodologies. They can then share their experiences within the WCM network, thus spreading efficiency improvements throughout the Group's production network to improve profitability. The Group also has a central team dedicated to the WCM programme. The team visits each production site to help local teams to implement the WCM programme. By travelling to the various production sites, the WCM team can adapt the programme's methodologies to local conditions, while at the same time managing action plans centrally.

The Group has been recording positive results over recent years thanks to the introduction of the WCM programme. Following a study conducted by an independent body, it has noted a significant improvement in customer satisfaction in around fifteen countries in which it markets its products. There has been a substantial decrease in accidents at the Group's production sites and a decreased environmental impact from the manufacture of its products. In addition, the WCM programme has improved management of the Group's supply chain and led to a significant reduction in production costs over the course of the last eight years.

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

Special attention to employee safety

A team dedicated to the cross-coordination of security was established in 2020 to speed up our progress and strengthen our processes. It is based on the WCM programme which focuses on preventing security risks in factories and systematically analysing all incidents, including the identification and elimination of their main causes.

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

Strengthened quality control

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

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

A manufacturing process that respects the environment

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

The Group has also developed the ReStart® flooring collection system, which consists of recuperating offcuts and used flooring on sites and at other companies so that they can be recycled and/or reused to manufacture new flooring.

In addition, the Group has concluded a partnership agreement with the German research agency EPEA (Environment Protection Encouragement Agency) so that the Cradle to Cradle® eco-innovation initiative can be implemented throughout the Group. This programme aims to reduce the environmental impact of industrial activities and to design products with materials that respect human health and the environment and that allow for indefinite recycling of the products at end of use.

1.6.3 Product distribution

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

Residential users have limited knowledge about the different product qualities and attributes. They are therefore largely dependent on the salesperson at the sales outlet when selecting their flooring. In general, residential purchases of flooring are made in DIY stores. These products may, however, also be purchased from specialised construction material suppliers, especially when the general contractor or installer is making the purchase. Therefore, brand awareness among installers and salespeople may have a large influence on product choice. Certain distributors are working on the development of their e-commerce sales. This represents around 3% of the market and already 7% to 8% of sales for certain DIY sectors, with growth still accelerating in spite of the current health crisis and an increasing impact on brand and product visibility on the Internet.

The commercial market ranges from large-scale projects to shopkeepers with small surface areas, such as artisans and boutiques, whose purchasing patterns tend to be similar to residential users. This segment is markedly more heterogeneous than the residential market in terms of technical requirements, but less varied in terms of design. In a commercial project, each space is designed for a very specific purpose, and materials must often be supplied in large quantities. For example, in a hospital project, the flooring solutions must conform to strict hygiene requirements to prevent the spread of nosocomial infections. A hospital floor will also be required to meet minimum standards of slip-resistance, static-absorption and noise absorption. A large department store or a shopping centre, on the other hand, would require an ultra-resistant flooring to bear intense foot traffic without showing signs of wear. Office flooring must fulfil acoustic requirements (sound absorption) as well as offering comfort and durability. In addition, public areas are subject to a regulatory context which can vary considerably from one country to the next, even within a single economic zone such as the European Union.

On the commercial market, construction materials must comply with many requirements in terms of design, cost, technical performance, durability, compliance with standards and public health. General contractors must make purchases in accordance with the terms dictated by the specifiers, who choose flooring in consultation with the end-user. Specifiers can include almost any type of construction industry professional; they may be architects, interior decorators, installers, or approved building contractors. These professionals are tasked with studying each product and understanding the relative advantages and disadvantages of the various flooring solutions offered. As a result, specifiers are often open to technological innovations. The Group has dedicated teams which maintain close relationships with all specifiers. This constitutes a key factor in the Group's sales success on the commercial market.

For the same reasons, the commercial flooring market has other particularities in terms of distribution channels. In contrast to the residential market, where the consumer places immediate orders, the commercial purchaser must plan their purchases. In general, a project will begin with a detailed planning phase, during which the quantities and qualities of each type of construction material will be determined, and delivery and installation schedules will be determined. It is during the planning phase that a manufacturer has the opportunity to act as a consultant to design a one-stop, customised solution taking into account all the project's technical requirements and leaving to project manager to deal with design and cost issues depending on the speciality. The installer can then place the order with a wholesaler or directly with the manufacturer depending on the size and specifications of the project.

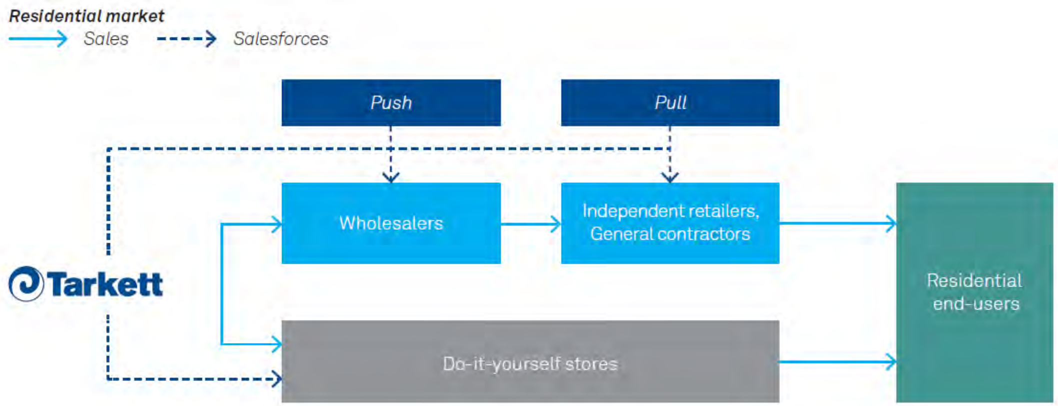
1.6.3.1 Distribution strategy

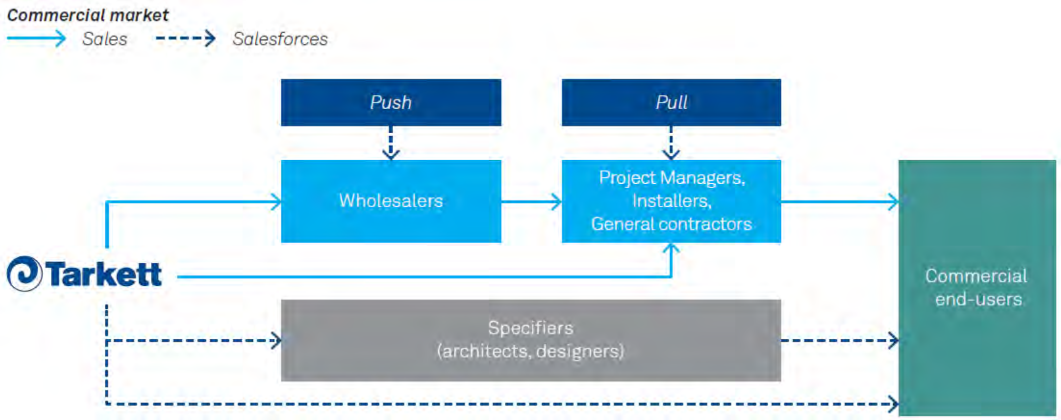
The Group works with different distribution channels depending on whether the product is intended for a residential or a commercial user according to the characteristics of each market. It contacts customers by means of a "push and pull" strategy:

- Push. Specialised teams are in charge of the implementation of the strategy "push" whose aim is to encourage wholesalers to buy the Group's products. To that end, the Group's sales force meets with them to discuss the advantages of its flooring and present the brands under which it markets its products. The Group has entered into numerous agreements with the principal wholesalers in each market. In the residential market, in addition to wholesalers, this strategy also includes DIY chains and speciality retailers;
- Pull. The Group has also set up specialist teams in charge of implementing the "pull" strategy which is intended to encourage sales of products stored by wholesalers to users. In the commercial market, the sales force concentrates on the main specifiers, such as architects, interior design firms and construction companies.

The Group supports various e-commerce leaders and develops skills relating to the key success factors of online presence (range, content, customer opinions, delivery terms, etc.).

The following diagrams illustrate the operation of the Group's distribution strategy for the residential and commercial market.





The distribution strategy for the commercial market is complemented by training centres, called "Tarkett Academies", which promote awareness of the Group's products among specifiers and ensure the highest quality installation services. The Group runs 11 professional training centres throughout the world (in eight countries). These training centres mainly train young professionals (architects, designers) as well as professionals from the building sector, notably fitters and installers.

In these training centres, installers learn how to correctly install Tarkett-brand products, which often influences them to choose or recommend Tarkett products for their future projects. Thanks to its training centres, the Group also improves its reputation, increases loyalty to the Tarkett brand, encourages the loyalty of participants, develops relationships with its commercial partners and improves customer satisfaction, notably by guaranteeing an optimum product installation.

1.6.3.2 Distribution channels

The Group's products are distributed primarily by distributors and wholesalers, retail chains, installers, specialised chains and independent stores.

The weighting of each distribution channel is different in each geographic region:

- Most of the Group's sales in North America and in the CIS, APAC and Latin America segment are completed through distributors. This channel is characterised by large storage spaces, providing significant economies of scale in terms of logistics, with deliveries to a large number of retail stores. In Western Europe, on the other hand, a smaller share of sales is through distributors, though the number still remains significant;
- Large retail chains are common in Western Europe and North America, representing a significant share of the Group's sales in these regions. This distribution channel is currently less significant in the CIS countries, but could grow in the years to come;
- Independent stores represent a relatively significant share of the Group's distribution in Western Europe and in the CIS, APAC and Latin America segment, with a larger presence in high-end products such as wood flooring;
- Installers and builders represent a significant share of sales in Western Europe, particularly in the commercial sector.

It should be noted that commercial carpet (the activity of Tandus, Desso and Lexmark, respectively acquired in 2012, 2014 and 2018) is a special case, since it is generally distributed directly to commercial end-users in the form of "turnkey" solutions.

1.6.3.3 Customers

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

The Group is not dependent on its principal customers. In 2020, the Group's largest customer represented less than 5% of total consolidated net revenue.

1.6.3.4 Organisation of the sales force

The Group employs roughly 1,500 sales professionals dedicated to selling the Group's products. They are spread over 38 countries, enabling the Group to adapt to local differences and better understand the needs of each market. Each sales office has its own organisation, responding to the requirements and structure of the local market. One of the strengths of the Group in organising its sales force is its ability to adapt to the specific features of local markets.

1.6.3.5 Logistics

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

- Improving the quality of customer service, in particular by offering a wide product selection and rapid delivery;
- Reducing costs, in particular storage, transport costs and customs duties; and
- Adapting distribution methods to the characteristics of local markets at a minimal cost.

The Group works with its distributors to support the logistics service and limit its costs. For example, in 2013 and 2014 the Group extended its logistics platforms in the CIS, where there are 11 regional distribution centres located close to its principal distributors. This unique approach to distribution gives the Group a significant advantage over its competitors in the CIS. This leads to a clear improvement in service and a close relationship with customers: reduced delivery times, improved training of teams and better after-sales service.

Logistics and transport

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

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

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

Most of the Group's production sites are located in the regions in which it sells its products. By reducing the distance between production sites and customers, the Group improves service and significantly reduces transportation costs (notably thanks to lower transport costs and the absence of customs duties) and lead times.

Logistics and information systems

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

The Group is permanently pursuing wide-scale programme to optimise, consolidate and secure its information systems with the aim of unifying them at Group level.

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

The Group has also standardised its computer infrastructure. It now has a single network and digital security system and a consolidation of data centres, while relying on a significantly strengthened risk management programme for its information systems.

1.6.4 Product innovation and intellectual property

The Group has a long history of research and development. Innovations are incorporated in the Group's new products and industrial processes to provide new solutions which focus on respecting the environment and users' requirements both for residential and commercial markets.

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

1.6.4.1 Research and development

The Group's research, design and development policy

Research and innovation are at the centre of the Group's strategy. Over the last 3 years, spending on research, design and development has been stable at €25 million in 2020, i.e. 1% of revenues.

In 2020, the Group continued to invest heavily in latest-generation laboratory equipment.

The Group's organisation is underpinned by the key skills of internal and external reference networks and a structured innovation process intended to enhance customer satisfaction and generate competitive advantages, particularly relating to the health and well-being of people who live in the areas equipped with our products, installation and maintenance, overall operating costs and sustainable development.

Design is another key element in the innovation of Tarkett, which incorporates the creation of designs corresponding to the latests trends in worldwide and local markets into its research policy.

Organisation of the Group's research and development activity

A network of internal experts

The Group's research and development activity involves over 200 employees in the international research and innovation centre in Luxembourg, a local innovation centre in Dalton in the United States and the 24 development and application laboratories located in 15 countries throughout the world. This enables the Group to respond to the specific demands and requirements of local users whilst developing synergies in skills and anticipating future trends.

An internal network of experts is organised for each speciality which can be accessed via a unique digital cooperation platform. These internal experts support development and innovation project leaders throughout the world. They are also responsible for providing and developing sustainable competitive advantages concerning the technical and scientific knowledge which the Group wishes to exploit to develop its business over the coming years.

Close links with scientific experts, universities and suppliers

The Group has formed close links with external experts and leading institutions in order to develop its skills and innovative creativity.

Tarkett dedicates around 20% of its research and innovation budget to external research activities. In this context, the Group has also formed partnerships with the research laboratories of the most prestigious universities, engineering schools and public research centres in the world based on their skills in highly technical areas, e.g. the German scientific institute EPEA (Environment Protection Encouragement Agency), ENS Cachan, UNISTRA (Strasbourg University), Mines ParisTech (École des Mines de Paris), CRAN (Lorraine Epinal University), in order to develop new skills and attract young talents (engineers, doctors, postdocs, etc.). The Group has also developed special links with certain suppliers through innovative partnership contracts relating, for example, to surface treatment and inks.

1.6.4.2 High-performance innovation process

Key principles

The Group's strategy in terms of innovation aims to offer our customers extra benefits at each stage in the product life cycle and therefore actively supports the Group's "Change to Win" strategy.

The Group's innovation strategy is based on four key pillars:

- Health and well-being
- Circular economy and carbon footprint
- Product installation and maintenance
- Total possession cost

Tarkett is constantly seeking new materials and processes that protect the environment and human health. Tarkett appointed an external organisation (EPEA) in 2010 to evaluate over 5,000 materials to help it to select high-quality materials and design products which protect the environment and human health. The Group provides information on the composition of its products in the document entitled "Material Health Statement" published by EPEA on the Website of Tarkett North America or at the customer's request in Europe. In Europe, a system of indicators provides information on the level of COV emissions produced by each product.

The Group places a great deal of importance on the principle of eco-design in a virtuous circle based on the principles of Cradle to Cradle®. In 2020, Tarkett had obtained 20 C2C certifications covering a wide range of product categories including carpets, linoleum, rubber, wood and artificial turf.

As evidence of the Group's commitment to the circular economy and its desire to reduce its carbon footprint, Tarkett has developed innovative technologies on the sites in Waalwijk (the Netherlands) and Dalton (United States), which can be used to separate the fibres in the underlay of carpet tiles and recycle the two components. Tarkett and Aquafil announced an innovation partnership in 2019 enabling them to recycle 100% of carpet tiles comprising EcoBase and PA6 nylon threat underlay. The recycling of carpet tiles comprising EcoBase and ECONYL® fibres also reduces CO_2 production by up to 84% compared with incineration.

The third element in the Group's innovation strategy concerns the development of solutions to assist with installation and fitting as well as the cleaning and maintenance of flooring.

The Covid-19 pandemic has highlighted the importance of applying strict health-related procedures. Tarkett has been working hard for many years to develop simple maintenance solutions and offer advice on optimal cleaning procedures. Tarkett offers solutions which are increasingly easy to maintain and are resistant to foot traffic and stains such as Contour vinyl tiles with Tectonik® or IQ4 technology, hard-wearing flooring which provides excellent resistance in hospital environments.

The Group has developed a comprehensive range which is easy to install comprising modular solutions, resilient and rigid vinyl and carpet tiles in addition to iD Click Ultimate and Starfloor Click Ultimate, offering an extremely wide range of innovative models and designs. In addition, for ease of installation, Tarkett proposes solutions which can be installed on damp floors, such as RollSmart adhesive or textile tiles benefiting from Omnicoat technology and, since 2020, a new generation of products installed without adhesive which are sold on rolls (Genius HE).

As far as the total cost of ownership is concerned, Tarkett uses systematic approaches in many categories in terms of *Design to Cost* (design with cost optimisation) and *Design to Value* (design focusing on value) so that it can offer the appropriate product or solution at the best price with the optimal cost of ownership.

Furthermore, Tarkett is determined to remain active in the creation of innovative designs and intends to optimise the possibilities of cross-categorisation for its different product ranges. The Group has developed various digital printing technologies for wood and vinyl, allowing it to offer unique designs and services such as co-creation with designers. Tarkett is also the first company to develop this technology for mass personalisation of vinyl floorings.

The Group's numerous innovations

As early as 1942, the Group developed a new process for manufacturing wood flooring that reduced the amount of wood used. Since then, the Group has always worked to develop products and concepts that simplify end-users' lives while respecting the environment and human health.

At the end of 2020, 97% of our vinyl flooring worldwide was phtalate-free (with the exception of recycled content for certain products in certain countries). Tarkett is also using eco-innovative approaches at industrial level by recycling plasticiser emissions in its products in the Farnham factory in Canada.

Another example of eco-innovation is the underlay used in Ethos® carpet tiles, which consists of recycled materials made from used glass sheets obtained from windscreens and safety glass. The same material was used in 2018 to launch the iD Revolution tile range, which has been awarded gold Cradle to Cradle® certification.

Tarkett also provides solutions that protect the surface of floorings, allowing for easier cleaning and maintenance. In 2018, the LVT Contour in the United States began to use Tectonik® varnish, which provides the best performance in the market in terms of stain and abrasion resistance.

In 2017, the Group launched industrial digital printing in Europe, in the Eastern European countries and in the United States supporting an open co-creation approach with architects and specifiers. Several new co-creation spaces were created at the Clervaux Design Centre (Luxembourg) and at the Florence Design Centre (USA) complementing the Textile Co-Creation Centre of the Waalwijk Design Centre (the Netherlands). This unique expertise and technology opens up enormous and valuable perspectives on flooring's ability to meet the needs of new spaces and user expectations.

The Group's innovation awards

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

- In 2020, iQ Surface received a "Red Dot Design Award";
- In the United States, Tatami System received two "Good Design" prizes from the Chicago Architecture and Design Centre in cooperation with the European Centre of Architecture, Art, Design and Urban Studies;
- The Garden Walk collection in the United States (North American commercial carpet) was awarded the "SID Design Impact" prize by the American Society of Interior Designers;
- In 2019, iD Revolution received the FX Award prize in the United Kingdom from the interior design magazine FX Magazine;
- In Luxembourg, iD Revolution received the environmental prize in the product category of the Business Federation of Luxembourg (Fédération des Industriels Luxembourgeois / FEDIL);
- In the United States, ethos® Modular with Omnicoat Technology™ received the Re|focus Sustainability Innovation Award in the Design category form the Plastics Industry Association and the Society of Plastic Engineers Sustainability Division;
- In the United States, Tatami System received the prestigious Building Product Innovations Award at NeoCon 2019;
- In the United States, iD Mixonomi was awarded a #MetropolisLikes prize and a HiP prize for flooring designed for the hotel sector at the NeoCon Awards which celebrate innovative products;
- In France, iD Surface received the Architecture @ Construction prize at the Muuuz International Awards ceremony (MIAW) organised by Muuuz in partnership with the magazine D&A;
- In the Netherlands, Desso Flores and Desso Colourant carpets received two prizes from "Good Industrial Design" during the Dutch Design Week in Eindhoven;
- In France, iD Revolution received the Innovation Team Best Practices 2018 prize, which is organised by the University of Paris Sorbonne and the Paris Innovation Directors Club. In addition, iD Revolution received the UK's Green World Award, where iD Revolution was Global World Winner in the Innovation Category;
- The Pentagonals collection received the Best of the Year prize from Interior Design Magazine.

1.6.4.3 Standards relating to the Group's products

The Group complies with a large number of regulations, standards and certifications in its various markets. These standards vary depending on the geographic region, the type of building in which a product is installed and the type of flooring. In terms of the protection of the environment and people, the Group frequently exceeds the standards and regulations in force.

Mandatory standards and standards with which the Group complies voluntarily

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

In most cases, compliance with mandatory standards must be certified by independent laboratories and/or organisations and notified by a governmental authority. The main aim is to guarantee safety and protect the health of users by demonstrating the product's compliance with statutory requirements. They relate mainly to properties such as fire resistance, skid resistance and the limitation of emissions of toxic products.

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

Especially in the commercial market, users often stipulate compliance with non-mandatory standards. Specifiers (architects, project managers, etc.) demand compliance with these standards in their specifications. Moreover, they are required by certain public organisations or municipal governments for construction projects or the renovation of public buildings.

The Group discloses the standards which it has chosen to apply. Purchasers, specifiers and users may therefore be informed of all the flooring characteristics. This enables them to differentiate the Group's products from those of its competitors. The technical specifications that the Group chooses to communicate vary depending on the requirements of the market in question.

Standard organisations and the standards used in different geographical markets

Standardisation organisations define the technical characteristics and performance that a product must meet, as well as the tests to be used.

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

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

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

In addition to CE marking, the Group is required to comply with Member State regulations, which may rely on national standards established by national standard organisations, such as the Association Française de Normalisation ("AFNOR") in France and the Deutsches Institut für Normung ("DIN") in Germany. These national standards vary depending on the countries in which the product is sold.

In the United States, environmental and workplace safety regulations are established at the federal level, whereas statutory requirements relating to safety such as the fire resistance of flooring are generally regulated at the state or city level. Voluntary standards applying to flooring in the United States are established mainly by the American Society for Testing and Materials ("ASTM") or the American National Standard Institute ("ANSI"). Both the federal and state governments may decide to adopt ASTM or ANSI standards, thereby making them mandatory. ASTM and ANSI standards are mandatory when referenced in federal or state regulations.

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

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

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

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

1.6.4.4 Intellectual property rights

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

Trademark Portfolio

The Group's products are sold under known trademarks and are adapted to the specific features of each market.

The Group sells its products under the world-famous international trademark, Tarkett® and under specialised international or regional trademarks which are highly regarded in their respective markets such as FieldTurf®, Beynon®, and GrassMaster® for sports surfaces, Desso® (western Europe - carpets), Sinteros® and Sintelon® (SEE and CIS)

In certain markets, the Group uses a multi-brand strategy, using different brands for different distribution channels, to optimise coexistence between the Tarkett Group's different distributors.

The Group's main trademarks are protected and duly exploited in the markets in which the Group is present.

Protection of the Group's trademarks is based on the registration and/or use of the trademarks depending on the jurisdiction concerned. Such protections are subject to either national, European or international registrations for varying lengths of time depending on the applicable laws.

Patent Portfolio

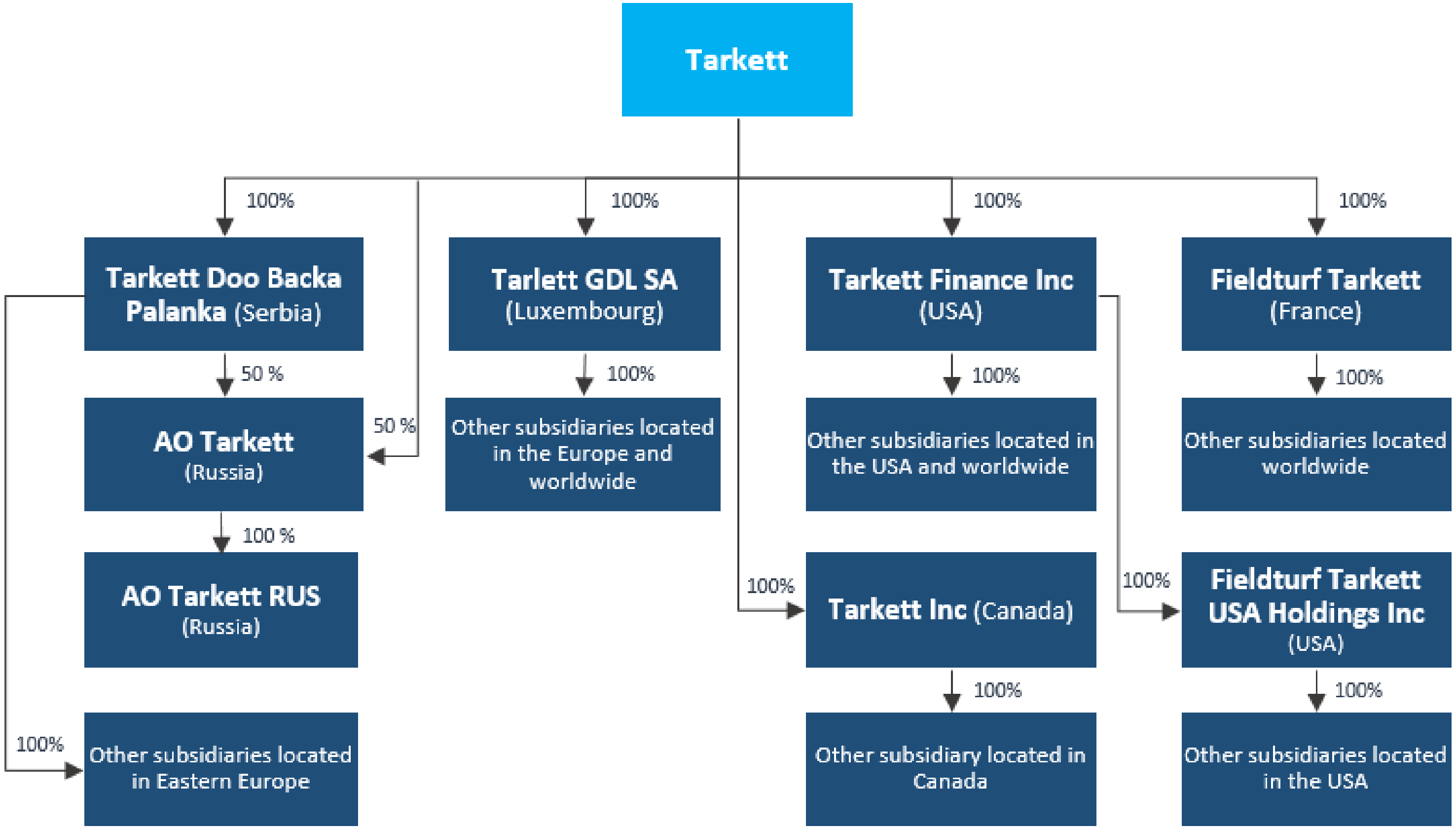
The Group holds active patents in more than 42 countries. The Group's patents cover flooring and sports surface products as well as technologies for the development of new products.

The Group's patents cover around 135 different types of technology which underpin the main areas of innovation. Each year, the Group files 10 to 15 new patent applications. The average age of the patents' category in the Group's portfolio is approximately eight years, which is the same as the average age of its competitors' patents.

The geographical origin of the Group's patent portfolio is highly diversified, with 80 active patents' categories originally filed in Western Europe, 1 in Eastern Europe and 11 in North America. The Group also holds 43 specific patents' categories relating specifically to its sports surfaces business.

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

1.7 Simplified group organisation chart



2 GOVERNANCE AND REMUNERATION

2.1 Governance

2.1.1 Corporate Governance Code

The Company adheres to the Corporate Governance Code for Listed Companies of the French Association of Private Sector Companies (*Association Française des Entreprises Privées - AFEP*) and of the Movement of French Enterprises (Mouvement des Entreprises de France - MEDEF), the "Afep-Medef Code" which constitutes the Company's corporate governance frame of reference. It may be consulted online (http://www.afep.com) and copies are permanently made available to its corporate officers.

The Company ensures compliance with all the principles of corporate governance set out in the Afep-Medef Code, insofar as they are compatible with the Group's organisation, size, and resources.

As of 31 December 2020, at the recommendation of the Nomination, Compensation and Governance Committee and following an analysis carried out by the Supervisory Board at its meeting of 18 February, 2021, the Company concluded that it complied with all the recommendations of the Afep-Medef Code with the exception of the following:

- Article 18.1 recommending the presence of a member representing employees on the remuneration committee. The Supervisory Board does not wish to change the composition of the Nomination, Compensation and Governance Committee given that its current composition (three-quarters being independent members) was the best guarantee of its effectiveness, as had indeed been emphasised during successive self-assessments by the Supervisory Board. In addition, the Nomination, Compensation and Governance Committee does not just deal with remuneration issues. It is also important to point out that the members of the Supervisory Board, including those who represent employees, may express their opinions on issues linked to remuneration which are addressed by the Nomination, Compensation and Governance Committee. In this context, the deliberations of the Nomination, Compensation and Governance Committee are recorded in a report by the Supervisory Board and its recommendations are also discussed.
- Article 10.2 recommending, in the context of the assessment by the Supervisory Board of its operation, an assessment of the actual contribution of each member of the Supervisory Board to the work carried out by the latter. A detailed, in-depth evaluation of the Supervisory Board's activities during the financial year 2017 was performed by an independent external consultant. The Afep-Medef Code recommends that the questionnaire should address the issue of competency and the contribution of each Supervisory Board member to the Supervisory Board's activities with the possibility of commenting on the contribution of other Supervisory Board members. In 2020, the Supervisory Board members assessed the participation and contributions of the Supervisory Board members as a whole.
- Article 10.3 recommending a formal assessment at least every three years. The Supervisory Board discusses its operation once a year but the last formal assessment was carried out for fiscal year 2017. A new formal assessment is planned and will allow lessons to be learned from the crises faced and good practice identified during this double crisis to be established in the long term.

2.1.2 Supervisory Board corporate governance report

In accordance with the provisions of Article L.22-10-20 of the French Commercial Code, this chapter on governance and remuneration contains information taken from the Supervisory Board corporate governance report that was adopted at the Supervisory Board meeting on 18 February 2021 after considering the opinion of the Nomination, Compensation and Governance Committee.

A concordance table in Section 9.7.4 provides an overview of the information included in this document and that forms part of the corporate governance report.

2.2 Management and supervisory bodies

2.2.1 Management of the Company

The Shareholders' Meeting of 2 January 2001 opted for the two-body management form of a French public limited company ("société anonyme") with a Management Board and a Supervisory Board (referred to hereinafter as the "*Board*" or the "*Supervisory Board*"). This organisational structure, which separates management and direction of the Company, which are the responsibility of the Management Board, from supervision of that management body, which is the responsibility of the Supervisory Board, addresses concerns about the balance of powers between the executive and control functions. This is particularly suited to the Company's shareholding structure.

2.2.2 Management Board

2.2.2.1 Operation of the Management Board

As laid down in its Articles of Association, the Management Board is composed of at least two, and at most five, members appointed by the Supervisory Board for a three-year term of office.

2.2.2.2 Composition of the Management Board

As at 31 December 2020, the Management Board was composed of the following two members:

	Age	Gender	Nationality	Date of 1st appointment	Effective date of last renewal	Term end date	Number of shares held
Chair							
Fabrice Barthélemy	**52**			**23.05.2008**	**27.10.2019**	**27.10.2022**	**60,739**
Member							
Raphaël Bauer	**41**			**01.05.2019**	**27.10.2019**	**27.10.2022**	**7,451**

2.2.2.3 Changes in the composition of the Management Board in 2020

No changes were made to the composition of the Management Board in 2020.

2.2.2.4 Main positions and corporate offices of the Management Board members, as at 31 December 2020

FABRICE BARTHELEMY - Chairman of the Management Board

Experience and expertise

Fabrice Barthélemy was appointed as Chairman of the Management Board of Tarkett on 18 September 2018, and was confirmed in this position on 14 January 2019. He has been a member of the Management Board of Tarkett since May 2008.

He began his career as an industrial controller with Safran, joining Valeo in 1995 as Financial Controller of a division in the United Kingdom. From 2000 to 2003, he helped turn around Valeo's Lighting Division in France, before taking over the global financial management of Valeo's Electronics & Connective Systems and then of the Valeo's Wiping Systems.

Fabrice Barthélemy joined Tarkett in 2008 as Chief Financial Officer and also oversaw the Information Systems and Legal departments. He was Chairman of the Tarkett EMEA-LATAM Division from February 2017 to September 2019. He is a graduate of the French school of management, the École supérieure de commerce de Paris (ESCP – Europe).

Professional address:

Tour Initiale - 1, Terrasse Bellini - 92919 Paris-La Défense

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

Positions and offices within the Tarkett Group

Current:

- Chairman of the Management Board of Tarkett[1] (France)
- Chairman of Tarkett Bois (France)
- Member of the Supervisory Board of Morton Extrusionstechnik GmbH (Germany)
- Chairman of the Board of Directors of AO Tarkett (Russia)
- Member of the Board of Directors of Tarkett Capital SA (Luxembourg)
- Chairman of the Board of Directors of Tarkett GDL SA (Luxembourg)

Ended during the last five years:

- Chairman of the EMEA & LATAM division
- Twenty-two positions within French and international subsidiaries

Positions and offices outside of the Tarkett Group

Current:

- Member of the Supervisory Board and Chairman of the Nomination, Compensation and Governance Committee of Elis (France)

Ended during the last five years:

- None

[1] *Listed Company*

RAPHAEL BAUER - Member of the Management Board and Chief Financial Officer

Experience and expertise

Raphaël Bauer has been the Group's Chief Financial Officer and a member of the Executive Committee since February 2017. He has been a member of the Management Board since 1 May 2019.

Formerly the Group's Financial Controller, Raphaël Bauer joined Tarkett in 2010 as financial controller within the EMEA Division, then for the Asia-Pacific and Latin American Regions.

Raphaël Bauer began his career as a management controller at Valeo from 2002 to 2007, then joined Rexam as a financial officer from 2007 to 2010. He is a graduate of the Paris Institute of Political Studies (Sciences Po).

Professional address:

Tour Initiale - 1, Terrasse Bellini - 92919 Paris-La Défense

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

Positions and offices within the Tarkett Group

Current:

- Chairman of the Management Board of Tarkett[1] (France)
- Group Chief Financial Officer
- Member of the Board of Directors of Tarkett GDL (Luxembourg)
- Chairman of the Board of Directors of Tarkett Capital SA (Luxembourg)
- Member of the Board of Directors of Somalré (Luxembourg)
- Member of the Board of Directors of Tarkett Hong Kong Limited (Hong-Kong)
- Member of the Board of Directors of Tandus Flooring (Suzhou) Co. Ltd (China)
- Supervisor of Tarkett Industrial (Beijing) Co., Ltd (China)
- Member of the Board of Directors of Tarkett Flooring India Private Limited (India)
- Member of the Board of Directors of Tarkett Flooring Singapore Pte. Ltd (Singapore)
- Member of the Board of Directors of AO Tarkett (Russia)
- Member of the Board of Directors of Tarkett Inc. (Canada)
- Member of the Board of Directors of Tarkett Finance Inc. (USA)

Ended during the last five years:

- Member of the Board of Directors of Tarkett Brasil Revestimentos LTDA (Brazil)

Positions and offices outside of the Tarkett Group

Current:

- None

Ended during the last five years:

- None

1 Listed Company

2.2.2.5 Activities of the Management Board in 2020

During 2020, the Management Board met eight times (nine times in 2019). The attendance rate was 100%. Its meetings primarily focused on:

Financial results:

- Fourth quarter 2019 activity report;
- Review and approval of the Company and Consolidated Annual Financial Statements for the year ended 31 December 2019;
- Cancellation of dividends;
- First quarter 2020 activity report;
- Approval of the half-year financial report as at 30 June 2020;
- Setting up the 2020-2023 LTI plan as at 30 July 2020;
- Third quarter 2020 activity report;
- Approval of forecast management documents.
- Review of press releases relating to the financial results.

Shareholders' Meeting of 30 April 2020:

- Proposed allocation of the results for the 2019 financial year;
- Approval of the management report on the Company and the Group;
- Review of regulated agreements and commitments;
- Preparation of the agenda and the draft of the text of resolutions submitted for approval to the Shareholders' Meeting;
- Calling Shareholders' Meeting;
- The extraordinary amendment of the dividend distribution policy.

Other activities:

- Approval of assignements of receivables and granting of guarantees.

2.2.3 Supervisory Board

2.2.3.1 Operation of the Supervisory Board

General operation

The operation of the Supervisory Board is described in Articles 17 to 23 of the Company's Articles of Association, drawn up in accordance with the laws and regulations in effect.

On 21 November 2013, the Company adopted Internal Regulations governing its organisation and operation and the rights and duties of its members. These Internal Regulations follow industry guidance designed to ensure compliance with the fundamental principles of corporate governance, and in particular the recommendations of the Afep-Medef Code. The Internal Regulations are reviewed regularly by the Supervisory Board so that they can be adapted to any new legislation and regulations and, if appropriate, to any new recommendations of the Afep-Medef Code.

Chairman and Deputy Chairman

The Supervisory Board elects a Chairman and a Deputy Chairman from among its non-corporate members, for a duration that may not exceed that of the member's term of office.

In accordance with the legal provisions, the main mission of the Chairman of the Supervisory Board is to organise the work of the Supervisory Board so that the control of the Company's management can be properly exercised. The Chairman of the Supervisory Board is the principal point of contact for answering any request by a shareholder or investor addressed to the Supervisory Board.

If the Chairman is unavailable, Supervisory Board meetings are chaired by the Deputy Chair.

Rights and obligations of Supervisory Board members

Each Supervisory Board member (and each observer) must hold 1,000 registered shares in the Company, as required under the Internal Regulations. Each newly appointed Supervisory Board member is therefore asked to devote one-half of their remuneration granted for their term of office as Supervisory Board member (formerly "attendance fees") to acquiring these 1,000 shares in due time. In accordance with the regulations, the members of the Supervisory Board representing employees are not required to hold a minimum number of shares in the Company.

Each Supervisory Board member agrees to comply with the applicable regulations with respect to market abuse and insider information (including observers). All Supervisory Board members (including observers) are reminded of these statutory and regulatory provisions each year, and in the event of any significant changes to the provisions.

Supervisory Board meetings

The Supervisory Board meeting called to approve the financial statements for the first half-year draws up the calendar for meetings the following year to ensure that all members can attend. Prior to each meeting, a notice is sent by e-mail to each member, specifying the place, time, and agenda for the meeting. Detailed presentations on each item on the agenda are sent to each member in advance through a secure digital platform.

During the meeting, each item on the agenda is presented to the Supervisory Board members with an explanation. Issues reviewed and debated earlier by specialised committees are summarised by their Chairman at the next Supervisory Board meeting deliberating on these issues. For certain technical subjects, presentations are made by Group executives specialised in the subject area presented. Each item on the agenda is followed by questions, a discussion, and a vote. Written minutes are drawn up and provided to Supervisory Board members in advance of their approval at the next meeting.

Since October 2019, a delegate from the Company Social and Economic Committee has also attended Supervisory Board meetings without the right to vote. That delegate was also trained and made aware of the regulations applicable to market abuse.

2.2.3.2 Composition of the Supervisory Board

As at 31 December 2020, the Supervisory Board was composed of twelve members, including two members representing employees and one observer, all appointed for four-year terms of office. At the time of the Company's Initial Public Offering on 21 November 2013, in accordance with the provisions of the Afep-Medef Code and Article 18 of the Articles of Association, the Supervisory Board members already in office on that date were either appointed or renewed early for a term of less than four years to ensure staggered renewal of their terms of office.

The composition of the Supervisory Board is designed to enable the Group to benefit from the diversified professional experience of its members and involve the representatives of the Company's majority shareholders in the definition of the Group's strategy and its implementation.

Furthermore, as at 31 December 2020, the proportion of women on the Supervisory Board stood at 44% (a rate which is higher than the legal requirement) and the proportion of independent members according to the Afep-Medef Code (44%) was higher than the one-third recommended by the Afep-Medef Code for companies with majority shareholders (the members representing employees and the observer are not taken into account for the calculation of these proportions).

As at 31 December 2020, the composition of the Supervisory Board was as follows:

					Personal data and experience						Attendance at Supervisory Board meetings	Attendance at committees	
Member	Age	Gender	Natio-nality	Seniority (in years)	Number of shares held)[(1)]	Other mandates [(2)]	Independence	1st appointment	Last renewal	End of term of office [(3)]	2020 attendance	CARC [(4)]	CNRG [(5)]
Eric La Bonnardière *Chair*	39			5	17,971	-	-	24.04.15	26.04.18	2022	100%	-	-
Didier Deconinck *Deputy Chair*	73			19	1,036	-	-	02.01.01	26.04.18	2022	100%	-	-
Julien Deconinck	42			6	1,000	-	-	13.05.14	26.04.18	2022	100%	MR	-
Nicolas Deconinck	40			5	5,437	-	-	24.04.15[(6)]	30.04.20[(6)]	2024	100%	-	-
Jean-Hubert Guillot - *Member of the Supervisory Board representing employees*	47			1	1,547	-	-	19.09.19[(7)]	-	2023	100%	-	-
Ségolène Le Mestre*Member of the Supervisory Board representing employees*	35			<1	0	-	-	19.11.20[(8)]	-	2024	100%	-	-
Françoise Leroy	68			7	1,035	1	√	26.11.13	26.04.19	2023	100%	MR	P
Didier Michaud-Daniel	62			1	1,000	1	√	26.04.19	-	2023	100%	-	MR
Sabine Roux de Bézieux	55			3	1,035	1	√	27.04.17	-	2021	100%	-	MR
Agnès Touraine	65			4	1,129	3	-	05.12.16	27.04.17	2021	100%	-	MR
Guylaine Saucier	74			5	1,000	3	√	29.07.15	27.04.17	2021	100%	P	-
Bernard-André Deconinck *Observer*	76			19	21,036	-	N/A	02.01.01	26.04.18	2022	100%	-	-

[(1)]Number of shares held by Supervisory Board members - this table does not take into account the 33,222,659 shares held by Société Investissement Deconinck ("SID"), of which Didier, Bernard-André, Julien and Nicolas Deconinck and Eric La Bonnardière are direct and indirect shareholders, nor shares held by the "Groupe Familial Deconinck", as set out in Section 7.3.1 The observers and the members representing employees are not covered by the requirement to hold shares set out in Section 2.2.3.1.
[(2)] Number of corporate offices held in listed companies, other than the Tarkett Group.
[(3)] Date of the Shareholders' Meeting called to approve the financial statements for the year in which the office expires.
[(4)]Audit, Risks and Compliance Committee.
[(5)]Nomination, Compensation and Governance Committee.
[(6)] Nicolas Deconinck was appointed observer of the Supervisory Board on 4 April 2015 and appointed member of the Supervisory Board on 30 April 2020.
[(7)]Date of appointment by the Economic and Social Committee – Participation in the next Supervisory Board meeting, namely the meeting of 23 October 2019 (further details available in Section 2.2.3.6.)
[(8)]Date of appointment by the Economic and Social Committee – Participation in the next Supervisory Board meeting, namely the meeting of 15 December 2020 (further details available in Section 2.2.3.6.)
N/A: Not applicable C: Chair. / M: Member.

2.2.3.3 Changes to the composition of the Supervisory Board in 2020

	Departure	Appointment	Renewal
Supervisory Board	Eric Deconinck	Nicolas Deconinck	
		Ségolène Le Mestre	

The Shareholders' Meeting of 30 April 2020, decided to:

- Appoint Nicolas Deconinck as a member of the Supervisory Board (Nicolas Deconinck was appointed observer of the Supervisory Board on 24 April 2015) for a term of four years to replace Eric Deconinck, whose term of office had expired.

On 19 November 2020, the Social and Economic Committee (referred to hereinafter as "SEC") appointed Ségolène Le Mestre as as member of the Supervisory Board to represent employees, in accordance with Article L. 225-79-2 of the French Commercial Code and Article 17 of the Company's Articles of Association. She attended the meeting which followed her appointment on 15 December 2020. In accordance with the Company's Articles of Association, her term of office is for four years and will come to an end following the Ordinary Shareholders' Meeting convened to approve the financial statements for the financial year in which her term of office as a member expires.

2.2.3.4 Changes proposed in 2021

After examination and at the recommendation of the Nomination, Compensation and Governance Committee, the Supervisory Board submitted the following proposals at the Shareholders' Meeting of 30 April 2021:

- Renewal of the term of office of Sabine Roux de Bézieux as Supervisory Board member for a period of four years,
- Renewal of the term of office of Agnès Touraine, at the proposal of the SID, as Supervisory Board member for a period of four years, and
- Appointment of Véronique Laury, at the proposal of the SID, as Supervisory Board member for a period of four years.

Véronique Laury joined Leroy Merlin where she carried out various marketing and commercial activities for around fifteen years. In 2003, she joined Kingfisher, a European leader in the DIY sector and parent company of B&Q, Brico Dépôt, Castorama and Screwfix. She worked in the Sales and Marketing Departments of the French company Castorama and the British company B&Q before being appointed Director of Sales and Marketing Strategy for the group in charge of its purchasing programmes and trademark development.

In 2013, Véronique Laury was appointed Managing Director of Castorama France. In September 2014, she was appointed Managing Director of Kingfisher, a company listed on the UK stock exchange (FTSE100), where she remained until September 2019. She has been a board member of the company Sodexo since 2020.

The appointment of Véronique Laury would enhance the Supervisory Board's skills thanks to her vast experience in the fields of marketing and digital affairs.

The term of office of Guylaine Saucier will expire at the Shareholders' Meeting of 30 April 2021.

On 10 December 2020 Jean-Hubert Guillot expressed his intention to resign as member of the Supervisory Board representing employees as of 5 March 2021.

The SEC will be responsible for appointing a new Supervisory Board member to represent employees to replace Jean-Hubert Guillot in accordance with the regulations in force.

2.2.3.5 Biographies, main positions and corporate offices of the Supervisory Board members as at 31 December 2020

ERIC LA BONNARDIERE - Chairman of the Supervisory Board

Experience and expertise

Eric La Bonnardière became a member of the Company's Supervisory Board and a member of the Audit Committee in 2015. He was appointed Deputy Chairman of the Supervisory Board in 2017. He has been Chairman of the Supervisory Board since April 2018.

He began his career in 2006 as a consultant at Capgemini and then joined the Advancy strategy consulting firm where he carried out assignments in industry and distribution. Since 2009, he has been the Chairman and co-founder of Evaneos, a travel marketplace and European leader in its segment.

He graduated from the Supelec engineering school and holds a Masters in management from the HEC business academy in Paris.

Professional address

Evaneos, 27 Rue de Mogador, 75009 Paris

[1] *Listed*

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

Positions and offices within the Tarkett Group

Current:

> Chairman of the Supervisory Board of Tarkett[1] (France)

Ended during the last five years:

> Deputy Chairman of the Supervisory Board of Tarkett[1] (France)
> Member of the Tarkett Audit Committee[1] (France)

Positions and offices outside of the Tarkett Group

Current:

> Chairman and Chief Executive Officer of Evaneos (France)

Ended:

> None

DIDIER DECONINCK - Deputy Chairman of the Supervisory Board

Experience and expertise

Didier Deconinck joined the Company's Supervisory Board in 2001, and was its Chairman from 2005 to April 2018, when he was appointed its Deputy Chair. He represents the company DDA on the Management Board of Société Investissement Deconinck ("SID"), a family-owned company with a holding in the Company. He was a Managing Director of Société Investissement Familiale ("SIF"), a holding company that controlled the Company until its initial public offering in 2013. He also co-founded the Monin group, a French manufacturer of hardware items for the building sector and industry and was Managing Director of the group until it was sold in 2017.

From 1979 to 1984, Didier Deconinck was the Managing Director of Allibert-Mobilier-de-Jardin. He then became Managing Director of the Video division of Thompson and an executive officer of its German holding company, DAGFU, until 1987. From 1987 to 1990, he was the General Manager of Domco, a company traded on the Toronto Stock Exchange and the largest Canadian flooring manufacturer. He was also Chairman of ARDIAN Holding's Supervisory Board and of its Nomination and Remuneration Committee from 2013 to 2015.

Since 2019, he has also been a director of the Cercle de l'Orchestre de Paris and of the Fonds du Musée d'Art Moderne de Fontevraud.

Didier Deconinck holds an engineering degree from École Polytechnique of Zurich and received additional training in marketing at the Wharton Business School and in finance at the European Business Administration Institute INSEAD (Fontainebleau).

Professional address

Tour Initiale – 1, Terrasse Bellini – 92919 Paris-La Défense

[1] *Listed Company*

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

Positions and offices within the Tarkett Group

Current:

- Deputy Chairman of the Supervisory Board of Tarkett[1] (France)

Ended during the last five years:

- Chairman of the Supervisory Board of Tarkett[1] (France)

Positions and offices outside of the Tarkett Group

Current:

- Member of the Family Council and representative of DDA on the Management Board of (France)
- Chairman of DDA (France)
- Deputy Chairman of the Supervisory Committee and Chairman of the Compliance, Internal Control, Risk and Audit Committee of ARDIAN Holding (France)
- Director and Treasurer of Cercle de l'Orchestre de Paris (France)
- Director of the Fonds du Musée d'Art Moderne de Fontevraud (France)

Ended during the last five years:

- Chairman of the Management Board of SID (France)
- Director of the Museum of the Army (France)
- Member of the Management Board and Managing Director of SIF (France)
- Managing Director of Monin (France)
- Chairman of the Supervisory Board and of the Nominations and Remuneration Committee of ARDIAN Holding (France)

JULIEN DECONINCK - Member of the Supervisory Board and of the Audit, Risks and Compliance Committee

Experience and expertise

He is a founding member of Clermount, a mergers and acquisitions consulting company specialised in fund raising for positive-impact companies. He began his career in 2002 as a mergers and acquisitions analyst at Lazard.

He then joined the Tarkett Group, where he held several positions in marketing development and project management from 2003 to 2006. From 2006 to 2015, he was a mergers and acquisitions associate at HSBC, then Director of Equity Investments at the investment firm Parcom Capital, and then a Director at Société Générale Corporate & Investment Banking.

Julien Deconinck is a graduate of the HEC business academy.

Professional address

Clermount Ltd - 56 Lexham Gardens – London W8 5JA – United Kingdom

[1] *Listed Company*

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

Positions and offices within the Tarkett Group

Current:

> Member of the Supervisory Board of Tarkett[1] (France)
> Member of the Audit, Risks and Compliance Committee of Tarkett[1] (France)

Ended during the last five years:

> Observer of the Supervisory Board of Tarkett[1] (France)

Positions and offices outside of the Tarkett Group

Current:

> None

Ended during the last five years:

> None

NICOLAS DECONINCK - Member of the Supervisory Board

Experience and expertise

Nicolas Deconinck is currently an Advisory Director with Publicis Sapient, an agency specialised in digital transformation. He supports key accounts in their process of digital change by applying new innovation, marketing and management drivers.

He began his career in 2003 as a marketing analyst with Orange, and then became IT strategy consultant at Bearing Point. In 2006, he founded his own company, Attractive, later renamed SoActive, an international e-business platform specialised in sports equipment, which he sold to Bentley Hall Ivts fund in 2015.

Nicolas Deconinck graduated from Paris Institute of Political Studies (Sciences Po) and the University of Paris Dauphine.

Professional address

Tour Initiale – 1, Terrasse Bellini – 92919 Paris–La Défense

[1] *Listed Company*

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

Positions and offices within the Tarkett Group

Current:

> Member of the Supervisory Board of Tarkett (France)

Ended during the last five years:

> Observer of the Supervisory Board of Tarkett[1] (France)

Positions and offices outside of the Tarkett Group

Current:

> None

Ended during the last five years:

> None

JEAN-HUBERT GUILLOT - Member of the Supervisory Board representing employees

Experience and expertise

Jean-Hubert Guillot has been responsible for the Tarkett Group's Back Office Applications & Data since 2018.

He previously held various posts within the Information Systems Department: IT Business Partner Finance/Data (2012) the Architecture & Performance/Data Department (2015).

In September 2019, Jean-Hubert Guillot was appointed as employee representative on the Board by the SEC of Tarkett.

Jean-Hubert Guillot started his career with Bearing Point dealing with transformation projects for putting in place SAP applications in various groups (Bel, Schneider Electric, La Poste Courrier, Veolia Environnement, Euralis). He also worked for SAP AG in Germany for 4 years.

He is a graduate of the Institut du Commerce de Paris business school.

Professional address

Tour Initiale – 1, Terrasse Bellini – 92919 Paris-La Défense

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

Positions and offices within the Tarkett Group

Current:

> Member representing employees on the Tarkett Supervisory Board[1] (France)

Ended during the last five years:

> Member of the SEC of Tarkett representing the executive committee

Positions and offices outside of the Tarkett Group

Current:

> None

Ended during the last five years:

> None

[1] *Listed Company*

SEGOLENE LE MESTRE - Member of the Supervisory Board representing employees

Experience and expertise

Ségolène Le Mestre has been responsible for innovation within the Tarkett Group since 2018.

She was appointed employee representative on the Board by the SEC of Tarkett in December 2020.

Ségolène Le Mestre began her career with Abria as a consultant for strategy and the design of innovative products and services. She also worked for the SNCF on the implementation of innovation programmes and managerial transformation.

She is a graduate of the Ecole des Mines and Strate School of Design.

Professional address

Tour Initiale – 1, Terrasse Bellini – 92919 Paris-La Défense

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

Positions and offices within the Tarkett Group

Current:

- Member representing employees on the Tarkett Supervisory Board[1] (France)

Ended during the last five years:

- None

Positions and offices outside of the Tarkett Group

Current:

- None

Ended during the last five years:

- None

[1] *Listed Company*

FRANCOISE LEROY - Independent member of the Supervisory Board, Chairman of the Nomination, Compensation and Governance Committee and member of the Audit, Risks and Compliance Committee

Experience and expertise

Françoise Leroy has been a member of the Supervisory Board since 2013. She began her career in 1975 as Secretary General of the Union Industrielle d'Entreprise. She joined Elf Aquitaine in 1982, where she held various positions in financial management. In 1998, she became the Director of Financial Communications, and then, in 2001, she became Director of Chemical Subsidiaries Operations in the Finance Department of Total following its merger with Elf Aquitaine. She has been the Secretary General of Total's Chemical Division since 2004 and a member of its Steering Committee since 2006. She was Head of Acquisitions and Disposals from January 9, 2012 until June 2013.

Françoise Leroy is a graduate of the Reims business management and administration school, the École Supérieure de Commerce et d'Administration des Entreprises.

Professional address

Tour Initiale – 1, Terrasse Bellini – 92919 Paris-La Défense

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

Positions and offices within the Tarkett Group

Current:

- Member of the Supervisory Board of Tarkett[1] (France)
- Chairman of the Tarkett Nomination, Compensation and Governance Committee[1] (France)
- Member of the Audit, Risks and Compliance Committee of Tarkett[1] (France)

Ended during the last five years:

- None

Positions and offices outside of the Tarkett Group

Current:

- None

Ended during the last five years:

- Member of the Board of Directors and a member of the Audit and Risk Committee and of the Nominations and Remuneration Committee of Gaztransport & Technigaz GTT[1] (France)
- Member of the Supervisory Board and Chairman of the Audit Committee of HIME (Saur Group) (France)
- Member of the Supervisory Board of Argan SA[1] (France)

[1] *Listed Company*

DIDIER MICHAUD-DANIEL - Independent member of the Supervisory Board and member of the Nomination, Compensation and Governance Committee

Experience and expertise

Since March 2012, Didier Michaud-Daniel has been Managing Director of Bureau Veritas, a listed company in the Paris SBF 120. He began his career in 1981 with OTIS, where he held various posts in the Sales Management and Operations Department. He was appointed Deputy General Manager of Operations in January 1998.

He then became Managing Director of OTIS UK and Ireland, then Chairman of OTIS for the UK, Germany and Central Europe region, before being appointed Chairman of OTIS Elevator Company in May 2008.

He is a graduate of the Poitiers business management school and European Business Administration Institute INSEAD and is Chevalier de la Légion d'honneur, the highest French order of merit.

Professional address

Immeuble Newtime – 40/52, boulevard du Parc – 92200 Neuilly- sur- Seine

[1] *Listed Company*

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

Positions and offices within the Tarkett Group

Current:

- Member of the Supervisory Board of Tarkett[1] (France)
- Member the Nomination, Compensation and Governance Committee of Tarkett[1] (France)

Ended during the last five years:

- None

Positions and offices outside of the Tarkett Group

Current:

- Managing Director of Bureau Veritas[1] (France)
- Chairman of Bureau Veritas International SAS (France)

Ended during the last five years:

- None

SABINE ROUX DE BEZIEUX - Independent member of the Supervisory Board and member of the Nomination, Compensation and Governance Committee

Experience and expertise

Sabine Roux de Bézieux has been a member of the Supervisory Board since 2017.

After two years in investment banking, she spent 13 years with the Andersen Group in London and Paris. From 2002 to 2012, she ran her own consulting company, Advanceo, before joining the Board of Directors of several listed companies and taking over the General Management of Notus Technologies.

She has been involved in social and environmental projects for the last fifteen years. She set up her own Foundation, called Araok, in 2005, to support the most vulnerable, which then joined with other Foundations to form the "Un Esprit de Famille" (Family Spirit) Association. She is treasurer of the United Way Alliance for education as well as a founding member and Chairman of the "Fondation de la Mer" (Sea Foundation).

Sabine Roux de Bézieux graduated from the ESSEC business school in 1986. She also holds a DECF (Diploma of Accounting and Finance) and a bachelor's degree in philosophy. She is a former auditor of IHEDN.

Professional address

Notus Technologies – 69 rue La Boétie, 75008 Paris

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

Positions and offices within the Tarkett Group

Current:

- Member of the Supervisory Board of Tarkett[1] (France)
- Member the Nomination, Compensation and Governance Committee of Tarkett[1] (France)

Ended during the last five years:

- None

Positions and offices outside of the Tarkett Group

Current:

- Managing Director of "Notus Technologies" (France)
- Member of the Board of Directors of "ABC Arbitrage"[1] (France)
- Member of the Supervisory Board of "Banque Transatlantique" (France)
- Manager of "Galiseo SARL"

Ended during the last five years:

- Member of the Board of Directors of "Altur Investissement"[1] (France)
- Member of the Supervisory Board of "ANF Immobilier" (France)

[1] *Listed Company*

GUYLAINE SAUCIER - Independent member of the Supervisory Board and Chairman of the Audit, Risks and Compliance Committee

Experience and expertise

Guylaine Saucier has been a member of the Supervisory Board since 2015.

She is a certified director with the Institute of Corporate Directors, and was awarded the title of Fellow by the "Ordre des Comptables Agréés du Québec", the Quebec chartered accountants association.

She was the CEO of the "Gérard Saucier Ltée" Group from 1975 to 1989. A Director of numerous major companies, including Bank of Montreal, AXA Assurances Inc., Danone and Areva, she was also Chairman of the Joint Committee on Corporate Governance (ICCA, CDNX, TSX) (2000-2001), Chairman of the Board of Directors of the Canadian Institute of Chartered Accountants (1999-2000) and a member of the Board of Directors of Bank of Canada (1987-1991). She was also appointed to Chairman the Quebec Chamber of Commerce.

Guylaine Saucier is a graduate of the École des Hautes Études Commerciales business school of Montreal.

Professional address

1321 Sherbrooke Ouest, Montreal, H3G 1J 4 – Canada

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

Positions and offices within the Tarkett Group

Current:

- Member of the Supervisory Board of Tarkett[1] (France)
- Chairman of the Tarkett Audit, Risks and Compliance Committee[1] (France)

Ended during the last five years:

- None

Positions and offices outside of the Tarkett Group

Current:

- Member of the Supervisory Board of Wendel[1] (France)
- Member of the Board of Directors of Cuda Oil and Gaz Inc.[1] (Québec)
- Member of the Supervisory Board of Rémy Cointreau[1] (France)

Ended during the last five years:

- Member of the Board of Directors, the Audit Committee and the Risk Management Committee of the Bank of Montreal (Quebec)
- Member of the Board of Directors of Scor[1] (France)
- Member of the Supervisory Board and Chairman of the Audit Committee of Areva[1] (France)

[1] *Listed Company*

AGNES TOURAINE - Member of the Supervisory Board and of the Nomination, Compensation and Governance Committee

Experience and expertise

Agnès Touraine is the founding Chairman of Act III Consultants, a consultancy firm specialising in digital strategies, and Senior Advisor with McKinsey.

Previously, she was the CEO of Vivendi Universal Publishing, after spending 10 years with the Lagardère Group and five years with McKinsey. She was also the Chairman of the "Institut Français des Administrateurs" (IFA) until 2019.

She sits on the Board of Directors of Proximus (ex-Belgacom) and GBL in Belgium and the Board of Directors of the SNCF and the Supervisory Board of Tarkett in France. She served on the boards of Darty Pic and Neopost until mid-2016. She was also a member of the Boards of Directors of various non-profit associations such as IDATE and the French American Foundation.

In October 2017, she became a member of the "Partage de la valeur et engagement sociétal des entreprises" (sharing the value and social commitment of companies) Working Group for the Ministry of the Economy and Finance Action Plan for Business Growth and Transformation (Plan d'Action pour la Croissance et la Transformation des Entreprises - PACTE), a government action plan aimed at fostering entrepreneurship and corporate innovation. Since January 2018, Agnès Touraine has also been a member of Copiesas, the "Conseil d'orientation de la participation, de l'intéressement, de l'épargne salariale et de l'actionnariat salarié" (Advisory Board on Employee Share Ownership, Incentive, Savings and Shareholding Schemes).

She has a law degree, from the Paris Institute of Political Studies (Sciences Po), and holds an MBA from Columbia University

Professional address

Act III Consultants – 32, rue Notre Dame des Victoires – 75002 Paris

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

Positions and offices within the Tarkett Group

Current:

- Member of the Supervisory Board of Tarkett[1] (France)
- Member the Nomination, Compensation and Governance Committee of Tarkett[1] (France)

Ended during the last five years:

- None

Positions and offices outside of the Tarkett Group

Current:

- Director of Act III Consultants (France)
- Member of the Supervisory Board of 21 Partners (France)
- Member of the Board of Directors of Proximus[1] (Belgium)
- Member of the Board of Directors of GBL[1] (Belgium)
- Member of the Board of Directors of Rexel[1] (France)
- Member of the Board of Directors of SNCF (France)

Ended during the last five years:

- Chairman of the "Institut Français des Administrateurs" (France)
- Member of the Board of Directors of Darty
- Member of the Board of Directors of Neopost

[1] *Listed Company*

BERNARD-ANDRE DECONINCK - Observer of the Supervisory Board

Experience and expertise

Bernard-André Deconinck is an observer at Company Supervisory Board meetings and, since 2013, has been the Chairman of the Management Board and a member of the Family Council (as the representative of the Heritage Fund) of SID. He was also a member of the SIF Management Board.

Bernard-André Deconinck began his career with the Group as a methods engineer in 1969, after graduating from the "Ecole Centrale Paris". From 1970, he held operational management positions (in the factories and in the divisions), then became Director of Purchasing, Investment, Style, and Research and Development for the Group.

He is a Knight of the National Order of Merit (France's "Chevalier de l'Ordre national du Mérite").

Professional address

Tour Initiale – 1, Terrasse Bellini – 92919 Paris–La Défense

[1] *Listed Company*

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

Positions and offices within the Tarkett Group

Current:

- Observer of the Supervisory Board of Tarkett[1] (France)

Ended during the last five years:

- Member of the Supervisory Board of Tarkett[1] (France)
- Member the Nomination, Compensation and Governance Committee of Tarkett[1] (France)

Positions and offices outside of the Tarkett Group

Current:

- Chairman of the Management Board of SID (France)
- Co-director of Heritage Fund SPRL (Belgium)
- Director of Val Duchess SPRL (Belgium)

Ended during the last five years:

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

2.2.3.6 Diversity and balance in the composition of the Supervisory Board

The Supervisory Board and the Nomination, Compensation and Governance Committee regularly assess the composition of the Supervisory Board and its specialised Committees, and in particular the variety of skills and experience contributed by each of its members. They also identify the approaches to be taken to ensure the best possible balance of complementary profiles in terms of nationality, gender and experience.

To achieve diversity, measures have been adopted within the Supervisory Board, with the help of the Nomination, Compensation and Governance Committee, that encompass the criteria taken into account, the objectives set by the Supervisory Board, the procedures for implementation and the results obtained during each financial year.

Balanced representation of men and women

In accordance with the prevailing legislation and regulations, and in order to guarantee a balanced composition, the Supervisory Board ensures that at least 40% of the Supervisory Board members are women.

Each time Supervisory Board member's term of office is due for renewal or a new member is to be appointed, on recommendation by the Nomination, Compensation and Governance Committee, the Supervisory Board examines the various nominees with a view to ensuring gender equality.

As at 31 December 2020, the proportion of women on the Supervisory Board was 44% *(employee representatives and observers are not included in the calculation of this figure)*. Subject to the adoption of the motions to be put to the General Meeting of Shareholders on 30 April 2021, this balanced representation of women and men will be maintained.

Employee Representation

Members of the Supervisory Board representing employees

Jean-Hubert Guillot was appointed by the Company Social and Economic Committee ("CSE") at its meeting of 19 September 2019, and took his seat on the Supervisory Board at its meeting of 23 October 2019.

Following the enactment of the terms of the PACTE law, modifying the provisions for employee representation on Supervisory Boards, the General Meeting of 30 April 2020 amended the statutes to enable the CSE to appoint a second employee representative whenever the Supervisory Board is comprised of more than eight members (in compliance with the legislation, the observer and employee representative is not included in this number).

In this respect, and in accordance with current legislation, Ségolène Le Mestre was appointed by the CSE at its meeting of 19 November 2020, and joined the Supervisory Board as of its meeting of 15 December 2020. Her biography can be found in Section 2.2.3.5.

In accordance with current legislation, Ségolène Le Mestre will receive training from the "Institut Français des Administrateurs" (IFA), funded by the Group and has also received internal training in order to understand the role and operation of the Supervisory Board, her rights, duties and responsibilities as a Board member, particularly with regard to current legislation regarding market abuse and abuse of privileged information. At the same time, she was offered other training on issues relating to governance and remuneration.

In addition, members of the Supervisory Board representing employees are granted credit time and preparation time for meetings. It was decided that they would not receive any remuneration (formerly, "attendance fees") for their office as members of the Supervisory Board. As they were unconnected to their respective office as corporate officers, the details of their respective remunerations as Company employees have not been published.

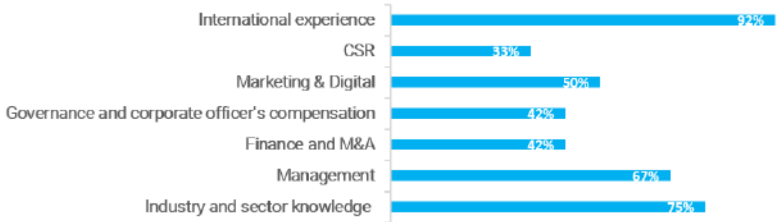
Company CSE (Social and Economic Committee) Delegate on the Supervisory Board

Emmanuel Pasquier, the elected member of the Company's CSE, has also been attending Supervisory Board meetings, as an CSE-appointed employee representative without the right to vote, since the Supervisory Board meeting of 23 October 2019. He too was given the same training as the employee representative, with the exception of the internal training relating to the office of member of the Supervisory Board, given that he does not have that status.

Experience and Skills of Supervisory Board members

As it does each year, the Supervisory Board has reviewed its composition, and that of its committees, with a view to achieving an appropriate balance in terms of the diversity of the professional skills and experience of its members, particularly at an international level.

With the assistance of the Nomination, Compensation and Governance Committee, the Supervisory Board seeks to achieve a balance between those members with a historical knowledge of the Group and members appointed more recently to the Supervisory Board. Their skills and expertise encompass the following areas of specific importance for the Group's strategy:



This analysis shows that Supervisory Board members provide in-depth knowledge of the sector in which the Group operates and bring complementary skills, thereby ensuring deliberations of the highest quality in its meetings. Collectively, the members of the Supervisory Board also ensure that the measures adopted are in line with the Company's corporate responsibility and contribute to implementation of the Group's strategy.

2.2.3.7 Independence of Supervisory Board Members

The Company refers to the following criteria for independence defined in the Afep-Medef Code and set out in the Internal Regulations:

- Criterion 1: Not to be and not to have been within the previous five years: an employee or executive officer of the company; an employee, executive officer or director of a company consolidated within the group; an employee, executive officer or director of the company's parent company or a company consolidated within this parent company;
- Criterion 2: Not to be an executive officer of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the company (currently in office or having held such office within the last five years) holds a directorship;
- Criterion 3: Not to be a customer, supplier, commercial banker, investment banker or consultant: that is significant to the company or its group; or for which the company or its group represents a significant portion of its activity. The evaluation of the significance or otherwise of the relationship with the company or its group must be debated by the Supervisory Board, and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report.
- Criterion 4: Not to be related by close family ties to any corporate officer;
- Criterion 5: Not to have been an auditor of the company within the previous five years;
- Criterion 6: Not to have been a member of the Supervisory Board of the company for more than twelve years;
- Criterion 7: Not to be, control or represent a shareholder, individually or jointly, representing more than 10% of the capital or voting rights at the company general meetings of shareholders.

In accordance with the recommendations made in the Afep-Medef Code, Article 1.1 of the Internal Rules of Procedure, each time the term of office of a Supervisory Board members is to be renewed or a new member appointed and at least once a year prior to publication of the Company Universal Registration Document, the Supervisory Board, based on the recommendations and report of the Nomination, Compensation and Governance Committee, compares the status of its members against the independence criteria and checks that its composition is balanced and that at least one-third of its members are independent, as defined in the Afep-Medef Code. The Supervisory Board also seeks to ensure that its specialised Committees are chaired by independent members and are composed of at least two-thirds independent members, in accordance with the governance recommendations and good practices.

The Supervisory Board does not qualify as independent those members who have direct or indirect business relationships with the Company and companies in which members hold positions or offices. No analysis of the qualitative or quantitative criteria of those relationships has, therefore, been conducted.

In this regard, the Nomination, Compensation and Governance Committee at its session of 11 February 2021, and the Supervisory Board at its session of 18 February, examined the independence of each of its members.

The outcome of this analysis is given in the table below.

	Criterion 1:	Criterion 2:	Criterion 3:	Criterion 4:	Criterion 5:	Criterion 6:	Criterion 7:
Eric La Bonnardière		√			√	√	
Didier Deconinck		√			√		
Julien Deconinck		√			√	√	
Nicolas Deconinck		√			√		
Jean-Hubert Guillot	*N/A (Supervisory Board member representing employees)*						
Ségolène Le Mestre	*N/A (Supervisory Board member representing employees)*						
Françoise Leroy	√	√	√	√	√	√	√
Didier Michaud-Daniel	√	√	√	√	√	√	√
Sabine Roux de Bézieux	√	√	√	√	√	√	√
Guylaine Saucier	√	√	√	√	√	√	√
Agnès Touraine	√	√		√	√	√	√

√: the Supervisory Board member satisfies the independence criterion concerned

This annual review shows that as at 31 December 2020:

- The Supervisory Board is composed of 4 independent members (Françoise Leroy, Sabine Roux de Bézieux, Guylaine Saucier and Didier Michaud-Daniel), with 5 members appointed upon the recommendation of the Company's main shareholder and 2 employee representative members, that is to say 44% independent members within the meaning of the Afep-Medef Code *(employee representatives and observers are not included in the calculation of this figure)*;
- Two of the Audit, Risks and Compliance Committee's three members are independent, i.e., its Chairman (Guylaine Saucier) and Françoise Leroy, that is to say 2/3 of its members are independent within the meaning of the Afep-Medef Code;
- Three of the four members of the Nomination, Compensation and Governance Committee are independent, i.e., its Chairman (Françoise Leroy), Sabine Roux de Bézieux and Didier Michaud-Daniel, that is to say 75% of its members are independent within the meaning of the Afep-Medef Code.

It is hereby stated that Tarkett is in the process of negotiating a three-year contract with Bureau Veritas under the terms of which Bureau Veritas will provide the Group with quality certification assistance. The proposal from Bureau Veritas (whose Managing Director, Didier Michaud-Daniel, is also an independent member of the Supervisory Board) was selected following a completely transparent and fair selection process, as it was the best offer from the three short-listed companies. It was considered that the contract with Bureau Veritas had been concluded under normal and usual conditions and that it was therefore an agreement relating to current operations.

2.2.3.8 Assessment of the way in which the Supervisory Board Functions

At least once a year, the Supervisory Board and its specialised committees assess the way in which they function and are organised to ensure that important issues are properly prepared and debated in their meetings. This also make it possible to assess the actual contribution of each member to the work of the Supervisory Board and its specialised committees.

This assessment is conducted:

> Every year: by each of its members, under the supervision of the Chairman of the Nomination, Compensation and Governance Committee and the Chairman of the Supervisory Board ("self-assessment");
> Every three years: by an independent external consultant, in accordance with the recommendations of the Afep-Medef Code.

An assessment of the organisation of the Supervisory Board was conducted by an independent external consultant in 2017. This external assessment led to a number of proposals for improving the way in which the Supervisory Board operates, and concrete measures were taken in 2018.

Self-assessment carried out in 2018 identified new approaches, which were put into effect in 2019.

A summary report of the 2019 self-assessment was submitted it to the Nomination, Compensation and Governance Committee in 2020 and then debated in an executive session.

In 2020, a new annual individual self-assessment process was implemented, covering a wide variety of topics, beyond the way in which the Supervisory Board functions and is organised to include the strategic direction of the Group, the performance of the Supervisory Board at the height of the health crisis, the level of contributions, the quality of debates, risk analysis and monitoring, and cooperation with the Group's General Management. Within this context, a questionnaire was created under the supervision of the Chairman of the Nomination, Compensation and Governance Committee and distributed to members (including the observer), without a formal evaluation by the Supervisory Board, as recommended in Article 10.3 of the AFEP-MEDEF code.

Following these interviews, a summary report was created and submitted to the Nomination, Compensation and Governance Committee on 11 February 2021. A synopsis of the results was then presented to the Supervisory Board on 18 February 2021.

The self-assessment highlighted the effective support that Management Board received from the Supervisory Board, which steered its activity during the most difficult periods of 2020. Full confidence is placed in the Management Board. The members of the Supervisory Board are satisfied with the way the Management Board has been functioning, particularly on the key issues of 2020, despite the health crisis and the extensive requirement for remote working.

Within the scope of continuous improvement, members of the Supervisory Board highlighted the growing importance of CSR issues for the Group and the need to set up a CSR committee.

2.2.3.9 Activity of the Supervisory Board

	2020	2019
Number of meetings	10[(1)]	14[(3)]
Average attendance rate	100%[(2)]	99%[(4)]

(1) This figure includes 3 of the 4 "exceptional" meetings, as defined in Section 2.3.9, that were held in 2020.
(2) The average attendance rate of Supervisory Board members excluding informal information sessions is 100%.
(3) This figure includes 4 "exceptional" meetings, as defined in Section 2.3.9, that were held in 2019.
(4) The average attendance rate of Supervisory Board members, excluding the "exceptional" meetings exceeded 98%.

Financial Information:

> Review of the Company and Consolidated annual financial statements for the year ended 31 December 2019, presented by the Management Board;
> Review of the quarterly information presented by the Management Board as at 31 March 2020 and 30 September 2020;
> Review of the half-year financial report as at 30 June 2020, presented by the Management Board;
> Review of forward planning documents;
> Approval of the press releases relating to financial information;

Shareholders' Meeting of 30 April 2020:

> Proposed allocation of the results for the year ended 31 December 2019;
> Review of the Company and Group management report approved by the Management Board;
> Review of the status of the Supervisory Board members' terms of office;
> Annual review of Supervisory Board members' independence and diversity measures put in place;
> Review of regulated agreements and commitments;
> Remuneration of executive Committee members and Supervisory Board members;
> Approval of the corporate governance report;
> Approval of resolutions relating to Company share transactions submitted by the Management Board to the General Meeting of Shareholders for approval;
> Review of the agenda and the motions submitted by the Management Board to the General Meeting of Shareholders for approval;
> Review of the outcome of voting at the General Meeting of Shareholders.

Governance:

> Nomination of new senior executives (Group Legal Director, Sustainable Development Director and R&D and Operations Director);

Other activities:

> Monitor the Group's position given the health and economic circumstances caused by Covid-19;
> Implementation and organisation of the Internal Communications crisis unit;
> Authorisation of various funding operations at Group level;
> Update the "Change to Win" strategic plan;
> Implementation of the buyback programme under the conditions set by the General Meeting of Shareholders on 30 April 2020.

2.2.4 Specialised Supervisory Board Committees

At its meeting of 17 September 2013, the Supervisory Board decided to create two specialised committees: an Audit Committee and a Nominations and Remuneration Committee. Over the course of 2018, the tasks and duties of the specialised committees evolved to reflect the importance of their respective involvement in risk management and governance. The committees are therefore currently: the Audit, Risks and Compliance Committee and the Nomination, Compensation and Governance Committee.

These specialised committees are responsible for presenting proposals, recommendations and opinions, as the case may be, to the Supervisory Board. Their tasks and duties do not divest the Management Board or the Supervisory Board of their powers, these Boards alone having decision-making powers in their respective areas of competence. Each of the specialised committees has drawn up Internal Regulations setting out the rules to be applied in conducting their work.

According to the committees' Internal Regulations, they are each composed of at least three members, of whom at least two thirds of the Audit, Risks and Compliance Committee and at least half of the Nomination, Compensation and Governance Committee (including the Chair) are independent members according to the independence criteria of the Afep-Medef Code. Committee members are chosen by the Supervisory Board from among its members, on proposal by the Nomination, Compensation and Governance Committee, taking particular account of their skills. The term of office of specialised committees members corresponds with their term of office as members of the Supervisory Board. Each Committee appoints its own Chairman, after consulting the Nomination, Compensation and Governance Committee. The administrative duties for committees meetings may be performed by any person designated by the Chairman of the committee or with the Chair's approval.

Committee meetings are called by their Chairman or secretary and the members may conduct meetings in person or by video or telephone conferencing under the same terms and conditions as the Supervisory Board, provided at least half of their members are present.

Minutes must be drawn up for every Committee meeting. The Chairman of the committee in question, or, in their absence, another member designated for that purpose, reports to the Supervisory Board on the work of the committee.

It is the intention to set up a new committee in 2021 to ensure better governance of matters relating to Corporate Social Responsibility within the Group.

In addition, and in accordance with the resolution passed by the Supervisory Board on 7 February 2019, ad hoc committees for specific projects may be set up on resolution by the Supervisory Board, following the opinion and recommendation of the Nomination, Compensation and Governance Committee.

The main tasks and duties of these Committees are described below, as set out in their Internal Regulations.

2.2.4.1 Audit, Risks and Compliance Committee

2.2.4.1.1 Composition and Operation

As at 31 December 2020, this Committee was set up as follows:

Member	Role	Independence
Guylaine Saucier	Chair	√
Françoise Leroy	Member	√
Julien Deconinck	Member	

The members of this Committee are chosen on the basis of their skills in financial and/or accounting matters, as presented in Section 2.2.3.6.

As at 31 December 2020, the proportion of independent members on this Committee was two-thirds and did not include any executive officer, in accordance with the Committee's Internal Regulations and the recommendations of the Afep-Medef Code.

This Committee meets as often as necessary and, in any event, at least twice a year in connection with the Group's preparation of its annual and half-year financial statements. Meetings are held prior to the Supervisory Board meeting and, where possible, at least two days prior to that meeting when the Committee's agenda includes examination of the financial statements.

2.2.4.1.2 Duties and Resources

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

The Committee's Internal Regulations set out its main duties as follows:

> **Financial information**:
- Monitoring the process of preparing financial information (in particular company and consolidated annual or half-year financial statements) accompanied by a presentation of the Company's significant off-balance sheet commitments and the accounting methods used;
- Monitoring the efficacy of internal-control, internal-audit and risk-management systems relating to financial and accounting information;

> **Risk management and compliance**:
- Regular review of risk mapping;
- Regular review of risk-management and internal-control systems operability;
- Monitoring the Group's exposure to the key risks, including those of a social and environmental nature;
- Reviewing and monitoring the Group's compliance systems;

> **Statutory Auditors**:
- Monitoring the statutory audit of the Company and consolidated financial statements by the Company's Statutory Auditors;
- Monitoring the independence of the Statutory Auditors.

In performing its duties, the Committee may ask the Management Board to provide it with any information it requires. Subject to giving prior notification to the Management Board or its Chairman, the Committee may also contact the senior executives of the Group and/or request external technical reviews of subjects within its remit, in which case it must report the findings to the Supervisory Board and the Management Board. Thus, the Committee may hear from the Statutory Auditors of the Company and Group companies, the chief financial, accounting and treasury officers and the head of internal audit. At the Committee's discretion, these hearings may be held without the presence of the Management Board members.

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

2.2.4.1.3 Activities during the 2020 financial year

	2020	2019
Number of meetings	6	8
Average attendance rate	100%	100%

The Committee met six times during the 2020 financial year (eight times in 2019), in particular prior to the Supervisory Board meetings convened to approve the financial statements prepared by the Management Board. It reported on its work to the Supervisory Board.

In 2020, the work of this Committee included the following:

> **Financial Information**:
- A review of the Company and consolidated annual financial statements for the year ended 31 December 2019;
- A review of the Management Board report;
- A review of the operating income, exceptional items, the financial and tax result, balance-sheet changes, the cash flow performance and the Group's debt position;
- A review of quarterly information as at 31 March 2020 and 30 September 2020;
- A review of the half-year Consolidated Financial Statements for the period ended 30 June 2020;
- A review of the press releases relating to financial information;
- Implementation of an action plan/monitoring for investment management and the operational working capital requirement (WCR).

> **Risk management and compliance**:
- A review of the 2019 internal audit plan's implementation and of the findings of internal audits;
- A review of the 2020 internal audit plan;
- A review of major risks and disputes;
- A review of the Group risk mapping;
- An editorial review of the Universal Registration Document 2020 relating to internal controls and risk management;
- A review of the findings of internal control self-assessments;
- A review of the progress of compliance programmes within the Group (including Sapin II, GDPR, competition, international sanctions);
- A review of the progress of major risk mitigation measures such as fire or cyberattack risks;
- A review of the non-financial reporting procedures (CSR).

> **Current and future regulations**:
- Annual review of the Audit Guidelines focusing on services other than certification of the accounts.

2.2.4.2 Nomination, Compensation and Governance Committee

2.2.4.2.1 Composition and Operation

As at 31 December 2020, this Committee was set up as follows:

Member	Role	Independence
Françoise Leroy	Chair	√
Didier Michaud-Daniel	Member	√
Sabine Roux de Bézieux	Member	√
Agnès Touraine	Member	

The members of this Committee are chosen on the basis of their skills in corporate governance, human resources and/or remuneration of executive corporate officers of listed companies.

As at 31 December 2020, the Committee was composed of a majority of independent members (75%), exceeding the requirements of the Afep-Medef Code.

This Committee meets as often as necessary and, in any event, at least once a year, prior to the Supervisory Board meeting called to decide on the status of its members based on the independence criteria and, in any event, in advance of any Supervisory Board meeting called to decide on the terms of office of members of the Supervisory Board and the Management Board, the allocation of remuneration to Supervisory Board members for their office (formerly, "attendance fees").

The Committee makes its recommendations on these matters to the Supervisory Board.

2.2.4.2.2 Duties

The principal task of the Committee is to assist the Supervisory Board with the composition of the governing bodies of the Company and the Group and to determine and regularly assess all the remuneration, benefits and/or indemnities awarded to Group executives.

The Committee's Internal Regulations set out its main duties as follows:

> **Functioning and composition of the Group's management and control bodies**:
- Establishment of a diversity policy within the Supervisory Board and monitoring of its implementation;
- Proposals for the appointment of independent members to the Supervisory Board and its committees and assessment of applications for non-independent Supervisory Board members;
- Proposals for the appointment of the members to the Management Board, executive officers and senior managers of the Group; in accordance with the recommendation of the Afep-Medef Code, the Chairman of the Management Board is involved in this part of the Committee's work;
- Annual assessment of the independence of Supervisory Board members;
- Annual assessment of the functioning of the Supervisory Board;

> **Remuneration for executive officers and senior managers of the Group**:
- A review and proposal to the Supervisory Board with respect to the remuneration envelope;
- A review and proposal to the Supervisory Board concerning all elements and conditions for remuneration of the executive officers and principal senior managers of the Group; The remuneration policy for executives is established taking into account practices in comparable companies; and,
- A review of any exceptional remuneration for exceptional assignments given by the Supervisory Board to any of its members;

> **Governance**:
- Preparation and monitoring of a succession plan for members of the Management Board as well as for the Group's senior executives;
- A review of the draft corporate governance report to be approved by the Supervisory Board.

2.2.4.2.3 Activities during the 2020 financial year

	2020	2019
Number of meetings	6	5
Average attendance rate	100%	100%

This Committee met 6 times during the financial year, including an exceptional meeting on 8 April to discuss the Group's continuity plan in light of the Covid-19 crisis. The Committee reported on its work to the Supervisory Board.

In 2020, the work of this Committee included the following:

Regarding the Management Board and the Group's senior executives, a review of:
- Executives' performance and remuneration;
- Short- and long-term performance criteria and their achievement;
- Succession plans for executives and nominations for recruitment to key posts;
- Diversity and gender equality in executive posts;
- Analysis of "Say on Pay" votes.

With regard to the Supervisory Board:
- A review of Nicolas Deconinck and Ségolène Le Mestre's applications for appointment to the Supervisory Board;
- Annual review of the independence of existing and new Supervisory Board members;
- A review of the offices and examination of the profiles of the Supervisory Board members whose terms of office are coming to an end;
- A review of the composition of the Supervisory Board and its diversity.

With regard to the General Meeting of Shareholders of 30 April 2020:
- Preparation and review of "Say on Pay" resolutions to be put to the shareholders' vote during the General Meeting of Shareholders of 30 April 2020;
- A review of the corporate governance report.

2.2.5 Group Executive Committee

Composition of the Group's Executive Committee as at 31 December 2020

The Group's Executive Committee is composed of the following persons:

Members	Nationality	Age	Function
Fabrice Barthélemy	French	52	Chairman of the Management Board
Raphaël Bauer	French	41	Member of the Management Board and Chief Financial Officer
Pierre Barrard	French	55	Director of Strategic Marketing, Digital & Innovation
Eric Daliere	American	53	Head of North America and Sport Divisions
Séverine Grosjean	French	49	Director of Human Resources and Communications
Audrey Dauvet	French	47	Group Legal Director
Arnaud Marquis	French	49	Director of Sustainable Development
Slavoljub Martinovic	Serbian	50	Head of Eastern European Division
Francesco Penne	French-Italian	49	Head of EMEA & LATAM Division
Carine Vinardi	French	47	Director of R&D and Operations

Meetings

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

Group Diversity and Non-discrimination Policy

Close attention is given to respecting diversity within the Group' governing bodies. In this respect, the Management seeks to achieve, in particular, gender equality in the senior executive recruitment process. Also, given the Group's global presence, emphasis is placed on the recruitment of international profiles with international experience. The Group adheres to the targets set out in the Afep-Medef Code regulation on equality within governing bodies.

Also, as the Group is keen to digitalise the HR function to facilitate equitable management of internal mobility and identification and development of skills and performance, it has deployed a global HR information system, to ensure consistency in personal development and career progression for all employees. This new solution was implemented on 7 December 2020.

2.3 Remuneration

It is pointed out that the Company refers to the Afep-Medef Code and is committed to continuously improve the quality of information relating to the remuneration of its company officers.

The remuneration policy for corporate officers is determined by the Supervisory Board, based on the recommendations of the Nomination, Compensation and Governance Committee, and is reviewed annually. It is subject to approval from the shareholders.

The tables in the sections below provide a summary of the remuneration and benefits of all kinds paid to the members of the Company's Management and Supervisory Boards.

The Company has put in place a Compensation Policy in order to recruit, develop, and retain its executives. This policy is based on the following principles:

1. Base salaries in line with market practices, in order to ensure that the Company remains competitive and attractive. This positioning is regularly reviewed through remuneration surveys conducted by specialised firms using a benchmark of comparable companies.

2. Variable remuneration based on annual objectives, in line with market practices, that reflect the Company's ambitious goals and expectations:
> Quantifiable criteria based on performance over the year as compared with budgetary commitments. These criteria (adjusted EBITDA and Operating Cash Flow) have been unchanged for more than ten years;
> Qualitative criteria that are precisely defined each year and reflect the Group's main challenges, and in particular those relating to corporate environmental and social responsibility.

3. Incentives to motivate and encourage retention in the medium term: Long Term Incentive Plans (LTIP), were put in place in July 2011 for the annual allocation of performance shares. The definitive acquisition of shares is subject to two cumulative conditions:
> Presence within the Company after 3 years, which encourages retention, and
> The Company's financial performance reflecting value creation.

For the plans established prior to 2018, performance is measured against achievement of the objectives laid down in the medium-term strategic plan with regard to EBITDA growth and debt reduction.

For 2018-2021 and 2019-2022 LTI Plans, this criterion accounts for 80% and an external criterion, the Company TSR (Total Shareholder Return) compared to the French SBF120 index TSR has been introduced, accounting for 20%.

For the 2020-2023 LTI Plan, the performance criteria are the adjusted EBITDA margin accounting for 60%, the relative TSR compared to an international panel of comparable Groups accounting for 20% and two CSR criteria accounting for 10% each (reduction in greenhouse gas emissions and proportion of recycled products).

The actual distribution rate compared with the target amount allocated was:

2013-2016 LTIP	2014-2017 LTIP	2015-2018 LTIP	2016-2019 LTIP	2017-2020 LTIP
45%	53%	79%	37%	35%

With regard to plans under vesting period, the target capital amount was:

2018-2021 LTIP	2019- 2022 LTIP	2020- 2023 LTIP
0.6%	0.6%	0.8%

It should be noted that in 2020, the proportion of the Chairman of the Management Board's remuneration linked to performance-based conditions was 68%.

4. Unlike most listed companies of comparable size, the Group to date has chosen not to set up a supplementary retirement plan.

5. Gender equality, particularly in terms of remuneration

It should be noted that in the context of the 2020 health and economic crisis:
> The Company resorted to part-time unemployment and reduced the fixed remuneration of the members of the Management Board in April and May in line with the efforts required from everyone to reduce costs. The remuneration of the members of the Supervisory Board, including that of the Chairman, was reduced by 20% for the full year.
> In addition, the structure and objectives of the short- and long-term variable remuneration remained unchanged, as determined before the crisis.

2.3.1 Summary table of remuneration paid to members of the Management Board for the 2019 and 2020 financial years

The following table provides a summary of the remuneration and shares awarded to Fabrice Barthélemy, Raphaël Bauer and Sharon MacBeath during the financial years ended 31 December 2019 and 2020.

Table 1 - Summary of remuneration, share options and shares awarded to each Member of the Management Board (French Financial Markets Authority (AMF) nomenclature)

(in euros)	2020 financial year	2019 financial year
Fabrice Barthélemy, Chairman of the Management Board [1]		
Remuneration allocated for the financial year	1,274,430	1,058,418
Valuation of stock options granted during the year	N/A	N/A
Valuation of performance-based shares granted during the year [2]	517,000	631,680
Total	**1,791,430**	**1,690,098**
Raphaël Bauer, member of the Management Board since 1 May 2019[3]		
Remuneration allocated for the financial year	361,267	324,250
Valuation of stock options granted during the year	N/A	N/A
Valuation of performance-based shares granted during the year [2]	112,800	197,400
Total	**474,067**	**521,650**
Sharon MacBeath, member of the Management Board until 30 April 2019 included		
Remuneration allocated for the financial year	N/A	106,625
Valuation of stock options granted during the year	N/A	N/A
Valuation of shares granted during the year	N/A	N/A
Total	**N/A**	**106,625**

[1]Fabrice Barthélemy was interim Chairman of the Management Board from 18 September 2018, to 13 January 2019. The 2019 remuneration shown are a combination of his remuneration as interim Chairman of the Management Board from 1 January 2019, until 13 January 2019 included, and those awarded to him as Chairman of the Management Board from 14 January 2019. These amounts also include pro rata temporis exceptional annual remuneration of €120,000 for the additional responsibilities he had to assume as interim Chairman of the Management Board during the transitional period in addition to his responsibilities as President of the EMEA and Latin America Division. The exceptional annual remuneration granted (pro rata temporis) to Fabrice Barthélemy for the period from 1 to 13 January 2019 included, was approved by the Annual General Meeting of Shareholders of 26 April 2019. The Supervisory Board definitively appointed Fabrice Barthélemy as Chairman of the Management Board from 14 January 2019, and set his gross annual fixed remuneration at €575,000, which was approved by the General Meeting of Shareholders on 26 April 2019 and not reviewed in 2020. The remunerations assigned in 2020 do not include the reductions that were applied in April and May 2020 due to the Covid-19 crisis.
[2]Fair value valuation used for Consolidated accounts
[3]The term of office of Raphaël Bauer as a member of the Management Board began on 1 May 2019. The remuneration for 2019 is however shown on an annual basis.

2.3.2 Remuneration for members of the Management Board for financial years 2019 and 2020

The following table provides a breakdown of the fixed and variable remuneration components and other benefits awarded to Fabrice Barthélemy, Raphaël Bauer and Sharon MacBeath in the financial years ended 31 December 2019 and 2020.

Table 2 - Summary of remuneration for each Management Board member (French Financial Markets Authority (AMF) nomenclature)

(in euros)	2020		2019	
	Amount allocated[2]	**Amount paid[3]**	**Amounts allocated[2]**	**Amount paid[3]**
Fabrice Barthélemy, Chairman of the Management Board				
Fixed remuneration[1]	575,000	555,833	570,548	570,548
Annual variable remuneration[1]	699,430	483,596	483,596	139,706
Exceptional remuneration[1] [4]	-	-	4,274	38,574
Benefits in Kind	3,216	3,216	3,313	3,313
Total	1,277,646	1,042,645	1,061,731	717,841
Raphaël Bauer[5]				
Fixed remuneration[1]	245,000	239,738	240,000	240,000
Annual variable remuneration[1]--	116,267	84,250	84,250	29,592
Exceptional remuneration	-	-	-	-
Benefits in Kind	2,078	2,078	1,929	1,929
Total	363,345	326,066	**326,179**	271,521
Sharon MacBeath				
Fixed remuneration[1] [6]	-	-	108,800	108,800
Annual variable remuneration[1] [6]	_	34,680	51,000	76,688
Exceptional remuneration[1] [7]	-	-	109,712	109,712
Benefits in Kind	-	-	2,175	2,175
Total		34,680	271,687	297,375

[1]Based on gross remuneration before tax.
[2]Remuneration allocated for offices held during the financial year, regardless of the date it was paid.
[3]Remuneration paid the financial year. Remuneration paid in 2020 does not include the reductions that were applied in April and May 2020 due to the Covid-19 crisis.
[4]The amount assigned in 2019 corresponds to the exceptional remuneration awarded between 1 and 13 January inclusive, for his role as interim Chairman of the Management Board.
[5]Raphaël Bauer is a member of the Management Board since 1 May 2019. The salary he received under his employment contract was not affected by this appointment. The remuneration for 2019 is shown on an annual basis.
[6] This relates to a pro rata remuneration up to her departure from the company on 30 April 2019. The 2020 amount corresponds to the achievement of 2019 Financial Objectives pro rata for time of employment.
[7]Corresponds to the balance of all accounts due (including paid holidays).

Remuneration paid to Fabrice Barthélemy, Chairman of the Management Board

The remuneration payable to Fabrice Barthélemy in 2020 for his office as Chairman of the Management Board (including the interim period) was approved by the Supervisory Board on 13 February 2020, on proposal by the Nomination, Compensation and Governance Committee and approved by the General Meeting of Shareholders of 30 April 2020. Having decided, on 23 October 2019, to renew his term of office as Chairman of the Management Board, the Supervisory Board has maintained his remuneration.

This remuneration consists of:

> A fixed annual amount of €575,000; Fabrice Barthélemy waived 20% of his fixed remuneration during the months of April and May 2020, in solidarity with Group employees who were reduced to part-time working or furloughed during this period. He informed the Nomination, Compensation and Governance Committee on 8 April 2020, who communicated this information to the Supervisory Board. The Board acknowledged this decision at its meeting on 9 April 2020.

> A variable amount capped at 170% of his base salary, with a payment of 100% of his base salary if the objectives are achieved in full, to be paid no later than the month following the General Meeting of Shareholders authorising this variable component for the previous year. The award criteria are reviewed each year by the Nomination, Compensation and Governance Committee and the amount is set by the Supervisory Board on proposal by the Committee. The criteria are detailed below.

> No exceptional remuneration was awarded to Fabrice Barthélemy for the financial year ended 31 December 2020.

Fabrice Barthélemy has the use of a company car.

Remuneration of Raphaël Bauer

Raphaël Bauer receives no remuneration or benefits for his office as a Member of the Management Board.

Raphaël Bauer concluded an employment contract with the Company for his duties as Chief Financial Officer. Under this contract, he received a fixed annual salary, as well as variable remuneration. The award criteria are reviewed annually by the Nomination, Compensation and Governance Committee and the amount is fixed by the Supervisory Board, on proposal by the Committee. Those criteria are set out below.

Raphaël Bauer's fixed gross remuneration amounts to 245,000 euros. However, it dropped by 14% during the months of April and May 2020, in solidarity with Group employees who were reduced to part-time working or furloughed during that period.

The variable remuneration paid to Raphaël Bauer may vary between 0% and 68% of the fixed portion of his salary depending whether or not the objectives set by the Supervisory Board are achieved or exceeded, i.e., 40% of his base salary if the objectives are met in full.

No exceptional remuneration was awarded to Raphaël Bauer for the financial year ended 31 December 2020.

Raphaël Bauer has the use of a company car.

Criteria for the variable remuneration for members of the Management Board

Members of the Management Board receive fixed remuneration, as well as variable remuneration. This applies to the Chairman of the Management Board during their term of office, and to the other members of the Management Board for the term of their employment contract. The award criteria are reviewed each year by the Nomination, Compensation and Governance Committee and the amount is set by the Supervisory Board on proposal by the Committee.

Variable remuneration may be adjusted by the Supervisory Board on an exceptional basis, under the conditions set out in section 2.6.1 below.

In 2020, variable remuneration was determined as follows:

> 70% for the achievement of financially quantifiable objectives set within the budget that was approved by the Supervisory Board on 15 December 2020:
  - Adjusted EBITDA budget: 2020 target amount of 310 million euros - weight 40%;
  - Operating cash flow: 2020 target amount of 170 million euros - weight 30%;
  - Each multiplied by a coefficient of 0% to 200%;

> 30% for the achievement of individual objectives, multiplied by a coefficient of 0% to 100%.

Despite the Covid-19 crisis, these criteria, weight and targets remained unchanged.

In 2020:

> Fabrice Barthélemy's individual objectives were:
  - Reorganise the North American Division and instigate its recovery;
  - Implement a G&A costs reduction plan;
  - Define the strategy with a focus on prioritisation and streamlining;
  - Strengthen the CSR strategy in the following areas: Safety, reduction of greenhouse gas emissions, circular economy and compliance.

> Raphaël Bauer's individual objectives focused on the financing structure of the Group, the implementation of savings and the development of corruption prevention.

The table below summarises the achievement of variable remuneration criteria for Fabrice Barthélemy and Raphaël Bauer:

2020 Group Criteria	Reference	Minimum	Target (100% of objectives achieved)	Maximum	Rate of Achievement in 2020
Quantifiable criteria					
Consolidated adjusted EBITDA	Budget	0%	40%	80%	79%
Operating Cash Flow	Budget	0%	30%	60%	200%
Sub-total for the quantifiable criteria		0%	70%	140%	131%
Qualitative criteria	(see details in 2.6)	0%	30%	30%	See table below
Total		**0%**	**100%**	**170%**	

The table below provides a breakdown of the individual performance goals achieved and the overall level of achievement for the purposes of the variable remuneration:

	Target variable remuneration as a % of fixed remuneration	Rate of achievement in 2020 as a % of the target		Variable remuneration due for 2020 as a % of fixed remuneration
		Quantifiable criteria(70%)	Qualitative criteria(30%)	
Fabrice Barthélemy	100%	131%	100%	122%
Raphaël Bauer	40%	131%	90%	47%

In response to the health crisis, Tarkett implemented a set of strong measures to reduce the negative impact on its operational performance and cash flow. These measures resulted in the adjusted EBITDA being well maintained. It also benefited from structural operations implemented within the scope of the “Change to Win” strategy since 2019 and positive material effects. Significant cost reductions were made over the course of the year and the adjusted EBITDA margin grew despite the drop in turnover. The Group also closely managed the working capital requirement and reduced investment expenditure over the year following some significant investments in 2018 and 2019. These combined actions enabled the Group to generate high free cash flow and substantially reduce its debt. Moreover, it is noted that the 2020 financial objectives for variable remuneration did not change from the targets originally set by the Supervisory Board on 18 December 2019.

2.3.3 Share subscription or purchase options awarded in 2020 to each member of the Management Board by the Company or any Group entity

No share subscription or purchase options were awarded to members of the Management Board in 2020.

2.3.4 Share subscription or purchase options exercised in 2020 by each member of the Management Board

Not applicable

2.3.5 Performance shares awarded to Company directors in 2020

Table 7 below details the amounts definitively vested for the members of the Management Board under the 2017-2020 Long-term Incentive Plan, within the meaning of Articles L.22-10-59 et seq. of the French Commercial Code (formerly L.225-197-1 of the French Commercial Code), due to mature in July 2020.

Table 6 below sets out the performance shares awarded on 30 July 2020, falling within the scope of Articles L.22-10-59 et seq. of the French Commercial Code (formerly L.225-197-1 of the French Commercial Code), and authorised under the 17th resolution of the General Meeting of Shareholders of 30 April 2020.

Table 7 - Performance shares made available during the financial year for each corporate executive officer (French Financial Markets Authority (AMF) nomenclature)

Name of company officer	Number of performance shares initially awarded	Percentage achievement of the performance criteria	Number of performance shares vested during 2020
2017-2020 LONG-TERM INCENTIVE PLAN			
Fabrice Barthélemy	20,000	50%	10,000
Raphaël Bauer	7,000	50%	3,500
Total	**27,000**	**50%**	**13,500**

Calculation of the level of achievement for the 2017-20120 LTI plan was based on a theoretical shareholder value creation indicator.

The theoretical shareholder value is calculated as follows:

Adjusted EBITDA (audited and published financial aggregate) X **multiple of valuation** (based on market multiples) - **Net debt** (audited and published financial aggregate) - **Other debt** (pension debt and option to purchase minority interests).

The target theoretical shareholder value is defined in the strategic three-year plan, by applying the above formula and allowing for the adjusted EBITDA and net debt targets set by the plan.

The strategic plan and its objectives are reviewed and approved by the Supervisory Board.

The theoretical value creation is measured on the basis of the difference between the theoretical shareholder value for the year in which the plan comes to an end (2019 in the case of the 2017-2020 LTI plan, calculated on the basis of the audited and published aggregates) and the theoretical shareholder value for the reference year for the plan (2016 in the case of the 2017-2020 LTI plan, based on the audited and published aggregates).

If dividends were paid to shareholders in the years covered by the plan, they are reincorporated into the value creation for the period.

The EBITDA multiple used to calculate the theoretical shareholder value actually reached is the same as that set in the strategic plan.

The achievement rate obtained through application of this formula for the 2017-2020 LTI plan is 0%, mainly due to the significant disparity between the EBITDA achieved in 2019 and the plan objective. In this case, the minimum rate of 50% applies, as defined in the plan procedures. This rate was confirmed by the Supervisory Board on 23 June 2020, following a prior review by the Nomination, Compensation and Governance Committee.

Table 6 - Performance shares awarded during the financial year to each corporate executive officer by the issuer and by any Group company (French Financial Markets Authority nomenclature)

Name of company officer	Number of shares allocated in the financial period	Value of the shares applying the method used for the consolidated accounts(€)	Acquisitiondate	Availability date	Performance conditions
2020-2023 LTIP					
Fabrice Barthélemy	55,000	517,000	1 August 2023	1 August 2023	Adjusted EBITDA margin: weight 60%, target 12% [1] relative TSR (Total Shareholder Return): weight 20%, target 100% of the panel [2] lower greenhouse gas emissions: weight 10%, target 90% [3] proportion of products recycled: weight 10%, target 150,000 tons [4]
Raphaël Bauer	12,000	112,800	1 August 2023	1 August 2023	Adjusted EBITDA margin: weight 60%, target 12% [1] relative TSR (Total Shareholder Return): weight 20%, target 100% of the panel [2] lower greenhouse gas emissions: weight 10%, target 90% [3] proportion of products recycled: weight 10%, target 150,000 tons [4]
Total	**67,000**	**629,800**			

[1] The adjusted EBITDA is the profit from operations before impairment losses, depreciation and amortisation less the following revenues and expenses: Restructuring costs aiming to improve the future profitability of the Group, capital gains and losses made on substantial disposals of assets, provisions and provision write-backs or loss of value, costs relating to business combinations and legal restructuring, expenditure related to remuneration in shares and other occasional items that, by their nature are considered to be non-recurring. The EBITDA margin is the amount of EBITDA as a percentage of the total turnover of the Group. This criterion will be fully met at the end of 2022 of the adjusted EBITDA margin is 12%.

[2] Tarkett's TSR (Total Shareholder Return) measures, as a percentage, the change in the average share price over the course of the last 20 days on the stock market in 2022, compared to the average share price over the course of the last 20 days on the stock market in 2019, including dividends paid out during that period. This change is compared to the weighted change in the share price over the course of the last 20 days of 2022, compared to the average share price over the course of the last 20 days on the stock market in 2019, including dividends paid out during that period, by a panel of flooring and building materials Companies. The panel is composed of the following Companies: Mohawk Industries Inc., Wienerberger SA, Imerys SA, Forbo Holding AG, Vicat SA, Polypipe Group PLC, Interface Inc., Uponor Oyj, Victoria PLC, Balta Group NV and Armstrong Florring Inc. The Companies on this panel and their weighting may be reviewed by the Management Board, subject to the agreement of the Supervisory Board, in the event of major changes affecting one or more of the Companies.

[3] The CSR criterion for the reduction in greenhouse gas emissions compares greenhouse gas (GHG) emissions in 2022 in equivalent tons of CO2, measured over Scopes 1 and 2, to the same GHG emissions in 2019. This criterion will be fully met if the GHG emissions in 2022 achieve 90% of the 2019 level.

[4] The CSR criterion for proportion of recycled products is the number of tons of raw materials used within the Group to manufacture our products using a post-industrial, post-installation, or post-use source of recycling (including components), or the purchase of recycled raw materials. This criterion will be fully met if 150,000 tons of material is recycled in 2022.

2.3.6 History of the award of share subscription or purchase options

No stock subscription or purchase options were granted during the fiscal years ended 31 December 2020, 2019, and 2018.

There was no stock subscription or purchase option plan in effect as at 31 December 2020.

2.3.7 Share subscription or purchase options awarded to the top ten employees

No stock subscription or purchase options were granted during the fiscal years ended 31 December 2020, 2019, and 2018. There was no stock subscription or purchase option plan in effect as at 31 December 2020.

2.3.8 Employment contracts, retirement payments, and severance payments for members of the Management Board

Table 11 - Employment contracts, retirement benefits, and severance payments for members of the Management Board (French Financial Markets Authority (AMF) nomenclature)

Members of the Management Board	Employment contract	Supplementary pension plan	Payments or other benefits due or likely to be due as a result of termination or change of office	Payments under a non-compete clause
Fabrice Barthélemy *Chairman of the Management Board (including* the period from 1 to 13 January 2019) Start of the term of office: 23 May 2008[(2)] End of office: 27 October 2022	No[(1)]	No	Yes	Yes
Raphaël Bauer Member of the Management Board and Chief Financial Officer Start of the term of office: 1 May 2019 End of office: 27 October 2022	Yes	No	No	Yes

[(1)]Following the definitive appointment of Fabrice Barthélemy as Chairman of the Management Board on 14 January 2019, he resigned and ceased to have an employment contract with the Company from 15 January 2019.
[(2)]Start of office as a member of the Management Board.

2.3.8.1 Supplementary pension plan

No members of the Management Board received a supplementary pension plan in 2020.

2.3.8.2 Payments or other benefits due or likely to be due as a result of termination of office

As Chairman of the Management Board, Fabrice Barthélemy has had a forced departure clause since 14 January 2019.

This forced departure payment, which is subject to the performance criteria set out below, equates to two years of the gross fixed and variable remuneration received by Fabrice Barthélemy in the 12 months prior to his forced departure from his office as Chairman of the Management Board.

It is subject to a performance criterion, measured on the basis of the level of achievement of the annual objectives set by the Supervisory Board, on proposal by the Nomination, Compensation and Governance Committee, which serve to calculate the variable remuneration. It is equivalent to the average performance achieved by Fabrice Barthélemy over the 3 calendar years preceding his departure. If the departure occurs within three calendar years of his appointment, performance is measured on the basis of the level of achievement of the annual objective used to calculate the variable component of his remuneration as Chairman of the Management Board (i.e., from his appointment on 14 January 2019).

The forced departure payment is subject to a performance level of between 50% and 100%. If the performance level is less than 50%, no payment is due, and if the performance level is equal to 100% or above, the payment is due in full. It is calculated strictly in proportion to the performance level amount. (For example: if the performance level is 90%, the forced departure payment due equates to 90% of the amount.)

This severance is due, subject to the achievement of the performance criteria, in the event of forced departure of the corporate officer, including, in particular, because of a change of control or a disagreement as to strategy, on the initiative of the Supervisory Board, regardless of whether the officer's term was terminated early or not renewed.

No forced departure payment is due if Fabrice Barthélemy has committed gross misconduct (defined as wrongdoing of an extremely serious nature preventing any continuation of the corporate office) or serious misconduct (defined as wrongdoing of an extremely serious nature committed by an officer with the intention of harming the Company) or has the possibility of claiming his pension rights in the near future.

Should Fabrice Barthélemy be eligible for both the forced departure payment and the non-compete payment, the total amount that he would receive is limited to two years of the gross fixed and variable remuneration received in the 12 months prior to his forced departure from his office as Chairman of the Management Board.

2.3.8.3 Unemployment insurance for corporate officers

The Company took out an unemployment insurance policy for corporate officers for Fabrice Barthélemy, providing him with cover in the event of his forced departure (under an "F 70" policy, with the period of cover being extended to 24 months in accordance with the rules currently in effect).

2.3.8.4 Payments under a non-compete clause

Following his appointment as Chairman of the Management Board on 14 January 2019, the Supervisory Board has put in place a non-compete payment for Fabrice Barthélemy that equates to the gross fixed and variable remuneration received in the twelve months prior to his departure from office as Chairman of the Management Board and is payable in 24 monthly instalments over the duration of the non-compete clause.

It is pointed out that the Company reserves the right to waive this clause within a reasonable time, as decided by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee.

In accordance with the recommendations of the Afep-Medef Code referred to by the Company, no non-compete payment is due if, on departure, the Chairman of the Management Board has the possibility of invoking his retirement rights within a short time frame, has claimed his pension rights, or has reached the age of 65.

The non-compete payment will be deducted from the forced departure payment, so that the total amount due for both does not exceed 2 years of the gross fixed and variable remuneration received by Fabrice Barthélemy in the 12 months preceding his departure from his office as Chairman of the Management Board.

Under the non-compete clause, Raphaël Bauer would receive a fixed monthly amount, for a maximum of two years, equating to half his monthly salary calculated on the basis of the average gross fixed and variable remuneration (excluding benefits in kind) in the 12 months preceding termination of his employment contract. The Company reserves the right to waive the benefit of the non-compete clause.

2.3.9 Remuneration of members of the Supervisory Board and its Chair

2.3.9.1 Remuneration policy

The total remuneration package to be paid to members of the Supervisory Board was set by the General Meeting of Shareholders at a fixed total amount of €500,000.

Based on the recommendations of the Nomination, Compensation and Governance Committee, the Supervisory Board, which met on 13 February 2020, reconfirmed, for 2020, the rules for the allocation of the remuneration granted to members of the Supervisory Board and the committees for the offices they hold (formerly "attendance fees").

Following the decision by the Supervisory Board on 9 April 2020, approving the recommendation of the Nomination, Compensation and Governance Committee, the allocation of this sum was amended in the following way:

> a 20% decrease in the annual remuneration to be given to the Member of the Supervisory Board in solidarity with the Group's employees in the context of the health crisis.

The budget for the year 2020 was therefore allocated as follows:
Remuneration by office held

Title	**Annual base** *(in euros)*
Member of the Supervisory Board	28,000*
Chairman of the Supervisory Board	35,000
Deputy **Chairman** of the Supervisory Board	10,000
Chairman of a specialised committee	15,000
Member of a specialised committee	7,000
Participation in a non-permanent ad-hoc committee *(annual package allocated in proportion to the number of meetings and time devoted)*	60,000
Penalties applied in the event of absence	
Absence from a specialised committee meeting	1,000
Absence from a Supervisory Board meeting	3,000

*this amount includes an exceptional reduction of 20% applied in solidarity with the Group's employees

It is specified that the observers and the members of the Supervisory Board representing employees do not receive any remuneration for the offices they hold. However, the Supervisory Board may authorise the reimbursement of any expenses they incur in performing those offices.

At its meeting of 3 December 2018, the Supervisory Board clarified that it would be legitimate not to apply the criterion of actual presence to so-called "exceptional" meetings, i.e. to meetings convened at short notice, for reasons beyond the control of the Company, due to the urgency of decisions that must put to the Supervisory Board and that have been brought late to the attention of the Company. If certain Supervisory Board members are unable to attend because the meetings were convened late, the absence penalties would not be applied.

In order to take into account the creation of a specialised Corporate Social Responsibility Committee (the "CSR Committee"), the Supervisory Board decided, on the proposal of the Nomination, Remuneration and Governance Committee, during its meeting on 18 February 2021, to submit an amendment to the General Meeting of Shareholders regarding to remuneration policy of Supervisory Board members, which would be set in the following way, as of 1 January 2021:

- the maximum remuneration paid to members of the Board according to their term would be increased to €550,000 per year versus €500,000 previously;
- with the exception of the stipulations relating to the CSR Committee, the remuneration of the members is unchanged, namely:
- Each Member of the Supervisory Board receives €35,000 annually;
  - A penalty of €3,000 is applied if a member fails to attend a duly convened meeting of the Supervisory Board;
- An additional €35,000 a year are paid to the Chairman of the Supervisory Board;
- An additional €10,000 a year are paid to the Deputy Chairman;
- €7,000 per year will be paid to each member of the Nomination, Remuneration and Governance Committee and the Audit, Risk and Compliance Committee;
  - A penalty of €1,000 is applied if a member fails to attend a duly convened meeting of a specialised committee;
- An additional €15,000 per year will be paid to the Chairs of these two Committees;
- concerning the specific case of the CSR Committee: €2,000 per year will be paid to each member and an additional €5,000 per year will be paid to the Chairman of this Committee;
  - A penalty of €1,000 is applied if a member fails to attend a duly convened meeting of the Supervisory Board; and
- The remainder of the €550,000 sum, after remuneration for participation on the Boards and specialised committees, may be distributed between members of the Supervisory Board who participate in temporary "ad hoc" committees to analyse specific, significant Group projects, instigated by a decision of the Supervisory Board. The amount to be paid in this regard, distributed in proportion to the number of meetings and the time allocated, will be decided by the Supervisory Board, on proposal by the Nomination, Remuneration and Governance Committee

2.3.9.2 Remuneration paid or allocated in the 2019 and 2020 financial years

The table below sets out the remuneration paid or allocated to members of the Supervisory Board in the 2020 financial year for their offices, applying the remuneration policy that was approved at the General Meeting of Shareholders on 30 April 2020, taking into account the fact that two ad hoc committees were set up in 2020.

The table below sets out the remuneration awarded to Supervisory Board members for the offices they hold (formerly "attendance fees") and other types of remuneration received by those members.

Table 3 - Summary of remuneration for each member of the Supervisory Board (French Financial Markets Authority nomenclature) *(in euros)*

Members of the Supervisory Board	Gross amounts allocated for FY 2020	Gross amounts allocated for FY 2019
Eric La Bonnardière - *Chairman of the Supervisory Board*		
Remuneration awarded for the office held	63,000	85,000
Other remuneration	-	-
Didier Deconinck - *Deputy Chairman of the Supervisory Board*		
Remuneration awarded for the office held	38,000	47,500
Other remuneration	-	-
Eric Deconinck		
Remuneration awarded for the office held	9,282[(1)]	35,000
Other remuneration	-	-
Julien Deconinck		
Remuneration awarded for the office held	35,000	42,000
Other remuneration	-	-
Nicolas Deconinck		
Remuneration awarded for the office held	18,795[(1)]	-
Other remuneration	-	-
Jacques Garaïalde		
Remuneration awarded for the office held	-	10,623[(1)]
Other remuneration	-	-
Jean-Hubert Guillot		
Remuneration awarded for the office held	-[(2)]	-[(2)]
Other remuneration	-[(3)]	-[(3)]
Ségolène Le Mestre		
Remuneration awarded for the office held	-[(2)]	N/A
Other remuneration	-[(3)]	N/A
Françoise Leroy		
Remuneration awarded for the office held	57,000	104,000
Other remuneration	-	-
Didier Michaud-Daniel		
Remuneration awarded for the office held	35,000	25,652[(1)]
Other remuneration	-	-
Sabine Roux de Bézieux		
Remuneration awarded for the office held	35,000	42,000
Other remuneration	-	-
Guylaine Saucier		
Remuneration awarded for the office held	50,000	57,000
Other remuneration	-	-
Agnès Touraine		
Remuneration awarded for the office held	35,000	42,000
Other remuneration	-	-

(1) Applied pro rata temporis in the event of appointment, resignation, or change of office during the year as set out in Section 2.2.3.3.
(2) Employee representative member – employee representatives do not receive remuneration for the office as member of the Supervisory Board.
(3) Jean-Hubert Guillot and Ségolène Le Mestre each receive remuneration under the terms of the employment contract with the Company. This remuneration is not linked to the corporate office they hold and is not the subject of a disclosure.

2.4 Other information about corporate officers

2.4.1 Holdings in the Company's share capital held, directly or indirectly, by Management Board and Supervisory Board members.

As at 31 December 2020, Management Board and Supervisory Board members' direct or indirect holdings in the Company's share capital were as follows:

Corporate officers	Number of common shares	Percentage of share capital	Number of voting rights	Percentage of actual voting rights	Number of shares awarded under incentive schemes[(2)]		
					2020-2023 LTIP	2019-2022 LTIP	2018-2021 LTIP
Members of the Management Board							
Fabrice Barthélemy[(1)]	**60,739**	**0.09%**	**103,606**	**0.11%**	**55,000**	**32,000**	**22,000**
Raphaël Bauer	7,451	0.01%	10,102	0.01%	12,000	10,000	8,000
Members of the Supervisory Board							
Eric La Bonnardière[(3)]	17,971	0.03%	18,571	0.02%	-	-	-
Didier Deconinck[(3)]	1,036	0.00%	2,036	0.00%	-	-	-
Julien Deconinck[(3)]	1,000	0.00%	2,000	0.00%	-	-	-
Nicolas Deconinck[(3)]	5,437	0.01%	5,437	0.01%	-	-	-
Jean-Hubert Guillot [(4)]	1,547	0.00%	2,114	0.00%	-	-	-
Ségolène Le Mestre	0	0.00%	0	0.00%	800	300	-
Françoise Leroy	1,035	0.00%	2,035	0.00%	-	-	-
Didier Michaud-Daniel	1,000	0.00%	1,000	0.00%	-	-	-
Sabine Roux de Bézieux	1,035	0.00%	2,035	0.00%	-	-	-
Guylaine Saucier	1,000	0.00%	2,000	0.00%	-	-	-
Agnès Touraine	1,129	0.00%	1,929	0.00%	-	-	-
Total	**100,380**	**0.15%**	**152,865**	**0.16%**	**67,800**	**42,300**	**30,000**

(1) Shares held by corporate officers and related persons.
(2) The number of performance shares that will be definitively awarded under the, 2018-2021, and 2019-2022 LTIPs may vary between 0.5 and 1.5 times the number of shares initially granted, as indicated in this table, depending on the Company's performance.
(3) Didier and Julien Deconinck and Eric La Bonnardière direct and indirect shareholders of the "Société Investissement Deconinck" investment company - SID, which holds 33,222,659 shares in the Company. In addition, Didier Deconinck is an associate of the company DDA which holds 298,594 shares in the Company as of 31 December 2020.
(4) The allocation of performance shares to Jean-Hubert Guillot under LTI Plans 2018-2021, 2019-2022 et 2020- 2023 have been removed following his resignation.

2.4.2 Share subscription or purchase options

As at 31 December 2020, no members of the Management Board or the Supervisory Board held share subscription or purchase options.

2.5 Performance shares (LTIP)

Since 2011, as part of its policy to motivate and encourage the loyalty of its management teams, the Company has put Long-term Incentive Plans (LTIPs) in place, on an annual basis.

The number of beneficiaries is growing continuously, with an increase of more than 60% over 5 years.

LTIPs are built on the principle of Company share allocation depending on performance and on the presence of the beneficiary for the 3-year term of the plan. Until the 2014-2017 LTIP, the plans could also be unwound by their cash equivalent. This has no longer been the case, since the 2015-2018 LTI plan.

The vesting period of the plan (3 years) is the same whether the beneficiaries are in France or abroad.

The performance criteria are applicable to all performance shares awarded and to all beneficiaries.

It is formally stated that the Chairman of the Management Board shall not use hedging instruments on performance shares throughout his term in office. It is specified that the settlement of these plans expressly provide that, in accordance with the recommendation of the Afep-Medef Code, the Management Board members must not resort to hedging instruments on their performance shares. The use of hedging instruments is prohibited for members of the Group's Executive Committee. They are also subject to closed periods and abstention periods.

As at 31 December 2020, three Long-term Incentive Plans could result in the allocation of Company's shares. These are the 2018-2021, 2019-2022 and 2020-2023 Long-term Incentive Plans, each corresponding to the year in which the plan was put in place and the year in which the allocation vests.

These shares are definitively allocated on the date shown in Table 9 below, depending on presence and performance conditions and with no retention conditions, except the retention obligation set out below.

These LTIPs are Company performance incentive plans under the system described in article L. 22-10-59 of the French Commercial Code, which allows for the allocation of free shares.

These free allocations relate to shares that must exist on the day of their definitive allocation.

Table 9 - History of performance share allocations (French Financial Markets Authority (AMF) nomenclature)

	2018-2021 LTIP	2019-2022 LTIP	2020-2023 LTIP
Date of the General Shareholders' Meeting	26 April 2018	26 April 2019	30 April 2020
Date of Management Board's resolution	25 July 2018	24 June 2019	30 July 2020
Number of shares potentially awarded[(1)]	400,000	400,000	500,000
Number of shares awarded to:			
> *Fabrice Barthélemy*	*22,000*	32,000	55,000
> *Raphaël Bauer*	*8,000*	10,000	12,000
Share vesting date	1 July 2021	1 July 2022	1 August 2023
Retention period end date	1 July 2021	1 July 2022	1 August 2023
Performance conditions	[(2)]	[(2)]	[(2)]
Number of shares vested as of the filing date for this Universal Registration Document.	**1,200**[(3)]	**0**	**0**
Cumulative number of cancelled or expired shares	**109,423**	**37,780**	**12,600**
Number of performance shares remaining at 31 December 2020	**254,677**	**343,865**	**482,900**

[(1)]The number of shares potentially allocated corresponds to the total package approved by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee, and to a performance achievement of 100%, which may vary by 50% for 2018- 2021 and 2019- 2022 plans and 40% for the 2020- 2023 plan, up to 150% depending on the performance calculation.[(2)]The performance criteria are shown in Sections 2.5.1 "2018-2021 LTIP", 2.5.2 "2019-2022 LTIP" and 2.5.3 "2020-2023 LTIP" below.[(3)]These shares were acquired by heirs following the death of a beneficiary in April 2019, in accordance with LTI Plan Regulations.

Retention requirement

Under the arrangements for Long-term Incentive Plans (LTIP), Fabrice Barthélemy must retain Company shares equating to 50% of the awarded shares (after payment of tax and employment-related charges), for the term of his office as Chairman of the Management Board. It should be noted that this retention requirement applies to a number of Tarkett shares to be held until the end of his term of office. In addition, members of the Management Board and of the Group Executive Committee must retain 33% of the Company shares allocated to them (after payment of tax and employment-related charges) for the terms of their respective offices.

The regulations and criteria relating to these LTI Plans remain unchanged despite the Covid-19 crisis.

2.5.1 2018-2021 LTIP

This allocation is subject to the achievement of objectives set out in the strategic plan between 31 December 2017 and 31 December 2020 accounting for 80% and relative TSR, accounting for 20%.

The theoretical shareholder value is calculated as follows:

Adjusted EBITDA (audited and published financial aggregate before application of IFRS16) X **multiple of valuation** (based on market multiples and set in the Strategic Plan) - **Net debt** (audited and published financial aggregate) - **Other debt** (pension debt and option to purchase minority interests).

The target theoretical shareholder value is defined in the strategic three-year plan, by applying the above formula and allowing for the adjusted EBITDA and net debt targets set by the plan.

The strategic plan and its objectives are reviewed and approved by the Supervisory Board.

Theoretical value creation is measured on the basis of the difference between the theoretical shareholder value for the year in which the plan comes to an end (2020 in the case of the 2018-2021 LTI plan, calculated on the basis of the audited and published aggregates) and the theoretical shareholder value for the reference year for the plan (2017 in the case of the 2018-2021 LTI plan, based on the audited and published aggregates).

If dividends were paid to shareholders in the years covered by the plan, they are reincorporated into the value creation for the period.

Total Shareholder Return measures, as a percentage, the change between the Company's average share price over the last 20 listed prices in 2020 and the last 20 listed prices in 2017, dividends reinvested, as compared with the change in the SBF120 index between 31 December 2020 and 31 December 2017, dividends reinvested. This last indicator is provided by Thomson Reuters.

With respect to the members of the Management Board, the 2018-2021 LTI Plan represented 18.5% of the total number of shares potentially allocated in July 2018.

2.5.2 2019-2022 LTIP

This allocation is conditional upon employment and performance (achieving the theoretical shareholder value creation target defined in the strategic plan between 31 December 2018 and 31 December 2021 to account for 80% and relative TSR for 20% of the performance conditions).

The theoretical shareholder value is calculated as follows:

Adjusted EBITDA (audited and published financial aggregate before application of IFRS16) X **multiple of valuation** (based on market multiples) - **Net debt** (audited and published financial aggregate) - **Other debt** (pension debt and option to purchase minority interests).

The theoretical target shareholder value is defined in the strategic three-year plan, by applying the above formula and allowing for the adjusted EBITDA and net debt targets set by the plan.

The strategic plan and its objectives are reviewed and approved by the Supervisory Board.

Theoretical value creation is measured on the basis of the difference between the theoretical shareholder value for the year in which the plan comes to an end (2021 in the case of the 2019-2022 LTI plan, calculated on the basis of the audited and published aggregates) and the theoretical shareholder value for the reference year for the plan (2018 in the case of the 2019-2022 LTI plan, based on the audited and published aggregates).

If dividends were paid to shareholders in the years covered by the plan, they are reincorporated into the value creation for the period.

The relative Total Shareholder Return measures, as a percentage, the change between Tarkett's average share price over the last 20 listed prices in 2021 and the last 20 listed prices in 2018, dividends reinvested, compared to the change in the SBF120 index between 31 December 2021 and 31 December 2018, dividends reinvested. This last indicator is provided by Thomson Reuters.

With respect to members of the Management Board, the 2018-2021 LTI plan represented 11% of the total number of shares potentially allocated in July 2019.

2.5.3 2020-2023 LTIP

This allocation is dependent on employment and 4 performance conditions.

The performance conditions are as follows:,

1. The adjusted EBITDA margin accounting for 60%. To be allocated 100% of the target, the adjusted EBITDA margin must be 12% on 31 December 2022.
2. Tarkett's relative TSR compared to a panel of flooring and construction companies accounting for 20%. TSR measures, as a percentage, the change in Tarkett's and the reference panel's average share price over the last 20 listed prices in 2022 as compared to the last 20 listed prices in 2019, dividends reinvested.

   The companies on the panel at the grant date are: Mohawk Industries Inc., Wienerberger SA, Imerys SA, Forbo Holding AG, Vicat SA, Polypipe Group PLC, Interface Inc., Uponor Oyj, Victoria PLC, Balta Group NV, Armstrong Flooring Inc.

   In the event of a major change within this panel (e.g. merger, Acquisition), the panel and the relative weighting of Companies on the panel may be reviewed by the Management Board, with authorisation of the Supervisory Board.
3. The reduction in Greenhouse gas emissions accounting for 10%. The target for this objective is a 10% reduction in greenhouse gases in 2022 compared to 2019, in tons of CO2 (Scope 1 & 2). If greenhouse gas emission in 2022 remain above 90% of 2019 levels, this objective be considered not met.
4. The proportion of recycled materials in our raw material accounting for 10%. The 2022 target compared to 2019 is 150,00 tons. Below 150,000 tons, this target be considered not met.

With respect to members of the Management Board, the 2020-2023 LTI plan represented 13.4% of the total number of shares potentially allocated in July 2020.

2.6 Shareholder consultation on the remuneration awarded to company officers

2.6.1 Consultation on the principles and criteria applying to the component elements of the remuneration of company officers ("ex-ante" vote - Resolutions Nos. 11 to 14 of the General Meeting of Shareholders on 30 April 2021)

2.6.1.1 Principles Governing Remuneration for Management Board Members

2.6.1.1.1 Fundamental Principles

These principles have been established in accordance with the recommendations of the Afep-Medef Code, to which the Company refers.

We seek to ensure that remuneration of executives is competitive, in line the Company's strategy and the circumstances and aims to promote the Company's performance and competitiveness in the medium- and long-term, by integrating one or several criteria related to social and environmental responsibility.

The following principles have been considered and diligently applied:

- **Comprehensiveness**: We seek to ensure that remuneration is comprehensive. All the components of remuneration are reviewed together to take a global view of remuneration.
- **Balance between various components of remuneration**: We seek to ensure that each component of remuneration is driven by and aligned with the Company's corporate responsibility.
- **Comparability**: We seek to ensure that remuneration is considered, amongst other factors, within the context of a reference role and market.
- **Consistency**: We seek to ensure that the remuneration of Board member executives is set consistently with other executives and employees within the company.
- **Clarity of rules**: We seek to ensure that the rules are simple, stable and transparent and that the performance criteria used correspond to the Company's objectives and are demanding, explicit and as durable as possible.
- **Balance**: We seek to ensure that the components of remuneration are fairly balanced and take account of both the company's corporate responsibility, market practices and the performance of executives and other company stakeholders.

The Company also seeks to apply the **principal of equality and non-discrimination,** in particular gender equality

It is specified that, except in exceptional cases, the payment of all the variable and exceptional components of the remuneration to the Chairman of the Management Board relating to their office is subject to a favourable "ex-post" vote by the General Meeting of Shareholders in the year following the financial year in question, under the terms and conditions set out in Article L.22-10-34 of the French Commercial Code.

2.6.1.1.2 Methods for determining and changing the principles applied

The principles for determining the remuneration to be paid to Management Board members are set by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee.

They are reviewed annually, taking into account the Group's strategic plan and any changes in legislation and regulations and in good governance practices.

It should be noted that in 2020, in the context of the health and financial crisis, the short- and long-term variable remuneration objectives and targets were unchanged and the company officers waived part of their fixed remuneration in April and May 2020.

The remuneration policy of Management Board members is subject to an annual "ex ante" vote by the General Meeting of Shareholders, when the principles of remuneration that shall be applicable for the current financial year are approved in advance.

The General Meeting also votes "ex post" on the components of variable and exceptional remuneration that are to be paid for the previous financial year, as shown in Section 2.6.1.1.1 above.

It is, however, noted that the decree of 27 November 2019, made in application of the Pacte Law allows companies to depart from the remuneration policy in exceptional circumstances, such as those likely to significantly impact the level of achievement or one or more performance criteria.

In this context, upon prior proposal from the Nomination, Compensation and Governance Committee, the Supervisory Board may increase or decrease one or more components of variable remuneration for the Chairman of the Management Board or each member of the Management Board, within the limits shown for each component of variable remuneration.

It should be noted that the exceptional adjustment must be duly justified, should respect the Company's corporate responsibility, may only be temporary, pending approval of the said adjustment at the next General Meeting of Shareholders. It is also noted that this exceptional adjustment must be subject to a transparent and detailed communication, to enable shareholders to vote on the matter at the next General Assembly.

This option allows the Supervisory Board to ensure that there is alignment, on one hand between the remuneration policy, the Chairman of the Management Board and Group's performance, and on the other hand, between the interests of the Company, its shareholders and its corporate executive officer.

2.6.1.1.3 Criteria governing the remuneration paid to the Chairman of the Management Board

Fixed remuneration:

Fixed remuneration is approved by the Supervisory Board, on proposal by the Nomination, Compensation and Governance Committee. It is in line with market practices, in order to ensure that the Company remains competitive and attractive. This positioning is measured on the basis of national and international remuneration surveys, as well as more qualitative feedback (from executive search firms).

Annual variable remuneration

Objectives: Annual variable remuneration is designed to reward performance in the previous financial year. The payment of this variable component is subject to achievement of simple and measurable objectives (both quantifiable and qualitative) closely linked to the Group's objectives and regularly communicated to shareholders.

Functioning principles: The variable remuneration consists of two components:

> The first is based on quantifiable financial objectives defined at the beginning of the financial year, accounting for 70% of the annual variable remuneration of members of the Management Board where the objectives have been achieved in full.

For the last twelve years, the adjusted EBITDA and Operating Cash Flow have been the key indicators for measuring this quantifiable component of the annual variable remuneration.

These key indicators may be supplemented by other relevant indicators in any given year. The weighting given to each of the criteria is decided by the Supervisory Board.

The target level set for each of the quantifiable criteria is information that is strategically and economically sensitive and cannot be made public.

The level achieved will be communicated once performance analysis is complete;

> The second component is based on qualitative objectives defined at the beginning of the financial year based on the challenges face by the Group.

The annual variable remuneration may vary from:

> 0% to 200% based on the quantifiable financial criteria that make up 70% of the variable remuneration; and

> From 0% to 100% based on individual qualitative criteria that make up 30% of the variable remuneration.

It should be noted that this variable remuneration structure is applicable to other executives and managers within the Group

Exceptional remuneration

By definition and in accordance with the Afep-Medef Code recommendations, exceptional remuneration may only be granted under very specific circumstances.

Medium-term remuneration - LTIP

Objectives: The objective of medium-term remuneration plans is to build loyalty and compensate beneficiaries for achieving or surpassing the internal and external financial and social responsibility objectives of the medium-term strategic plan. All objectives are measured over a period of 3 years.

Long Term Incentive Plans ("LTIPs") were put in place in July 2011, providing a policy for the annual allocation of performance shares - or their cash equivalent, up to and including the 2014 allocation. Vesting of the shares is dependant upon the dual condition that the beneficiary remains with the Group for three years and that the Company achieves its financial performance goals.

The Company intends to set up a Long-term Incentive Plan in 2021 that is similar to the 2020-2023 plan.

Legal framework: LTIPs were initially put in place in the form of a free allocation of shares falling within the scope of Articles L225-197-1 et seq. of the French Commercial Code, now L.22-10-59 of the French Commercial Code. Between 2012 and 2014, the LTIPs that were set up fell outside the scope of this legal framework and could be paid out in cash. Since 2015, LTIPs fall back within the scope of Articles L225-197-1 et seq. of the French Commercial Code, now L.22-10-59 of the French Commercial Code. The Company plans to continue this practice in the future, barring any legislative or regulatory changes or legal circumstances that would render it impossible.

Performance level: For each LTIP, performance is based on the achievement of several medium-term criteria, which are detailed below for plans vesting at 31 December 2020.

Plan	Criterion	Criterion weighting	Performance criteria at the target
2018- 2021	Theoretical Shareholder Value Creation (see.2.5.1)	80%	Strategic confidential information
	TSR versus SBF120	20%	100% of SBF120 TSR
2019- 2022	Theoretical Shareholder Value Creation (see.2.5.2)	80%	Strategic confidential information
	TSR versus SBF120	20%	100% of SBF120 TSR
2020- 2023	Adjusted EBITDA margin	60%	12%
	TSR compared to a panel of flooring and building material companies	20%	100% of the panel TSR
	Greenhouse Gas Reduction	10%	- 10% ton of CO^2e. compared to 2019
	Proportion of recycled material in raw materials	10%	150 000 tons/year in 2022

The level to which the objectives are achieved will be communicated once the performance analysis has been completed;

Condition of employment: Except under exceptional circumstances, vesting of the shares is subject to the Management Board members remaining with the Company until the end of the vesting period. The Management Board, or the Supervisory Board in the case of the Chairman of the Management Board, may decide to waive this condition in exceptional circumstances and in the light of the recommendations of the French Financial Markets Authority.

Retention Requirement: The Chairman of the Management Board is a beneficiary of these plans and is subject to a requirement to retain, for the term of his office, 50% (after tax and social security contributions) of the Tarkett shares actually vested when the plans come to an end.

Other members of the Management Board are subject to a requirement to retain, for the term of their office, 33% (after tax and social security contributions) of the Tarkett shares actually vested when the plans come to an end.

With the exception of the LTIPs, which are set up annually, the Chairman of the Management Board does not receive multi-year remuneration.

Supplementary pension plan

Unlike most listed companies of comparable size, the Group to date has chosen not to set up an additional voluntary contribution retirement plan.

2.6.1.2 Criteria governing the remuneration paid to the Chairman of the Management Board

2.6.1.2.1 Criteria governing the remuneration paid to the Chairman of the Management Board

The components of remuneration are as follows:

- Fixed remuneration;
- Annual variable remuneration;
- Medium-term remuneration (with performance shares);
- Loss of office payments;
- Non-compete payments;
- Contributions to a specific unemployment insurance policy for company officers;
- Other components and benefits in kind.

2.6.1.2.2 Application of the 2021 annual remuneration to the Chairman of the Management Board

The components of the Chairman of the Management Board's annual remuneration were reviewed by the Supervisory Board at its meeting on 11 January 2019, upon recommendation by the Nomination, Compensation and Governance Committee. The following decisions were taken, regarding the components of remuneration to be paid to Fabrice Barthélemy, the new Chairman of the Company's Management Board, from 14 January 2019. The components of the remuneration were approved by the General Meeting of Shareholders of 26 April 2019. These components were not changed when Fabrice Barthélemy's term of office as Chairman of the Management Board was renewed on 27 October 2019. They were also voted through without any changes at the General Meeting of 30 April 2020.

It is noted that Fabrice Barthélemy waived 20% of his fixed remuneration in April and May 2020 due to the Covid-19 crisis.

Remuneration

Fixed remuneration: 575,000 euros gross per year (no change)

Variable remuneration:

Variable remuneration, payable no later than the month following the General Meeting of Shareholders authorising this variable component for the previous year.

The variable remuneration consists of two components:

- the first component is based on quantifiable goals defined at the beginning of the financial year by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee, and accounts for 70% of the annual fixed remuneration (if the quantifiable objectives are achieved) to which a coefficient ranging from 0% to 200% is applied, with the result that it may represent up to 140% (if the goals are exceeded) of annual fixed remuneration, based on linear progression;
- the second component is based on qualitative goals defined at the beginning of the financial year by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee, and accounts for 30% of the annual fixed remuneration (if the qualitative objectives are achieved) to which a coefficient ranging from 0% to 100% is applied, with the result that it may represent up to 30% of annual fixed remuneration.

For the 2021 financial year, the qualitative objectives of the Chairman of the Management Board, Fabrice Barthélemy, relate in particular to the following two themes:

1. 70% for business strategy alignment with the "Change to Win" plan and the 2025-2030 plan, through a culture of innovation, geographic development and digital technology.

2. 30% for the Company's Corporate Social Responsibility through objectives relating to safety, diversity, skills management, motivation and engagement of teams, carbon footprint, circular economy and compliance.

Benefits

- **Company car**: Use of a company car.
- **Civil liability insurance**: Benefit of liability insurance for corporate officers taken out by the Company.
- **Unemployment insurance**: The benefit of unemployment insurance for corporate officers (a “F 70” policy, with the period of cover being extended to 24 months in accordance with the rules currently in force), providing Fabrice Barthélemy with cover in the event of his forced departure from office.
- **Healthcare insurance**: Benefit of the existing healthcare insurance taken out by the Company.
- **Welfare scheme**: Benefit of the Group welfare scheme (death, incapacity, disability) applicable to the Company's employees.

Terms and conditions of cessation of office

Non-compete commitment

Term: 2 years

Amount:

A non-compete payment equal to the gross fixed and variable remuneration received by Fabrice Barthélemy in the 12 months prior to his departure from his office as Chairman of the Management Board, to be paid in 24 monthly instalments for the duration of the non-compete commitment.

Terms and conditions:

It is pointed out that the Company reserves the right to waive this clause within a reasonable time, as decided by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee.

In accordance with the recommendations of the Afep-Medef Code to which the Company refers, no non-compete payment is due if, on departure, the Chairman of the Management Board may invoke their retirement rights within a short time frame, if they have claimed their pension rights or if they have reached the age of 65.

The non-compete payment will be deducted from the forced departure payment, so that the total amount due for both does not exceed 2 years of the gross fixed and variable remuneration received by Fabrice Barthélemy in the 12 months preceding his departure from his office as Chairman of the Management Board.

Severance payment

Amount:

The forced departure payment, which is subject to the performance criteria set out below, equates to two years of the gross fixed and variable remuneration received by Fabrice Barthélemy in the 12 months prior to his forced departure from office as Chairman of the Management Board.

Performance criteria:

Performance is measured on the basis of the level of achievement of the annual objectives set by the Supervisory Board, on proposal by the Nomination, Compensation and Governance Committee, which serve to calculate the variable remuneration. It is equivalent to the average performance achieved by Fabrice Barthélemy over the 3 calendar years preceding his departure. If departure occurs within the 3 calendar years following his appointment, performance will be measured by the rate of achievement of the annual objectives used to calculate the variable component of his remuneration as Chairman of the Management Board.

The forced departure payment is subject to a performance level of between 50% and 100%. If the performance level is less than 50%, no payment is due, and if the performance level is equal to 100% or above, the payment is due in full. It is calculated strictly in proportion to the performance level amount. (For example: if the performance level is equal to 90%, the forced departure payment paid is 90% of the amount as defined in the first paragraph).

Payment:

This severance is due, subject to the achievement of the performance criteria, in the event of forced departure of the corporate officer, including, in particular, because of a change of control or a disagreement as to strategy, on the initiative of the Supervisory Board, regardless of whether the officer's term was terminated early or not renewed.

No forced departure payment is due if Fabrice Barthélemy has committed gross misconduct (defined as wrongdoing of an extremely serious nature preventing any continuation of the corporate office) or serious misconduct (defined as wrongdoing of an extremely serious nature committed by an officer with the intention of harming the Company) or has the possibility of claiming his pension rights in the near future.

Common limit

Should Fabrice Barthélemy be eligible for both the forced departure payment and the non-compete payment, the total amount that he receives will be limited to two years of the gross fixed and variable remuneration received in the 12 months prior to his forced departure from his office as Chairman of the Management Board.

Non-solicitation clause

Fabrice Barthélemy shall not, directly or indirectly, solicit for employment, any Tarkett employee or corporate officer in the 24 months following his departure from the Company:.

Shares arising from the LTIP

The Chairman of the Management Board is one of the beneficiaries of the LTIPs and is bound by the terms and conditions of these plans.

The Chairman of the Management Board will be a beneficiary of the 2021-2024 LTIP on condition that it is established that the amounts are consistent with previous years.

The Chairman of the Management Board is obliged to retain 50% of the Tarkett shares actually vested under the LTIP - after tax and social security contributions - for the full term of their office as Chairman of the Management Board.

The Chairman of the Management Board does not receive any remuneration for any office held within the Tarkett Group. Nor do they receive any deferred, multi-year or exceptional remuneration or supplementary pension scheme.

2.6.1.3 Criteria governing the remuneration paid to the Management Board Members

2.6.1.3.1 Criteria governing the remuneration paid to the Management Board Members

The components of remuneration are as follows:

- Fixed remuneration;
- Annual variable remuneration;
- Medium-term remuneration (with performance shares)
- Non-compete payments;
- Other components and benefits in kind.

2.6.1.3.2 Application of the 2021 annual remuneration to Management Board members

It should be noted that only the Chairman is remunerated for his office on the Management Board. Raphaël Bauer, a member of the Management Board, receives no remuneration for the office he holds. He receives a salary under this employment contract. In accordance with the terms of article R.225/-56 II of the French Commercial Code, his remuneration may, however, be subject to an ex-ante vote for the first time in 2021.

Raphaël Bauer's employment contract with the Company includes the following conditions:

- Term of the contract: Open-ended contract
- Notice period: 3 months, in accordance with the collective labour agreement applicable to Company employees falling within the category of "Executives"
- Terms and conditions for removal from office or termination: The terms and conditions for termination are those authorised under the prevailing legislation and regulations and laid down in the collective labour agreement applying the Company employees.

Remuneration

Fixed remuneration: 245,000 euros gross per year (unchanged)

Variable remuneration: 50%

Variable remuneration, payable no later than the month following the General Meeting of Shareholders authorising this variable component for the previous year.

The variable remuneration consists of two components:

- The first component is based on quantifiable goals defined at the beginning of the financial year by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee, and accounts for 35% of the annual fixed remuneration (if the quantifiable objectives are achieved) to which a coefficient ranging from 0% to 200% is applied, with the result that it may represent up to 70% (if the goals are exceeded) of annual fixed remuneration, based on linear progression;
- The second component is based on qualitative goals defined at the beginning of the financial year by the Chairman of the Management Board and accounts for 15% of the annual fixed remuneration (if the qualitative objectives are achieved) to which a coefficient ranging from 0% to 100% is applied, with the result that it may represent up to 15% of annual fixed remuneration. For the 2021 financial year, Raphaël Bauer's individual qualitative objectives were focused on:
  - Putting forward, measuring and monitoring the implementation of strategic actions
  - Financing structuring
  - Continuous improvement of the finance function and cost control
  - Continuing to strengthen the internal controls framework, particular with regard to more recent compliance legislation
  - Development, training and mobility within finance teams

Benefits

- **Company car**: Use of a company car
- **Healthcare insurance**: Benefit of the existing healthcare insurance taken out by the Company.
- **Welfare scheme**: Benefit of the Group welfare scheme (death, incapacity, disability) applicable to the Company's employees.

Terms and conditions of cessation of office

Non-compete commitment

Term: 2 years

Amount:

A non-compete payment equal to the gross fixed and variable remuneration received by Raphaël Bauer in the 12 months prior to the termination of his contract, to be paid in 24 monthly instalments for the duration of the non-compete commitment.

Terms and conditions:

It is pointed out that the Company reserves the right to waive this clause within a reasonable time, as decided by the Supervisory Board, on recommendation by the Nomination, Compensation and Governance Committee.

Shares arising from the LTIP

The Management Board member is one of the beneficiaries of the LTIPs and is bound by the terms and conditions of these plans.

The Management Board member shall be a beneficiary of the 2021-2024 LTIP, subject to its implementation.

The Management Board member is obliged to retain 33% of the Tarkett shares actually vested under the LTIPs - after tax and social security contributions.

The Management Board member does not receive any remuneration for any office held within the Tarkett Group. Nor do they receive any deferred, multi-year or exceptional remuneration or supplementary pension scheme.

2.6.1.4 Principles and criteria underpinning the components of remuneration received by the members of the Supervisory Board and its Chairman

Principles

Based on the total amount of remuneration (formerly "attendance fees") approved by the General Meeting of Shareholders, the Supervisory Board allocates an amount to its members, on proposal by the Nomination, Compensation and Governance Committee.

This overall amount is distributed among the members of the Supervisory Board based on their actual attendance at meetings of the Supervisory Board and of its specialised committees.

Finally, it is specified that under the Company's internal regulations, the members of the Supervisory Board are required to use half of the remuneration they receive each year for their offices as Supervisory Board members to acquire and hold at least 1,000 Tarkett shares.

Application

The maximum amount of remuneration paid to members of the Supervisory Board for their office was approved by the General Meeting of Shareholders on 30 April 2020 and fixed at 500,000 euros.

In 2019, the distribution policy was amended with effect from 1 January 2019, since it was noted that (i) the amount paid to members of the specialised committees was slightly below the market practices observed among other issuers, and (ii) the major projects being undertaken by the Group called for the creation of non-permanent ad hoc committees.

In order to take into account the creation of a specialised Corporate Social Responsibility Committee (the "CSR Committee"), the Supervisory Board decided, on the proposal of the Nomination, Compensation and Governance Committee, during its meeting on 18 February 2021, to submit an amendment to the General Meeting of Shareholders regarding to remuneration policy of Supervisory Board members, which would be set in the following way, as at 1 January 2021:

> The maximum remuneration paid to members of the Board according to their term would be increased to €550,000 per year;
> With the exception of the stipulations relating to the CSR Committee, the remuneration of the members is unchanged, namely:
> Each member of the Supervisory Board receives €35,000 annually;
  - A penalty of €3,000 is applied if a member fails to attend a duly convened meeting of the Supervisory Board;
> An additional €35,000 a year are paid to the Chairman of the Supervisory Board;
> An additional €10,000 a year are paid to the Deputy Chair;
> €7,000 per year will be paid to each member of the Nomination, Compensation and Governance Committee and the Audit, Risk and Compliance Committee;
  - A penalty of €1,000 is applied if a member fails to attend a duly convened meeting of a specialised committee;
> An additional €15,000 per year will be paid to the Chairs of these two Committees;
> concerning the specific case of the CSR Committee: €2,000 per year will be paid to each member and an additional €5,000 per year will be paid to the Chairman of this Committee
  - A penalty of €1,000 is applied if a member fails to attend a duly convened meeting of the Supervisory Board; and
> The remainder of the €550,000 sum, after remuneration for participation on the Boards and specialised committees, may be distributed between members of the Supervisory Board who participate in temporary "ad hoc" committees to analyse specific, significant Group projects, instigated by a decision of the Supervisory Board. The amount to be paid in this regard, distributed in proportion to the number of meetings and the time allocated, will be decided by the Supervisory Board, on proposal by the Nomination, Compensation and Governance Committee.

In addition, as stated at the Supervisory Board meeting of 3 December 2018, the Supervisory Board felt that it would be legitimate not to apply the criterion of actual presence to "exceptional" meetings, i.e., to meetings convened on short notice, for reasons beyond the control of the Company, due to the urgency of decisions requiring the prior approval to the Supervisory Board and that have been brought late to the attention of the Company.

Member of the Supervisory Board representing employees

Members of the Supervisory Board representing employees on the Supervisory Board do not receive remuneration for their office, and are paid under the terms of their contract.

Ségolène le Mestre was nominated by the CSE as the second member of the Supervisory Board representing the employees on 19 November 2020.

In accordance with Article R. 225-56 II of the French Commercial Code, the employment contracts concluded by the Company with Jean-Hubert Guillot and Ségolène le Mestre have the following characteristics:

- *Term of the contract*: Open-ended contract;
- *Notice period*: 3 months, in accordance with the collective labour agreement applicable to Company employees falling within the category of "Executives";
- *Terms and conditions for removal from office or termination*: The terms and conditions for termination are those authorised under the prevailing legislation and regulations and laid down in the collective labour agreement applying to the Company employees. In addition, if the contract is terminated, Jean-Hubert Guillot and Ségolène Le Mestre are bound by a non-compete clause.

2.6.2 Consultation on the components of the remuneration paid or granted in the financial year ended 31 December 2020 (ex-post vote - Resolutions Nos. 8 to 10 of the General Meeting of Shareholders on 30 April 2021)

2.6.2.1 Components of the remuneration paid or granted to Fabrice Barthélemy in the financial year ended 31 December 2020 (Resolution No. 9 of the Annual General Meeting of Shareholders of 30 April 2021)

<table>
<tr><th>Components of the remuneration paid or granted for the financial year ended 31 December 2020</th><th>Amount or accounting value submitted for approval (in €)</th><th>Presentation</th></tr>
<tr><td>Fixed remuneration:</td><td>555,833</td><td>i.e., 575,000 euros annually minus the 20% reduction in April and May 2020 due to the Covid-19 crisis

The fixed portion represents 32% of the total remuneration paid in 2020 (fixed and variable).</td></tr>
<tr><td>Annual variable remuneration for his office as Chairman of the Management Board</td><td>699,430</td><td>Remuneration calculated for the period 1 January to 31 December 2020, not yet paid.

<table><tr><th>Criterion</th><th>Minimum</th><th>Target objective</th><th>Maximum</th><th>Achievement</th></tr><tr><td>EBITDA</td><td>0</td><td>40%</td><td>80%</td><td>79%</td></tr><tr><td>OCF</td><td>0</td><td>30%</td><td>60%</td><td>200%</td></tr><tr><td>Individual criteria</td><td>0</td><td>30%</td><td>30%</td><td>100%</td></tr></table>
The annual variable portion represents 39% of the total remuneration paid in 2020 (fixed and variable).

It is recalled that the annual variable remuneration for 2019, paid in 2020 following the vote by the General Meeting of Shareholders was 483,596 euros.</td></tr>
<tr><td>Deferred variable remuneration</td><td>N/A</td><td></td></tr>
<tr><td>Multi-year variable remuneration</td><td>N/A</td><td></td></tr>
<tr><td>Exceptional remuneration</td><td>N/A</td><td></td></tr>
<tr><td rowspan="2">Stock options, performance-related shares, and any other long-term remuneration component</td><td>Options = N/A</td><td>No options awarded</td></tr>
<tr><td>Performance-related shares:

55,000 shares

(value: €517,000.

Note that the value of the 2019- 2022 plan was €631,680)</td><td>Target amount for the allocation of performance shares under the 2020-2023 LTI plan.

This plan was authorised in Resolution No. 17 passed by the General Meeting of Shareholders of 30 April 2020, and allocated following the decision of the Supervisory Board on 29 June 2020.

The performance criteria that apply to the full allocation are as follows:
> The adjusted EBITDA margin percentage accounting for 60%
> The relative TSR compared to a panel of flooring and building companies accounting for 20%.
> The reduction in greenhouse gas emissions accounting for 10%
> The increase in recycled material in raw materials 10%

The LTI Plan allocation represents 29% of the total remuneration paid in 2020 (fixed and variable).</td></tr>
</table>

Shareholder consultation on the remuneration awarded to company officers

Components of the remuneration paid or granted for the financial year ended 31 December 2020	Amount or accounting value submitted for approval *(in €)*	Presentation
		The 2020 LTIP allocation to Fabrice Barthélemy represented 0.08% of Tarkett's capital.
Remuneration allocated for the office of director or a member of the Supervisory Board	N/A	
Valuation of benefits of all kinds	3,216	Company car
Retention bonus	N/A	
Severance payment	0	In the event of a forced departure from an office as corporate officer, the payment would equate to 2 years of the gross fixed and variable remuneration received by Fabrice Barthélemy in the 12 months preceding his forced departure from office as Chairman of the Management Board. This payment is subject to a performance criterion that is measured by the level of achievement of the annual objectives serving to calculate the variable remuneration. It is equivalent to the average performance achieved by Fabrice Barthélemy over the 3 calendar years preceding his departure from office as Chairman of the Management Board. The departure payment is subject to a performance level of between 50% and 100%. If the performance level is below 50%, no payment is due. No departure payment would be due if Fabrice Barthélemy were to commit gross or serious misconduct or had the possibility of claiming his pension rights in the near future.
Non-compete compensation	0	The non-compete payment would be equal to the gross fixed and variable remuneration received by Fabrice Barthélemy in the twelve months prior to his departure from his office as Chairman of the Management Board, and would be payable in 24 monthly instalments for the duration of the non-compete commitment. The Company reserves the right to waive the non-compete clause. No non-compete payment may be paid if, on departure, the Chairman of the Management Board has the possibility of claiming his pension rights in the near future or has reached the age of 65.
Supplementary Pension Plan	N/A	There is no supplementary pension plan in 2020

2.6.2.2 Components of the remuneration paid or granted to Eric La Bonnardière as Chairman of the Supervisory Board in the financial year ended 31 December 2020 (Resolution No. 10 of the Annual General Meeting of Shareholders of 30 April 2021)

Components of the remuneration paid or granted for the financial year ended 31 December 2020	Amount or accounting value submitted for approval *(in €)*	Presentation
Fixed remuneration:	N/A	
Annual variable remuneration	N/A	
Deferred variable remuneration	N/A	
Multi-year variable remuneration	N/A	
Exceptional remuneration	N/A	
Stock options, performance-related shares, and any other long-term remuneration component	N/A	
Remuneration allocated for the office of Member of the Supervisory Board	63,000	See Section 2.3.9
Valuation of benefits of all kinds	N/A	
Severance payment	N/A	
Non-compete compensation	N/A	
Supplementary pension plan	N/A	

2.6.2.3 Components of the remuneration paid or granted to members of the Supervisory Board (other than the Chair) in the financial year ended 31 December 2020 (Resolution No. 8 of the Annual General Meeting of Shareholders of 30 April 2021)

Components of the remuneration paid or granted for the financial year ended 31 December 2019	Amount or accounting value submitted for approval (in €)	Presentation
Fixed remuneration:	N/A	
Annual variable remuneration	N/A	
Deferred variable remuneration	N/A	
Multi-year variable remuneration	N/A	
Exceptional remuneration	N/A	
Stock options, performance-related shares, and any other long-term remuneration component	N/A	
Remuneration allocated for the office of Member of the Supervisory Board	313,077	See Section 2.3.9
Valuation of benefits of all kinds	N/A	
Severance payment	N/A	
Non-compete compensation	N/A	
Supplementary pension plan	N/A	

2.6.2.4 Pay equity ratios between the remuneration paid to the Chairmen of the Management Board and of the Supervisory Board and the average and median salaries for the Company

This presentation has been drawn up in accordance with the provisions of the PACTE Law.

The ratios below have been calculated based on fixed and variable remuneration, profit-sharing and benefits in kind due during the years under review.

The inclusion of the remuneration due was chosen this year so that the variable amounts for a given year would be aligned as much as possible with the economic and financial performance for the same year.

The ratios were also calculated by taking into account the performance shares granted and valued at a fair value.

The means and medians have been calculated for all employees in France, who were in employment for the whole year in question, which is a broader basis than the legal requirement.

	2016	2017	2018	2019	2020 (1)
Mean salary France	56,989	60,817	55,105	60,252	62,205/61,615
Median salary France	38,779	43,240	42,135	46,234	47,903/47,372
Chairman of the Management Board					
Remuneration of the Chairman of the Management Board	3,524,016	2,588,508	1,472,662	1,693,411	1,794,646/1,775,479
Ratio based on average remuneration	62	43	27	28	29
Ratio based on median remuneration	91	60	35	37	37
Chairman of the Supervisory Board					
Remuneration of the Chairman of the Supervisory Board	70,000	70,000	70,000	85,000	85,000/63,000
Ratio based on average remuneration	1.2	1.2	1.3	1.4	1.4/ 1.0
Ratio based on median remuneration	1.8	1.6	1.7	1.8	1.8/1.3

(1) The variables and the profit-sharing due for the year 2020 taken into account to calculate the mean and the median are estimates based on the data known at the time of publication of this document. The 2020 figures may be readjusted in the next Universal Registration Document.

For the remuneration ratios in 2020, the first figure in each line takes into account the theoretical basic remuneration, the second figure takes into account the reductions in remuneration due to the Covid-19 crisis. For the Chairman of the Management Board, the ratios are comparable in both cases.

The remuneration used to calculate the pro rata ratios to the Chairman of the Management Board corresponds the following periods:

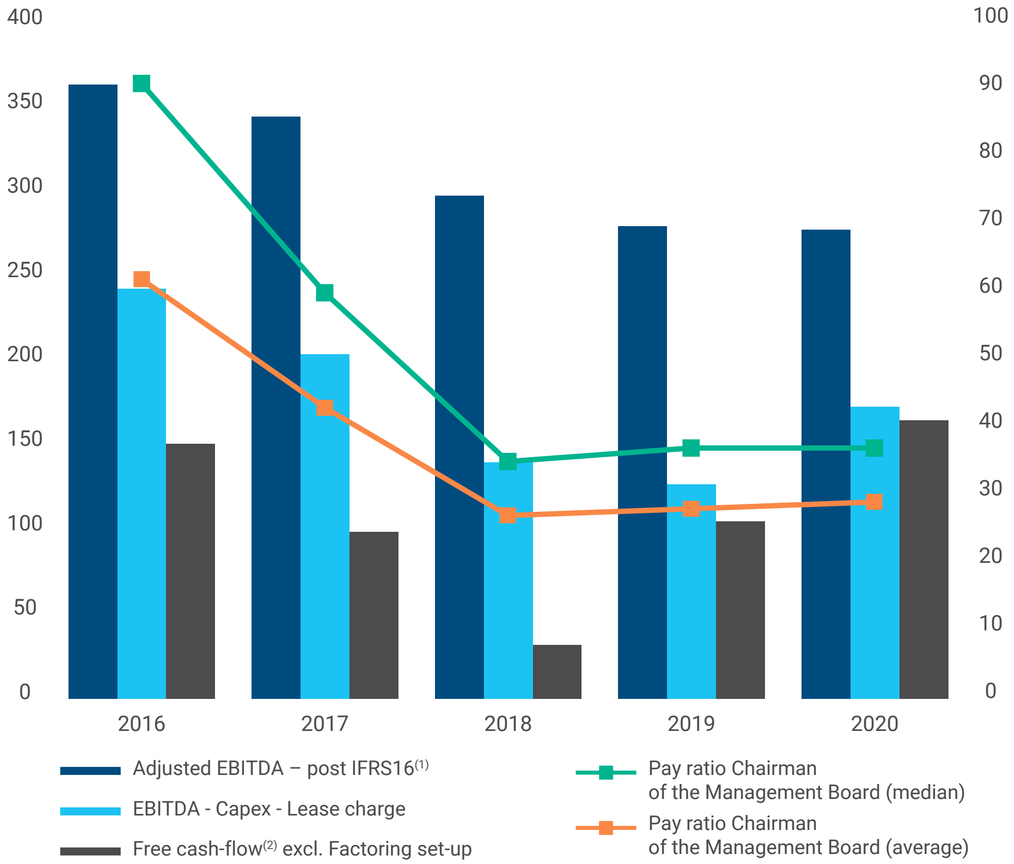
- Michel Giannuzzi until 31 August 2017 inclusive;
- Glen Morrison from 1 September 2017 to 18 September 2018;
- Fabrice Barthélemy from 18 September 2018.

The remuneration used to calculate the pro rata ratios to the Chairman of the Supervisory Board corresponds to the following periods:

- Didier Deconinck up to 26 April 2018;
- Eric La Bonnardière since that date.

Shareholder consultation on the remuneration awarded to company officers

Comparison of the change in the Chairman of the Supervisory Board's remuneration as a ratio to the company's financial performance



(1) Adjusted EBITDA is the operating income before depreciation, amortization and the following adjustments: restructuring costs, gains or losses on disposals of significant assets, provisions and reversals of provisions for impairment, costs related to business combinations and legal reorganizations, expenses related to share-based payments and other one-off expenses considered non-recurring by their nature.

(2) Free cash-flow is defined as cash generated from operations, plus or minus the following inflows and outflows: working capital, payment of lease liabilities, net capital expenditure (investments in property plant and equipment and intangible assets net from proceeds), net interest received (paid), net income taxes collected (paid), and miscellaneous operating items received (paid).

2.7 Profit-sharing agreements and incentive schemes

2.7.1 Profit-sharing agreements and incentive schemes

Profit-sharing agreements and incentive schemes have been in place for many years within the Group companies in France and extend to all French employees.

There are three principal profit-sharing agreements with their own calculation formulas, adjusted to the reality of for each entity and taking into account value creation, as well as criteria relating to safety in the workplace and CSR commitment. The duration of each agreement is three years.

2.7.2 Company savings plans and similar schemes

The Group created a company savings plan on 29 June 2004, for a term of one year, renewable automatically. This plan offers employees, based in France, who have been with the Company for over three months, the ability to allocate immediately and in full amounts due to them in order to subscribe for shares in the Company's employee investment fund (FCPE). Amounts from incentive schemes or profit-sharing agreements, as well as voluntary payments can be made into this plan.

2.8 Security transactions by company officers

The table below shows, for the financial year ended 31 December 2020, the share acquisitions, disposals and exchanges, as well as transactions in closely related financial instruments, that fall within the scope of Articles L.621-18-2 and R.621-43-1 of the French Monetary and Financial Code and Article 19 of (EU) Regulation No. 596/2014 of 16 April 2014, on market abuse and that have been the object of disclosure to the French Financial Markets Authority:

Identification	Positions held within the Company on the date of the transaction	**Nature of the transaction**	**Financial instrument**	**Place of the transaction**	**Number of securities**	**Unit price (in €)**	**Date of the transaction**	**Amount (in €)**
Sprl Heritage Fund	Legal person related to Bernard-André Deconinck, Observer at Supervisory Board meetings	Purchase	Share	Euronext Paris	9,643	13.11	10/03/20	126,419.73
Bernard-André Deconinck	Supervisory Board Observer	Purchase	Share	Euronext Paris	9,642	13.03	10/03/20	125,621.76
Marie Deconinck	Person related to Didier Deconinck, Deputy Chairman of the Supervisory Board	Purchase	Share	Euronext Paris	86	10.64	13/03/20	915.45
Marie Deconinck	Person related to Didier Deconinck, Deputy Chairman of the Supervisory Board	Purchase	Share	Euronext Paris	120	12.90	09/03/20	1,548.44

2.9 Other information

2.9.1 Declarations linked to corporate governance

2.9.1.1 Conflicts of Interest

To the Company's knowledge and apart from the matters set out in Sections 2.2.3.2 and 2.9, as at 31 December 2020, there was no potential conflicts of interest between the duties of Management Board or Supervisory Board members vis-à-vis the Company and their private interests or other duties. Indeed, in accordance with Article 2.2. of the internal regulations of the Supervisory Board, each of its members has the obligation to report any, even potential, conflicts of interest.

Notwithstanding the provisions of Section 2.5, "Performance-related shares (Long-term Incentive Plans)" and the regulations relating to the prevention of insider trading and the recommendations of the Afep-Medef Code concerning a share retention requirement, as at 31 December 2020 the members of the Management and Supervisory Boards had not agreed to any restriction of their right to sell their holdings in the Company's equity capital.

2.9.1.2 Personal information relating to company officers

As at 31 December 2020, to the Company's knowledge, there were no family relationships between the Company's officers other than the family relationships between Didier Deconinck (Deputy Chairman of the Supervisory Board) and Bernard-André Deconinck (Observer) and between those two Board Members and their nephews: Eric La Bonnardière (Chairman of the Supervisory Board), Nicolas Deconinck (Supervisory Board Member), and Julien Deconinck (Supervisory Board Member).

Other than the related party agreements set out in Sections 2.9.2 and 8.7, there are no business ties between the members of the Supervisory Board and the Management Board on the one hand, and the Company on the other.

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

- None of the corporate officers has been convicted of fraud;
- None of the corporate officers has been associated in any bankruptcy, receivership or liquidation;
- None of the company officers have been found guilty of an offence and/or had an official public sanction imposed by statutory or regulatory authorities (including designated professional bodies); and
- None of the aforementioned individuals has ever been prevented by a court from acting as a member of an administrative, management, or supervisory body of an issuer, nor from being involved in the management or conduct of the business of an issuer.

2.9.2 Regulated agreements

2.9.2.1 Procedure for reviewing current and regulated agreements

In accordance with Article L.225-87 of the French Commercial Code (now L.22-10-29 of the French Code of Commerce), the Supervisory Board adopted an internal Group policy ("the Policy") on 13 February 2020, making it possible to categorise agreements subject to the regulated agreements procedure and to distinguish them from agreements relating to the ordinary course of business entered into under normal conditions, as well as to facilitate compliance by the Group with the new statutory requirements on this matter that provide for regular review of the conditions under which the various agreements are entered into and for their categorisation to be analysed. This Policy was reviewed in advance by the Statutory Auditors and the Audit, Risks and Compliance Committee.

In addition to summarising the legislative and regulatory framework applicable to the different types of agreement likely to be concluded, this Policy sets out a procedure for regular review by the Supervisory Board of the terms and conditions for the conclusion of standard agreements entered into and makes it clear that persons with a direct or indirect interest in any such agreement may not take part in that review.

2.9.2.2 Service agreement with "Société Investissement Deconinck" (SID)

The Company has entered into a service agreement with "Société Investissement Deconinck" (SID) under which the latter can avail itself of the Company's administrative support services in relation to business management, tax declaration and accounting, for a fixed annual fee of €55,000, before tax.

2.9.2.3 Assistance and guidance agreement with "Société Investissement Deconinck" (SID)

SID and the Company entered into an assistance and guidance agreement for the provision of assistance in determining the strategic approach to be adopted by Tarkett and in taking major decisions. In return for its services, and in particular the work undertaken by its Management Board members and its role in assisting with the definition of the strategic approaches to be adopted by the Company, the SID receives a fixed annual amount before tax of €300,000 which is subject to indexation each year based on an index agreed between the parties.

2.9.3 Principal related-party transactions

Material transactions entered into or ongoing between the Company and related parties (whether individuals or entities), other than those referred to in Section 2.9.2, consist of the following.

2.9.3.1 Guarantees

The Company:

- Signed a *General Indemnity Agreement* for a maximum amount of $75 million USD with *Federal Insurance Company* for the issuance of construction bonds in favour of FieldTurf Inc used in its entirety at the close;
- Signed a *Joint and Several Guarantee*, for a maximum amount of $75 million USD, in favour of Ester Finance Titrisation for the collections made on its behalf in relation to the securitisation line put in place with certain USA subsidiaries;
- Granted a guarantee to the Swedish retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments for the amount of SEK 206.9 million;
- Granted a guarantee covering 50% of a credit line for a maximum amount of €10 million EUR to its joint venture Laminate Park GmbH & Co KG, of which €9.7 million EUR had been drawn down at the balance-sheet date;
- Granted a payment guarantee to a supplier of its Morton Extrusiontechnik (M.E.T. GmbH) subsidiary for raw material deliveries for up to 7.0 million EUR, commitments of 0.3 million EUR having been made at the balance-sheet date;
- Granted a guarantee as a parent company to the banks of certain subsidiaries, including Tarkett Limited (United Kingdom), Tarkett BV (Netherlands), Tarkett Asia Pacific (Shanghai) Management Co Ltd and Tarkett Industrial (Beijing) Co Ltd (China) and Tarkett Spa (Italy), to obtain overdraft facilities, bank loans or lines of credit for a maximum total amount equivalent to €34.5 million EUR, an amount of €11.4 million EUR being committed at the balance-sheet date.

Furthermore, in the ordinary course of business, Tarkett and several of the Group's subsidiaries granted payment guarantees to various suppliers, customers, government bodies, lessors and cash pooling or trade finance operators, either directly or through bank guarantees, for an amount of €77.4 million EUR at the balance-sheet date.

2.9.3.2 Cash management agreements

The Company has entered into cash management agreements with some of its subsidiaries to organise the financial flows between the Group's entities and manage the cash pooling.

2.9.3.3 Service agreements

The Company has entered into service agreements with some of its French and foreign manufacturing subsidiaries. The purpose of these agreements is the provision of the following services: general management, financial, legal, human resources, operations and communications. These agreements represented an aggregate amount of €11.9 million EUR in 2020.

The Company has also entered into IT support agreements with certain of its subsidiaries. The purpose of these contracts is the provision of the following IT services: IT support, project management, development, IT licensing and advice (auditing and SAP project preparation). These agreements represented an aggregate amount of €30.4 million EUR in 2020.

3 SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

3.1 Tarkett's CSR ambition and commitment

3.1.1 Message from the CEO – Fabrice Barthélemy

The message from the CEO is presented in the introduction of this document.

3.1.2 Tarkett's business model

Our business model is presented in the introduction of this document.

3.1.3 Putting people first, our commitment to social and environmental responsibility

Putting people first: the people who live and play on our surfaces, the people we serve, the people we employ and the people in the communities where we operate. Tarkett is committed to putting people first, which implies caring for their health, safety, and well-being, creating a more inclusive culture and building teams that reflect the diversity of our society and our customers all over the world (nationalities, origins, background, gender, generations), with everyone feeling empowered to bring a broad range of views and talents to work every day. It also implies respecting their fundamental human rights and contributing to making the planet a better place to live for today's and tomorrow's generations.

We create floors that help make spaces healthier, more comfortable, and more beautiful, while striving to lessen the Group's environmental impact so that people flourish now, and in the future. Driving change to develop a circular economy, innovating with good materials, and exceeding indoor air quality standards are keyways in which Tarkett implements its commitment to Human-Conscious Design™ - putting people first.

Constantly working to ensure that all employees, contractors, and visitors know and apply safe work practices and procedures, every day and everywhere is another example of how Tarkett is committed to putting people first.

Engaging with and helping local communities through our Tarkett Cares program to help improve people's lives in the communities in which we are based is also about putting people first.

Change to Win

Every business, large and small, has a role to play in combatting climate change, conserving natural resources, and protecting the planet's ecosystems for the benefit of all. That is why Tarkett is championing the circular economy within the flooring industry and putting circular economy and climate change challenges at the heart of its current strategic plan, Change to Win.

This plan, presented in 2019, sets out our path to future growth, where Tarkett aims to be the global leader in commercial flooring and sports surfaces, to grow selectively in residential flooring and to change the game with circular economy by delivering across four strategic pillars: Sustainable growth, OneTarkett for our customers, People & the Planet and Cost and financial discipline.

In June 2020, Tarkett's CEO created a new role in the Executive Management Committee for a Group Sustainability Officer to establish Tarkett as a reference regarding climate change and circular economy.

Focus

Understanding our client's expectations and requirements regarding sustainable and responsible development

Our clients face various challenges and have continually increasing expectations regarding sustainable and responsible development, for example:

> Installers and contractors: install and easily remove, collect, and recycle post-installation and post-consumer flooring waste.
> Architects and designers: select materials responding to more and more stringent certification and label criteria regarding indoor air quality, healthy spaces, and recycling, and transparently understand the composition of our products to facilitate their recycling during future renovations.
> Distributors: offer products responding to market trends, obtain support for sales force notably regarding products' technical and environmental characteristics, and guarantee a quick availability of the products.
> Final users, who live on our flooring and sports surfaces on a daily basis: make no compromise between price, design (visual aspect), performance (comfort, resistance, acoustics, safety, easy maintenance) and respect for health and the environment.

Our commitment to social and environmental responsibility is embedded in our strategy and integrated in all our activities. Here are some examples:

- eco-design according to Cradle to Cradle® principles;
- operational excellence with our World Class Manufacturing (WCM) program (in particular safety and environmental management);
- embracing circular economy principles;
- product development for greater indoor air quality;
- collaboration with customers, suppliers and other stakeholders;
- employee development with Talent Management Guiding principles.

Every day, we strive to combine these elements not only to best serve our clients, but also to anticipate and respond to the expectations and requirements of our different stakeholders – employees, customers and users, investors, NGOs, public authorities.

See the following sections for more details:

- Section 3.6 Meeting customer and societal expectations through eco-design, transparency, and circular solutions
- Section 3.7 Responding to the climate emergency with good environmental management and a circular economy approach
- Section 3.8 Creating solutions for greater indoor air quality and safe, healthy spaces for our customers
- Section 3.9 Driving Collaboration in the value chain and in communities
- Section 3.10 Nurturing our human capital

Tarkett contributes to several of the United Nations Sustainable Development Goals (SDG) through our *Tarkett Human-Conscious Design*™ approach

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development along with a set of 17 Sustainable Development' Goals. This framework defines a blueprint to achieve a better and more sustainable future for all by spurring local and global ecological, social, and humanitarian changes. The action plan aims to address key issues in areas such as poverty eradication, environmental protection, and economic development. Through its ambitious CSR approach implemented since 2010, Tarkett contributes to several of the UN Sustainable Development Goals.

- **Developing a circular economy for present and future generations**: : Tarkett's long term vision is for all flooring to be recyclable and recycled. Tarkett is building a circular economy based on programs and business models that encourage take-back, reuse, recycling, and elimination of waste (SDG12).
- **Eco-designing products according to Cradle to Cradle® principles**: Tarkett's eco-design approach follows the independent and internationally recognized Cradle to Cradle® methodology that applies science-led thinking to implement circular economy solutions with materials evaluation undertaken by a third-party, EPEA (Environmental Protection Encouragement Agency). Tarkett is continuously seeking ways to optimize its existing materials by switching them for even better alternatives where possible and available. Selecting good materials that can be recycled over and over is a cornerstone of the Tarkett Human-Conscious Design™ approach. Eco-design also means preserving natural resources (SDG 15), fighting climate change (SDG 13), developing products that contribute to greater indoor air quality, with better health and well-being in working, leisure, and living spaces (SDG 3).
- **Driving collaboration for a circular economy**: inspiring others to join us through education, collaboration, transparency, and communication (SDG17).
- **Supporting communities**: contributing to the development of communities and territories where we operate and making sure our business is inclusive by bringing together various stakeholders, including suppliers, and encouraging them to take part in our responsible value chain (SDG 11).
- **Creating a more inclusive culture**: building teams that reflect the diversity of our society and our customers all over the world, notably deploying an objective concerning gender diversity (SDG 5).
- **Developing talents**: involving and engaging each employee, which we consider crucial for the successful implementation of our projects, therefore creating a safe, respectful, inclusive, and rewarding work environment (SDG 8).

Tarkett's long-term sustainable development objectives

In 2013, Tarkett set its first long-term environmental objectives for 2020. These ambitious stretch type goals, approved by the Executive Management Committee at the time, have certainly proven to be very challenging. In this report we look at the achievements, the targets met and examine the reasons for falling short on certain goals. In 2021, this rich learning process will help us set new SMART goals — goals that are Specific, Measurable, Achievable, Realistic, and Timebound – for the next period. Some new objectives have already been announced in 2019 as part of our Change to Win strategy:

- Safety: Reduce the Injury frequency rate[1] to 1.0 by 2025
- Talent & Diversity: Increase internal mobility[2] to 70% by 2025
- Circular Economy: Triple share of recycled raw materials[3] from 10% to 30% by 2030
- Climate change: Reduce greenhouse gas emissions intensity[4] by 30% by 2030 compared to 2020
- In 2020, Tarkett's Supervisory Board also approved a new diversity target of 30% of managers and senior executives to be women by 2025.

1 Number of accidents with lost time < & > 24 hours per million worked hours
2 Open management positions filled by an internal candidate
3 Also known as secondary raw materials
4 Scope 1 & 2 GHG emissions ($kgCO_2e/m^2$)

3.1.4 Tarkett Human-Conscious Design™ - Our sustainability and CSR progress in 2020

Respecting resources through circular economy

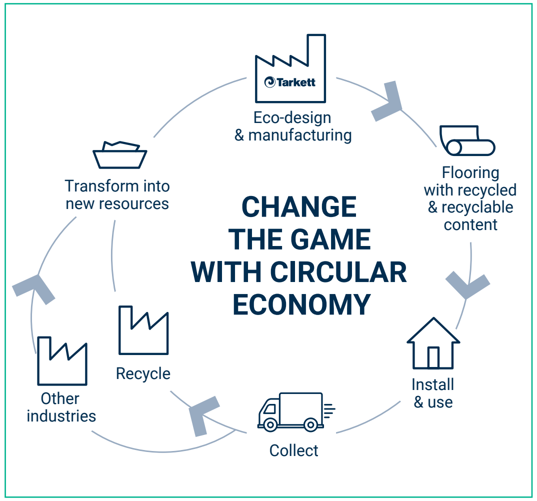
RENEWABLE, ABUNDANT OR RECYCLED MATERIALS

68% of raw materials do not contribute to resource scarcity

2020 objective: 75%

FLOORING TAKE-BACK

109,000 tons of flooring collected from 2010 to 2020 by Tarkett ReStart® take-back and recycling program in Europe, Brazil and North America



RECYCLED RESOURCES

127,000 tons of recycled materials in production

13% of our raw materials are recycled materials

2030 objective: 30%

WATER CONSUMPTION

-54% versus 2010 (intensity l/m²)

Fighting climate change

RENEWABLE ENERGY

8 plants purchasing 100% renewable electricity

27% of total energy consumption comes from renewable energies

CO_2 EMISSIONS

-27% versus 2010 (Scope 1 & 2 intensity $kgCO_2e/m^2$)

2020 objective: -20% vs 2010

2030 objective: -30% vs. 2020

198,500 tons CO_2e emissions from production sites (scope 1 & 2)

CO_2 SAVINGS THANKS TO RECYCLED RAW MATERIALS

~253,000 tons of CO_2e avoided Scope 3 GHG emissions, resulting from the use of **~127,000** tons of recycled raw materials instead of using virgin raw materials and sending waste to incineration[1]

[1] The impact of using secondary raw materials is calculated using best available data on CO_2 emissions for virgin raw material production and incineration, based on life-cycle analysis models of Tarkett's formulations using data from Ecoinvent, specific supplier data and plant environmental reporting.

Using good materials for people's health and the environment

C2C MATERIALS ASSESSMENT

98%

2020 objective: 100%

of our raw materials are third-party assessed for their impact on people's health and the environment based on Cradle to Cradle® criteria

INDOOR AIR QUALITY

98%

2020 objective: 100%

of flooring have low VOC (levels of volatile organic compounds emissions)

HEALTHY INDOOR ENVIRONMENT / PHTHALATE-FREE

97%

2020 objective: 100%

of our flooring solutions containing PVC (vinyl and carpet) are phthalate-free on a global level (% of m² produced)[2]

Respecting and developing teams

SAFETY

2.62

2025 objective: 1.0

injury frequency rate (Recordable Lost Time Accident Frequency Rate FR1t)[3]

DIVERSITY

26%

2025 objective: 30%

of women among managers & senior executives

INTERNAL MOBILITY

56%

2025 objective: 70%

of management positions filled by internal candidates

Supporting local communities and global initiatives

COMMUNITY SUPPORT

600

community initiatives with employees volunteering **3,200** days and **over 1 million euros** of product donation between 2017 and 2020

EXPERTISE SHARING

36,000

professionals or students trained as professional installers or in flooring installation techniques from 2012 to 2020

Eco-design by appling Cradle to Cradle® principles

ELLEN MACARTHUR FOUNDATION Member

Driving collaboration in circular economy

Comply with the 10 United Nations principles

THE GLOBAL GOALS For Sustainable Development

Contribute to the Sustainable Development Goals defined by the United Nations

[2] *Except recycled content for certain products and countries.*
[3] *Number of accidents with lost time < & > 24 hours per million worked hours.*

Tarkett's CSR performance and ESG Ratings (Environment, Social and Governance)

CDP Climate Change disclosure score: B (management level)	> Tarkett discloses its climate change impact through CDP, a global non-profit that runs the world's leading environmental disclosure platform. Over 9,600 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2020.
EcoVadis Sustainability rating: 74/100 – platinum medal (advanced level, in top 1% of our industry category, highest level of maturity in this rating a company can reach)	> EcoVadis assesses CSR policies, actions, and results across 4 themes and 21 CSR criteria: environment, labor and human rights, ethics, and sustainable procurement.
Sustainalytics ESG Risk Rating: 19.4 Low Risk	> Sustainalytics measures how well companies proactively manage the environmental, social and governance issues that are the most material to their business > In November 2020, Tarkett received an ESG Risk Rating of 19.4 and was assessed by Sustainalytics to be at a Low risk of experiencing material financial impacts from ESG factors.
MSCI ESG Rating : AA (AAA – best to CCC – worst)	> MSCI assesses 37 Environmental Social and Governance (ESG) key issues across 10 themes
UN Global Compact Advanced level	> Advanced level corresponds to companies that produce an annual communication on progress (COP) which meets all minimum requirements and information is provided in the self-assessment on additional advanced criteria in the following areas: Implementing the Ten Principles into Strategies & Operations; Taking Action in Support of Broader UN Goals and Issues; Corporate Sustainability Governance and Leadership. > As early as 2010, Tarkett responded to the United Nations Global Compact. Since 2012, we have reached the highest level of maturity, the Global Compact Advanced Level. Only 11% of all corporations worldwide have reached that level.
Le Point 2020 ranking of most responsible French companies	> The French weekly magazine, Le Point, published for the first time in 2020 a ranking of the most responsible companies in France. Selected among 2,000 companies, Tarkett with a score of 85.4 was ranked 24th out of 250 overall and 1st in the "building materials" category. The independent German market data company, Statista, carried out the research on the three aspects of responsibility: environmental, social and governance. The assessment, which scored each company out of 100, included a survey of 5,000 individuals and the analysis of twenty or so environmental, social, and governance indicators.

3.2 CSR governance

3.2.1 Driving change and the achievement of our CSR objectives

Tarkett continued to roll-out and deliver on its Change to Win strategy in 2020, convinced of the need to build back better with a sustainable, resilient recovery from the COVID-19 crisis.

Execution of our Change to Win strategic plan and associated CSR strategy is monitored by the CEO and the Executive Management Committee, involving the divisions' Presidents (Sports & North America, Eastern Europe, EMEA & LATAM) and the support functions' Executive Vice Presidents / Chief Officers. The Executive Management Committee meets monthly to review the Group's operational, financial and non-financial performance, notably the execution of the Change to Win strategic plan, including the safety, internal mobility, climate and circular economy objectives, and to discuss business operations and other current Corporate Social Responsibility issues.

In June 2020, Tarkett's CEO appointed an existing senior management executive to the newly created position of Group Sustainability Officer. This new position has been created to accelerate the implementation of our Change to Win Sustainability strategy, and to establish Tarkett as a reference regarding climate change and circular economy. Key responsibilities are to intensify the reduction of greenhouse gas emissions and the deployment of circular solutions for our customers, to oversee innovation programs for the circular economy and the creation of associated business models and to ensure that all Tarkett teams take full ownership of sustainability issues.

Our General Counsel supervises all legal, compliance and insurance matters for the Group in close coordination with the Divisions and ensures compliance with all relevant laws and regulations, as well as the respect of Tarkett's codes on business ethics, anti-corruption and fair competition.

Our Executive Vice President for Human Resources responsibilities include overseeing the deployment of Tarkett's Talent Management Guiding principles, notably diversity and inclusion, promoting employee health and well-being, career development and internal mobility and organizing social dialogue, such as the Group's European works council.

Our Executive Vice President for Research and Development and Operations responsibilities include ensuring product eco-design according to Cradle to Cradle™ principles, innovation, and responsible sourcing, as well as improving the Group's operational performance to enhance safety, customer satisfaction and productivity notably by supporting division teams through Tarkett's World Class Manufacturing program.

Our Executive Vice President for Strategic Marketing, Digital & Innovation oversees the full scope of innovation programs from a global perspective in close cooperation with business teams and with Sustainability, Research and Development and Operations, to leverage Tarkett sustainability commitment into a competitive advantage.

Our CFO oversees the company risk mapping, mitigation, and internal control, as well as reviewing business plans and ensuring the monitoring of progress against Change to Win targets, such as Tarkett's non-financial CSR reporting on safety, talent and diversity, climate change and circular economy.

Finally, the Presidents of Tarkett's 4 Divisions (EMEA; North America; CIS, APAC & LATAM; Sports) ensure the operational deployment with the assistance of the support Functions.

Focus

Focus on climate-related disclosure according to Task Force for Climate-related Financial Disclosures (TCFD) recommendations

Governance

Tarkett has a two-tier board structure, with a Management board (executive) and a Supervisory board (non-executive), both of whom provide oversight of climate-related risks and opportunities:

Tarkett's CEO, is responsible for oversight of climate-related issues on the executive Management board and larger Executive Management Committee (EMC), reporting regularly to the Supervisory board. The Group's EMC meets monthly to review the Group's operational, financial, and non-financial performance and to discuss strategic projects and business operations, including Corporate Social Responsibility and climate-related issues. In 2019 the CEO prepared with the EMC Tarkett's new strategy Change to Win which was presented and approved by the Supervisory Board before being internally deployed and externally presented to investors. The CEO personally decided to include the circular economy as part of Tarkett's ambition as he believes that as a responsible flooring and sports surfaces company, Tarkett has a role to play to change the game of the industry with circular economy – a widely recognized solution to address resource scarcity and the climate emergency. In 2020 the EMC regularly reviewed the execution of the Change to Win strategy, including the climate-related objectives.

The Supervisory board reviewed and approved in 2019 the Change to Win strategy with the ambition to change the game with circular economy as a key solution to responding to the climate emergency. The Supervisory board has monitored the follow-up and progress of the implementation of this new strategic plan which includes action and targets on climate-related issues (e.g. plant GHG emissions intensity reduction and the transition to a circular economy with the increasing use of recycled secondary raw materials). Furthermore, the Supervisory Board special committee "Audit, Risks and Compliance Committee" also reports to the board on its work of reviewing Tarkett's risk mapping and management which includes climate-related risk factors (e.g. "climate change and damage to environment", "Downtime, disruptions, damage on site", "Deployment of the transition to a circular economy", "raw material price volatility").

Strategy, Risk management and Targets

As part of the Change to Win strategic plan, the CEO set two new climate-related targets: (i) to triple to 30% the share of recycled raw materials used and (ii) to reduce Scope 1 & 2 GHG emissions per square meter of flooring by 30% by 2030 compared to 2020. The CEO is responsible for both assessing and monitoring climate-related risks and opportunities and ensuring the subsequent adaptation of business strategy. In 2019 this was effective with the definition, approval, and deployment of Tarkett's Change to Win strategy, with regular monitoring made in 2020. The CEO is assisted in this task by the Executive Management Committee, which is composed of 10 other members, including one new position created in June 2020 - Group Sustainability Officer. This new position of Group Sustainability Officer has been created to accelerate the implementation of Tarkett's Change to Win Sustainability strategy, and to establish Tarkett as a reference regarding climate change and circular economy. Other roles in the EMC include for example: the CFO who oversees the company risk mapping, which includes the risk factor 'climate change' as well as reviewing the business plans, annual budgets, and ensuring the monitoring of progress against targets such as the tracking and reporting of climate-related as well as other CSR key performance indicators; the Presidents of Divisions (EMEA & LATAM; Eastern Europe & Asia; North America and Sports) who ensure the operational deployment with the assistance of the support functions; and the Group R&D and Operations Executive Vice-President who actively supports the divisions in executing key projects and strategy, including the circular economy and climate goals of the Change to Win strategy.

Group Sustainability Committee

- **Following the appointment of the new Group Sustainability Officer a Group Sustainability Committee**, was convened for the first time in September 2020. The committee, which replaces the previous environmental committee, is now led by the Group Sustainability Officer. It is composed of sustainability managers from Tarkett's divisions, managers, and experts from Purchasing, Operations, Research and Development, Finance, Human Resources and Communication along with Tarkett's Strategic Marketing, Digital & Innovation Executive Vice President. The role of the committee, which regularly reports to the Executive Management Committee, is to coordinate and to monitor the execution of Tarkett's sustainability strategy; to regularly review the adequation of Tarkett's sustainability strategy and objectives in the light of new risk, opportunity and materiality assessments and internal and external stakeholder dialogue; and to prepare proposals for the Executive Management Committee to ensure Tarkett leads the industry regarding climate change and circular economy. The committee builds on the work accomplished by the preceding environmental committee, itself created in 2011.

Other instances supporting the implementation of Tarkett's CSR strategy, commitments, and objectives

- the **HR Core team,** led by Tarkett's Human Resources and Communication Executive Vice President and comprised of senior HR executives from Tarkett's divisions, regularly review the execution of the actions related to the Change to Win strategic plan, the progress of the Group Talent Management strategy along with implementation of other HR policies and initiatives, such as internal mobility, diversity and inclusion, benefits, employee feedback, social dialogue, and Tarkett Cares. In 2020 considerable attention was given to guiding Tarkett's response to the COVID-19 pandemic to ensure employee health and well-being during such a challenging time.
- A **Group anti-corruption committee** created in 2020 to lead Tarkett's anti-corruption program.
- The **innovation program management,** implemented in November 2019, to accelerate on innovation and to leverage synergies for delivering on the Change to Win Strategy. Global program managers were nominated to lead the seven priority programs which include 'Circular Economy and Recycling' and 'Health and Well-being'.

Communication of Tarkett's CSR strategy, commitments, and objectives

- The Change to Win strategy and associated CSR objectives, along with initiatives and achievements, are **shared with company employees**, in particular via internal newsletters, intranet news, and training. Progress and challenges are also shared with the senior executives as part of quarterly results presentations and during the annual Leaders meeting.
- Our commitment and results are also **presented to the shareholders and the financial community** during the annual Shareholders Meeting and Quarterly Financial webcasts, and to all our stakeholders via our different publications (the annual Universal Registration Document with the non-financial statement / annual CSR report, Tarkett in brief brochure and on Tarkett internet website).

CSR performance linked compensation

The successful implementation of Tarkett's Change to Win strategy, the associated objectives and other corporate social responsibility policies and actions is driven in part through individual incentives.

- **CEO and senior executives:** The reduction of Scope 1 & 2 greenhouse gas (GHG) emissions and the circular economy (increase in the percentage of recycled materials used in the manufacture of our products) were included in the 2020-2023 LTIP (Long-term incentive-plan) criteria. The GHG emissions and circular economy objectives form part of Tarkett's Change to Win strategy aiming to transition to a circular economy, a central part of Tarkett's response to climate-related risks and opportunities. Approximatively 240 beneficiaries worldwide have part of their LTI grant related to the achievement of these 2 objectives. Furthermore, all the members of the Executive Management Committee (EMC) have other CSR objectives depending on their areas of responsibilities. A focus was also made in 2020 objectives on the deployment of compliance and anti- corruption programs.
- **Health, safety and environmental managers, Sustainability managers**: At plant and Division level, HSE managers are responsible for the deployment of actions plans and programs on safety and environmental protection, including Tarkett's climate-related strategy. As such their personal objectives may include safety targets, efficiency targets, emission reduction targets, energy reduction targets, ReStart® collection targets, waste management or other circular economy objectives depending on their specific local roles.

- **Operational managers:** At plant level, some managers and operators may have their personal objectives related to the deployment of Tarkett's Change to Win strategy and the implementation of Tarkett's World Class Manufacturing (WCM) program. This program includes procedures and actions to improve efficiency, energy reduction, emissions reduction, waste reduction and recycling and environmental incident reporting and analysis. Some managers in the sales network may also have their personal objectives linked to Tarkett's ReStart® collection and recycling program – a key part of Tarkett's circular economy and climate strategy.

Supervisory Board oversight on Tarkett's CSR strategy, commitments, and performance

The CEO regularly reports to the Supervisory Board on the progress on Tarkett's Change to Win objectives. Other CSR topics are presented to the Supervisory Board, either at their request or when significant new commitments, strategy or objectives are developed.

Furthermore, two committees support the Supervisory Board and are involved in our CSR approach:

- The **Audit, Risk and Compliance Committee** ensures the effectiveness of risk-monitoring and internal control procedures, which cover CSR-related topics. In 2020 Tarkett presented its approach to CSR reporting, including internal controls and third-party verification. Tarkett also discussed CSR ratings and the next steps to further strengthen Tarkett's action on social and environmental responsibility.
- The **Nominations, Compensations and Governance Committee** determines and regularly reviews the compensation and benefits awarded to the Company's top executives, for whom some CSR objectives have been included in the criteria for awarding variable compensation. For example in 2020, the reduction of greenhouse gas (GHG) emissions (Scope 1 & 2), the circular economy (increase in the percentage of recycled materials used in the manufacture of our products) and the organization and talent management were included in the LTI criteria for the Group senior executives. Furthermore the members of the Executive Management Committee have CSR objectives depending on their areas of responsibilities..

3.2.2 Tracking our CSR performance with a robust reporting process

The reporting process of CSR / sustainability indicators is managed and consolidated since 2018 by the Financial department with the support from the different relevant functions (including Sustainability, Operations/WCM, HR, Legal, Research & Development…), divisions and sites. The CSR report (Non-financial statement), managed by the Communication & CSR department, is included in the annual Universal Registration Document. The reported indicators and the CSR report are audited by a third-party independent organization (see section 3.11.4 Report of Independent Third-Party Organization).

A detailed, rigorous, and audited reporting process: Since 2017, the reporting process has been strengthened with the drafting and diffusion of an accurate and comprehensive CSR reporting guide, which provides the Group with a foundation of common knowledge shared by all people involved in CSR reporting at all levels of the organization. This guide describes in detail CSR reporting principles, the scope, the definition of indicators, as well as the tools / calculation methods and controls carried out by contributors at the local level, and consolidation of data at the Group level. The process and the indicators are audited by internal audit teams and by a third-party independent organization. This formalization of the reporting process with the existing rules demonstrates the commitment of the Group to being rigorous and transparent towards its stakeholders.

Dashboards that allow accountability and management of CSR performance at each level: The Group follow dashboards, which notably include 2020 environmental objectives set in 2012 and new environmental and social objectives for 2025 and 2030 announced in 2019 as part of Tarkett's Change to Win strategic plan. Divisions and functions also have dashboards with their CSR indicators, allowing the different entities to drive their performance and focus their efforts on the material challenges associated with their activities. The analysis of indicators over time is crucial to measure progress achieved, identify room for improvement and the challenges which still need to be tackled, and implement ambitious and pragmatic action plans.

Progress review meetings are also jointly organized at different levels: Group, divisions, functions and sites, and as part of "networks" (WCM, HR, etc.).

3.2.3 Adhering to international standards

Tarkett's commitment, as well as the CSR report, the dashboards, the 2020, 2025 and 2030 objectives and the robust reporting process, meet the European and French regulatory obligations, and are in line and consistent with the requirements of internationally recognized standards:

- the European Union Directive and the French regulations on non-financial statement, known as the extra-financial performance declaration ("*déclaration de performance extra-financière*" or DPEF);
- the French duty of care ("*Devoir de Vigilance*") and anti-corruption law ("*Loi Sapin 2*");
- the European Data Protection Regulation on data privacy;
- the ten principles of the United Nations Global Compact (UNGC), to which we communicate our results to comply with the "Advanced" level standard;
- several Sustainable Development Goals (SDGs) defined by the United Nations;
- the Global Reporting Initiative (GRI) Standards – see in particular section 3.11.3 GRI and DPEF concordance table;
- the Task-force on Climate-related Financial Disclosures (TCFD);
- the Carbon Disclosure Project (CDP) climate change questionnaire;
- the calculation and reporting of greenhouse gas (GHG) emissions in line with the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol;
- Cradle to Cradle® (C2C) principles for the design of our products, from material selection and product manufacturing, to installation, use, maintenance, end of use and product recovery;
- the AFEP-MEDEF recommendations, notably regarding corporate governance and the DPEF.

3.2.4 Remaining committed to high business and ethical standards

Tarkett signed up to the United Nations Global Compact (UN GC) 10 years ago in May 2010. Tarkett continues to remain committed to upholding the ten UN GC principles in its day-to-day business and operations and works constantly to further progress its action and performance on social responsibility as demonstrated in its "people and planet" pillar of its Change to Win strategy. Tarkett understands that the ten Principles of the United Nations Global Compact were derived from key texts to which Tarkett fully adheres: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Tarkett is committed to supporting and respecting the protection of internationally proclaimed human rights; and to making sure that we are not complicit in human rights abuses. Tarkett upholds the freedom of association and recognizes the right to collective bargaining. Tarkett will not be party to any form of forced and compulsory labor or to child labor or to any forms of discrimination. Tarkett adopts a precautionary approach to environmental challenges and continually strives to promote greater environmental responsibility, notably developing and promoting environmentally friendlier solutions. Tarkett also remains steadfast in its resolve to tackle all forms of corruption.

Tarkett completes the annual communication on progress to the UN GC, according to the Advanced level, which can be consulted on the UN GC website.

3.2.4.1 Ensuring business ethics and integrity

Among our most important company assets are our reputation and credibility for high standards of ethics and integrity. We consider that adherence to these principles as well as compliance with applicable laws and regulations are “non-negotiable” and central to how we do business every day and in every country. This corporate responsible commitment is evident in our core values, and we urge every Tarkett employee to follow and act according to these principles.

These principles are transcribed in **several Group’s Codes and Policies**, for example:

> The **Code of Ethics,** which was originally developed in 2009, was completely revised in 2020. It defines basic principles that must imperatively be respected by the Group and its employees. It covers business ethics, with notably the topics of fair competition, anti-corruption, conflict of interest and veracity of accounts; Tarkett’s role as an employer, with the respect for human rights and health and safety of employees; and Tarkett’s commitments as a corporate citizen, responsible and caring of others with respect for the environment, local cultures as well as personal data.

> The **Anti-corruption Code of Conduct**, which builds on the principles in the Code of Ethics, was deployed from 2018 in replacement of the Anti-corruption Policy which was in effect since 2012 (see section 3.2.4.2 Preventing corruption). This Code has been translated into 17 languages and deployed throughout the Group with employee representative bodies being consulted when necessary.

> The **Competition Policy** complements the Code of Ethics on the topic of compliance with competition laws, underlining the essential principles and rules to be strictly respected in terms of relationship with competitors (horizontal agreements, exchange of information, membership, and participation in trade associations), relationships with suppliers and customers, good practices to avoid abuse of dominance, misleading advertising, etc.

To ensure that all Tarkett employees are aware of and respect the values and behaviors that we wish to share, we have implemented **several trainings and monitoring programs**:

> **Compliance training:** the compliance training program initiated in 2018 and reviewed in 2020 to improve its monitoring, focuses on fair competition and anti-corruption. The program consists of customized e-learning modules which are organized a number of times during the year for all Tarkett employees who have computer access (covering approximately 6,500 employees worldwide). Anti-corruption issues addressed include bribery, relations with intermediaries, gifts and invitations, charitable donations and the whistleblowing systems available to employees as well as third parties. Regarding competition law, the program covers in particular horizontal (competitors) and vertical (suppliers and sub-contractors) restrictions of competition such as the exchange of information in the framework of professional trade organizations. Face-to-face training sessions have also continued in 2020 via dedicated compliance workshops (mostly virtual) tailored to groups of employees more exposed to the previously mentioned risks, notably teams in France, Belgium, Germany, United States, Russia and Serbia.

> **Participation in trade associations:** Guidelines of good behavior practices when joining trade associations and more generally when attending meetings where competitors are present were developed in 2018 and are now included in the training sessions.

> **Business Ethics training:** The new compliance e-learning program comes in addition to the existing training program on the Code of Ethics, which must be completed every other year by all Tarkett employees (either via e-learning or face-to-face session).

> **Cybercrime and fraud training:** We have also implemented training sessions to raise awareness and empower teams on cybercrime and fraud.

> **Whistleblowing systems:** A first professional whistleblowing system, the Ethics Hotline, was established in 2016 for our activities in North America, and a second similar tool, the Compliance Hotline, was introduced for other countries in 2018. This system, hosted by a third-party service provider, enables Tarkett’s employees and any third party to raise their concerns and/or report potential violations with Code of Ethics they may witness within Tarkett, including in an anonymous way if they wish to. Deployment of the system was subject, in certain countries, to the approval of local works councils. These whistleblowing systems are presented and explained in all the compliance training modules and a specific procedure for the alert systems is available on Tarkett’s Internet and Intranet site.

Example

Our Compliance Hotline: a tool for conveying concerns to Tarkett

- Easy access on the internet and the company intranet or by phone from 150 countries in 200 languages..
- Accessible to all Tarkett's employees, business partners (suppliers, clients, etc.) and other third parties.
- To report any type of violation related to for example accounting, anti-trust, conflict of interest, corruption, fraud, harassment, discrimination, environmental damage, etc..
- Presented for consultation to Tarkett's Works Councils in countries where local law enforces it.
- Supported by a platform to ensure the protection of whistleblowers..
- Guaranteeing the confidentiality of cases.

The compliance section of Tarkett's intranet was updated and completed to provide all employees who have intranet access with readily available information on business ethics, including the main principles on competition law, anti-corruption, the whistleblowing procedures and Tarkett's professional alert mechanisms (Compliance Hotline and Ethics Hotline) as well as the Supplier Code of Conduct. Similar information has moreover been publicly disclosed on Tarkett's Group website.

Compliance risks have been included in the controls and work programs of the internal audit department.

Protection of personal data: The Group is committed to ensuring the fair use of all personal data it processes, in compliance with applicable regulations, in particular the EU General Data Protection Regulation ("GDPR"). The Group's legal department, in close collaboration with the IT department, has deployed a Data Privacy Compliance Program, covering notably:

- signature of personal data protection clauses with our business partners to ensure confidentiality and data security;
- monitoring and control of personal data processing activities in internal registers;
- privacy impact assessment (PIA) for new processing activities presenting personal data protection issues;
- clear and easily accessible information provided to our customers, business partners and employees regarding (i) the processing of their personal data by Tarkett and (ii) the means by which they can exercise their rights relating to their data;
- reinforcement of awareness-raising actions and training for employees most exposed to data privacy risks.

Cybersecurity:

The Group uses complex information systems (notably for production management, sales, logistics, accounting, and reporting), which are essential for conducting its commercial and industrial activities. Recognizing that a failure of any one system could have a material adverse effect on the Group's business, Tarkett has procedures, tools, and trainings in place to continually strengthen the security of its information systems. These include an IT Charter governing the use of IT equipment and explaining Tarkett's IT department monitoring activities and use of personal data; a global IT Security policy setting out the key measures and procedures to ensure IT security; a leaflet describing the 5 key security measures and a specific leaflet on detecting and avoiding fraudulent emails. Further details are given in Chapter 6 "Risk factors and internal control" of the 2020 Universal Registration Document.

In 2020, despite the IT security measures implemented by the Group, Tarkett was the victim of a cyber-attack that briefly affected part of its operations. Tarkett responded immediately to shut down its information technology systems and put in place the necessary preventive measures to protect its operations as well as the data of its employees, customers, and partners. Thanks to the responsiveness and commitment of Tarkett teams supported by third-party IT experts, normal operations were swiftly resumed. A program was subsequently implemented to further strengthen all systems (human and material and through the use of highly qualified external service providers) for the protection of the Group's information systems.

Responsible tax practices: As part of its activities, Tarkett does not resort to complex financial arrangements aiming at obtaining a tax benefit conflicting with the purpose or the aim of applicable tax law. Tarkett does not have legal entities in any of the twelve countries of the European Union (EU) black-listed tax havens, which include countries refusing to engage a dialogue with the EU or to remedy shortcomings in terms of good tax governance. With regard to the 10 countries of the EU grey-listed tax havens, which include countries committed to comply with international standards but having signed less than twelve agreements, Tarkett has commercial legal entities with production in two countries (Australia and Turkey).

The list of these countries, updated as of 6th October 2020, is available at the following link:

https://ec.europa.eu/taxation_customs/sites/taxation/files/eu_list_update_06_10_2020_en.pdf.

In the EU, Tarkett operates in Luxembourg since 1961 (where it has a vinyl flooring manufacturing site and a research and development center employing over 500 employees) and in the Netherlands (where it has one carpet manufacturing site and sales activities employing close to 400 employees). Finally, it is specified that the Tarkett Group has not signed any tax rescript with tax authorities in its different countries of operation.

Further details on tax practices and associated fiscal risks are provided in Chapter 6 “Risk factors and internal control” of the 2020 Universal Registration Document.

3.2.4.2 Preventing corruption

In line with the requirements of the French anti-corruption law (“*Loi Sapin 2*”) and the guidelines of the Anticorruption French Agency (AFA), Tarkett has implemented a Corruption Prevention Program, which provides a framework to our teams and business partners globally and which includes the following components:

- **A corruption risk mapping** exercise was initiated in 2017, updated in 2019 and redesigned in 2020. The risk identification and assessment process was based on interviews of 79 internal stakeholders covering the whole range of Tarkett activities and processes worldwide. The risk mapping is continually expanded and updated annually based on elements gathered through additional interviews and/or potential alerts or incidents and/or NGO reports we have been informed about. The granularity of the assessment is thus refined as these elements are collected by Tarkett. In 2020, an important update of the corruption risk mapping was undertaken to identify and then assess risks in a more refined and relevant way and to take into account the latest requirements of the French Anticorruption Agency.
- The **Anti-corruption Code of Conduct**, which was developed and rolled-out in 2018 in replacement of the Anti-corruption Policy, defines clear guidelines allowing our teams to identify and prevent inappropriate behavior in terms of corruption and influence peddling. This code lists prohibited practices (illegal payment, facilitation payments and political contributions), practices governed by strict rules (gifts and invitations, donations to charities, sponsorships, interest representation and/or lobbying action), and practices to be followed internally (proper and exact accounting, declaration of conflict of interest) and with our business partners (anti-corruption contractual clauses, implementation of due diligence procedures, use of intermediaries).
- The **whistleblowing systems** implemented with the Compliance Hotline in 2018 complementing the Ethics Hotline deployed in 2016 in the United States and in Canada. The systems are supported by the Whistleblowing Procedure to enable employees, business partners and other third parties to report any corruption-related concern.
- The **assessment of our business partners:** Tarkett performed an assessment of its suppliers as part of our **Responsible Sourcing Program** (see section 3.7.1.1 Promoting good and positive practices along the supply chain) as well as anti-corruption due diligences on its intermediaries. In 2019, Tarkett retained a specialized service provider to assist with the anti-corruption evaluation of its business partners.
- **Control procedures** on corruption risks are included in the work program of the internal audit department. In 2020, we implemented additional controls on gifts, invitations, donations, sponsorships, and intermediaries to focus on corruption issues. Second-level anti-corruption controls covering intermediaries, human resources and purchases were carried out by the Compliance Officer and the Finance department.
- **The new compliance training program**, initiated in 2018 and targeting all Tarkett employees who have internet access, includes three annual e-learning modules on corruption, covering anti-corruption practices in general, and reminding our teams of good practices in this regard, with a particular focus on use of intermediaries, gifts and invitations, and donations to charities. Anti-corruption workshops have moreover been delivered to specific publics.
- The **new Anti-corruption committee** was established in 2020. The committee is composed of the CEO, CFO, General Counsel, Internal Audit Director, and the Compliance Officer. The role of this committee, which meets monthly, is to define the Group strategy in the deployment of its Anticorruption program.
- An **Anticorruption Accounting Control Procedure** relating in particular to gifts, invitations, business meals, donations, sponsorships and intermediary commissions was set up in 2020 and deployed throughout the Group.
- Every employee is fully informed that non-compliance with any one of the provisions listed in the Anti-corruption Code of Conduct may give rise to **disciplinary sanctions**, including dismissal.

3.3 CSR risks and opportunities

At our scale and with our resources, we are committed to positively contributing to tomorrow's changes and challenges:

World's Changes	Challenges Tarkett can contribute to
By 2050, one in six people in the world will be over age 65 (16%), up from one in 11 in 2019 (9%) according to the UN, and nearly two thirds of this population will live in cities, according to the United Nations.	**Increase of the population** and of the share of **elderly people in the cities**, along with expectations and challenges regarding **quality of life** (indoor air quality, healthy spaces, comfort, acoustics, spaces flexibility and modularity, etc.).
With a global population expected to reach 9.7 billion people by 2050, according to the UN, and aspiring for a better quality of life, the pressure on natural resources will continue to rise and become an even greater critical issue in the future. The United Nations Environment Program (UNEP) 2019 Resource Panel report found that global resource use has more than tripled since 1970 to reach 92 billion tons in 2017 and projects that without action resource use will more than double to 190 million tons by 2060.	**Scarcity of natural resources and waste management**, issues which challenge the linear economy model (based on production, use and disposal of a product) and call for the **development of a circular economy model**, where waste becomes a resource, and where a product can be reused or transformed into a new resource. The use of eco-design principles makes it possible to select abundant raw materials on the one hand and to build products that are easily reusable or recyclable on the other hand.
In 2015 the UN COP21 set out a course of action (Paris Agreement) aimed at keeping the rise of global temperature below two degrees. The 2018 Intergovernmental Panel on Climate Change (IPCC) Climate Report set out the clear benefits to people and natural ecosystems of limiting global warming to 1.5°C compared to 2°C which could go hand in hand with ensuring a more sustainable and equitable society. The UN Secretary General called for urgent and far more ambitious action, to cut emissions by half by 2030 and reach net zero emissions by 2050, noting that alternative building materials along with other innovations can have a major role in reducing greenhouse gas emissions. The Circularity Gap Report launched at the World Economic Forum in 2019 underlined that 62% of global greenhouse gasses are emitted during extraction, processing, and production of goods.	**Reduce greenhouse gas emissions** by reducing our energy consumption and using renewable energy sources. We can, not only reduce our greenhouse gas emissions in our production cycle, but also along the whole value chain, with the implementation of a circular economy model, **using more recycled materials** which are less energy intensive than extraction and transformation of virgin materials, increasing the lifespan of our products, facilitating their recycling after use and by limiting the distance necessary to deliver our clients with production sites close to our clients. We can also influence change on our value chain by selecting suppliers which have a lower carbon footprint, by raising our customers' awareness and by offering them the choice to select our products with the lowest carbon footprint.
The society is constantly evolving, and so are its expectations, with the Millennials and Generation Z living in a hyper-connected world with growing concerns, notably about the climate and environment, diversity, ethics, and the importance of having a positive impact on society, etc.	**Play an active role in responding to societal challenges, such as reducing the carbon footprint of our products and building a circular economy**, respecting ethical and compliance values, and promoting transparency and proximity with local communities, and the development and diversity of talents.

As one of the world's leading flooring and sports surfaces companies, Tarkett is committed to contribute, at its scale, in achieving the fundamental changes required to address these challenges, which generate various risks and opportunities.

3.3.1 Identifying and assessing CSR risks and opportunities

Tarkett identifies CSR risks primarily through our company risk mapping process, which is managed by the Internal Audit and Control department and which covers the range of financial and extra-financial or environmental, social and governance (ESG) related risks applicable to our activities. This mapping exercise, initiated in 2011, is updated every other year or more frequently in the case of significant changes. The process for identifying risks uses primarily a three-step method:

- the Internal Control and Audit Department, sometimes in collaboration with external experts, interviews members of the Executive Management Committee and key employees holding strategic positions at the Group and Division level in order to identify risks within their areas;
- the qualification and quantification of risks according to the following areas: precise definition, possible causes, impact assessments (financial, operational, strategic, legal, or reputational) and the degree of control by the Group;
- the review and validation of the risk mapping by the Executive Management Committee and presentation to the Audit, Risk and Compliance Committee, as well as to the Supervisory board.

In 2020, given the emergence of certain risks and the global health crisis, an in-depth review of the group's risk mapping was carried out to reassess individually each risk and integrate any new potential or proven risks. This process saw the risk of the COVID-19 pandemic being added to Tarkett's list of material risks. The entire process was carried out through 25 interviews with members of the Executive Management Committee and other key managers. In this context, each risk was reviewed to assess:

- their occurrence over a recent period of time;
- the state and effectiveness of mitigation efforts and
- the level of the potential absolute and residual impacts.

The feedback from other operational initiatives to identify and evaluate risks are also considered:

- At manufacturing sites, Health, Safety and Environmental (HSE) risks are identified and evaluated locally in accordance with our World Class Manufacturing program (which includes annual site audits by a third-party consultant – ERM, though these were exceptionally cancelled in 2020 due to the COVID-19 pandemic) and through the management systems for health and safety (OHSAS 18001 / ISO 45001), environment (ISO 14001) and energy (ISO 50001), which are implemented at most of our sites; ;
- At supply chain level, a procurement CSR risk mapping covering the vast majority of our suppliers was completed in 2018 in partnership with a company specialized in sustainability ratings and supply chain intelligence (see section 3.7.1.1 Promoting good and positive practices along the supply chain);;
- A specific corruption risk mapping, developed in 2017 in line with the requirements of the "*Loi Sapin 2*" was reviewed and updated in 2019 (as previously described in section 3.2.4.2 Preventing corruption) and again in 2020 to meet the latest requirements of the French Anti-Corruption Agency;
- Finally, Tarkett participated in an assessment, conducted by Trucost (S&P Global) in 2018, of its performance in light of the Sustainable Development Goals (SDG) defined by the United Nations. This provided insight to our exposure, risk mitigation and positive impact regarding the most relevant SDGs for our activities.

Focus

Focus on climate-related disclosure according to Task Force for Climate-related Financial Disclosures (TCFD) recommendations

Risk management & Governance

Climate-related risks are identified and assessed as part of Tarkett's multi-disciplinary company-wide risk management process (see section 6 Risk factors and internal control). "Climate change and damage to the environment" is one specific risk factor that is considered material based on Tarkett's assessment of its level of impact and the probability of occurrence. Other potentially climate-related risks are also taken into consideration in other material risk factors such "downtime, disruptions, damage on site" and "deployment of the transition to a circular economy". Risk mapping takes into consideration direct operations as well as upstream and downstream value chain risks.

The Executive Management Committee has overall responsibility for organizing and overseeing risk management, including risk mapping and assessment, risk mitigation as well as internal control and audit. Each member of the Executive Management Committee ensures the implementation of continual risk monitoring, controls, and mitigation in their realm of responsibility.

In 2020 Tarkett launched an in-depth review of the impact of Tarkett's activity on the climate and the impact of climate on Tarkett's activity. This work, which is being undertaken with the assistance of Carbone 4, an independent climate consulting firm, aims to ensure that Tarkett's climate and circular economy objectives and action plans are aligned with the target to keep global warming below 2°C, consistent with the Paris Agreement. The work will include using quantitative scenario-based foresight analysis to measure activity against different future scenarios, identifying the risks and opportunities in each scenario and assessing the resilience of the business.

The company risk mapping is also completed with an evaluation of the probability of each risk materializing in the next five years to further qualify the materiality of the risks in accordance with the EU Prospectus Regulation (EU 2017/1129) and the European Securities and Market Authorities guidelines published in 2019. The risk mapping identified 17 material risks, which are presented in Chapter 6 "Risk factors and internal control" of the 2020 Universal Registration Document, including 5 ESG risks (ethics and integrity in business conduct; climate change and damage to environment; deployment of the transition to a circular economy; product safety and quality and talent retention and recruitment of key employees) and a number of other ESG-related risks (e.g. worker health, safety and security; downtime, disruptions, damage on site; flooring market changes; raw material price volatility; supplier dependency; evolution, complexity and interpretation of tax regulations; IT and cybersecurity and COVID-19 pandemic) which are also covered in this CSR report.

3.3.2 Mapping key challenges, risks and opportunities

Mapping of major challenges, risks and opportunities

Worldwide Challenges | Risks for Tarkett | Opportunities for Tarkett

PLANT ENVIRONMENTAL MANAGEMENT

> Favor **local presence** to minimize transportation, associated costs and GHG emissions

> Increase use of **sustainable / recycled / recyclable raw materials** (decouple growth and raw materials)

> Transition towards **renewable energy** sources

> Further increase manufacturing efficiency and **good environmental management**

> Implement and maintain **ISO 14001 certified Environmental Management System** at plants

> **Climate change and damage to environment** (more stringent GHG regulations, including Scope 3 and carbon pricing; compliance with environmental regulations at production sites)

> **Raw material price volatility** (fluctuations in prices and availability of raw materials and energy)

> **Downtime, disruptions, damage on site** (industrial accidents, e.g. fire and pollution; impacts of natural disasters, e.g. flooding)

PRODUCT ECO-DESIGN AND CIRCULAR SOLUTIONS

> Create **innovative products** anticipating constantly evolving norms and customers' expectations, based on **eco-design and circular economy** (e.g.: low carbon intensity products, Cradle to Cradle® certifications, low VOC emission levels, phthalate free, etc.)

> Develop **partnerships for collection and recycling** of flooring products (ReStart® program) and sports surfaces and secondary raw materials from other industries

> **Deployment of the transition to a circular economy** (lack of effective recyclability and recycling of end-of-use flooring and sports surfaces)

> Provide verified, **transparent product communication** (e.g.: MHS, EPD)

> **Product safety and quality** (evolving health and environmental regulations, standards and/or customers' expectations)

> Propose products which **contribute to enhanced health and safety** (e.g.: low VOC, asthma friendly, anti-slip), as well as to **limiting environmental impacts** (e.g.: reduced water and energy consumption with artificial turf, dry-buffing system)

Worldwide challenges

Resource Scarcity
>9 billion people consuming more than twice as many resources by 2050

Climate Change
Keeping the rise of global temperature preferably below 1.5°C (COP21)

Unsustainability of **Linear Economy Model**

Growing Urbanization
2/3 of population will live in urban areas by 2050

Ageing Population
One in six of population will be over 65 years old by 2050

Indoor Air Quality
People spend 90% of their time indoors

License to Operate
Compliance and ethics in all countries of operation

Generational Shift
New expectations of Generations Y and Z

Stakeholder Engagement along the value chain: increased interest and expectations on CSR issues

GOVERNANCE & BUSINESS ETHICS

> Establish and uphold **strong governance of business ethics and CSR** (e.g.: integrated strategy and management with CSR dashboards, CSR incentives in top management remuneration)

> Strengthen procedures and employee training on **business ethics and compliance**

> **Ethics and integrity in business conduct** (corruption risk in sensitive countries / sectors; anti-competition practices; lack or weak governance of business ethics and CSR with greater risk of non-compliance)

> **Evolution, complexity and interpretation of tax regulations** (tax transparency and conformity)

> **IT & Cybersecurity** (risk for business continuity and data loss)

SAFETY, DIVERSITY AND TALENTS

> **Talent retention and recruitment of key employees** (loss of talent / competence; discrimination; lack of equal opportunities)

> **Worker health, safety and security** (accidents at production sites; exposure of staff to hazardous substances; health of our employees)

> Attract and retain the best talents: **recognized employer** brand

> **Develop internal talents** (Talent Management Guiding principles, internal mobility)

> Reinforce **safety culture**

> Promote **diversity** and **gender equality**

> Favor **integration of workers in difficult situation**

DIALOGUE AND COLLABORATION IN THE VALUE CHAIN

> **Flooring market changes** (expectations for greater transparency; new products and services and increased stakeholder involvement; suppliers not compliant with our CSR standards; expectations and requirements from civil society and local communities)

> **Supplier dependency** (risk where supplier choice is limited for certain raw materials)

> Increase use of **local suppliers**

> **Collaborate with suppliers** to improve CSR performance (Responsible Sourcing Program, Innovation program)

> Increase **collaboration with stakeholders** on challenges and solutions (e.g.: clients, suppliers, experts, NGOs, public authorities, etc.)

The main worldwide challenges and ESG and ESG-related risks applicable to Tarkett (as identified by Tarkett's Risk Mapping and other risk identification and evaluation initiatives previously described), along with resulting opportunities, are summarized in the above infographic.

Focus

Focus on climate-related disclosure according to Task Force for Climate-related Financial Disclosures (TCFD) recommendations

Strategy – climate-related risks and opportunities

The following climate-related risks and opportunities have been identified by Tarkett as material, either in the short (up to 2 years), medium (2-5 years) or long-term (5-20 years):

> The risk of Tarkett on climate through excessive growth of GHG emissions from operations (use of fossil fuels) and/or from upstream and downstream activities associated with its products (i.e. product life cycle GHG emissions)

> The risks of climate change on Tarkett are mainly transition risks, such as:

- Current and emerging regulation, including potential future regulation on tracking, and reducing Scope 3 emissions, future carbon taxes, extended producer responsibility and minimum recycled content.
- Technology, for example access to / development of necessary technology to enable Tarkett to meet growing market demand of low-carbon circular flooring products.
- Market changes, related for example: to downstream risk / opportunity of end users preferring alternative flooring products driven by climate-related issues; to raw material price volatility with upstream and operational risks of raw material availability and costs evolving due to climate-related issues and due to the transition to a low-carbon economy; to increased demand for low carbon products; and to circular economy regulatory and market requirements potentially generating increased demand for circular / recycled and recyclable flooring products.
- Reputation, associated to not achieving our climate-related objectives or to losing the trust of our customers on Tarkett's commitments. The risk of Tarkett's activity on climate: direct and indirect GHG emissions from operations (use of fossil fuels and purchased electricity) and more critically from indirect GHG emissions associated to upstream and downstream activities (i.e. product life cycle GHG emissions).

> **Opportunities include:**

- To reduce indirect operating costs through production efficiency, and notably actions to improve energy efficiency, reduce greenhouse gas emissions and to increase the use of recycled raw materials.
- To increase revenues resulting from increased demand for low carbon products which are recyclable and where circular solutions are available. Tarkett believes that adopting a closed-loop circular economy approach will help it limit raw material costs, secure raw material sourcing, limit greenhouse gas emissions and meet growing customer demand for responsible products.

3.3.3 Managing risks

Our systematic and integrated approach towards risk management, which includes CSR risks, is based on the following steps:

- Presentation of updated Tarkett's Risk Mapping to the Executive Management Committee for approval and follow-up.
- Regular presentation to the Audit, Risk and Compliance Committee, which is in charge of ensuring the effectiveness of risk-monitoring and internal control procedures.
- Integration of the review of risks and controls into the work programs of the internal audit department..

The Group CSR strategy and policies developed to manage our material CSR risks and challenges are defined at the Executive Management Committee level, then implemented at Division and function level, and finally at the level of sites/networks in each country. Different programs support the deployment of these CSR policies, such as World Class Manufacturing (WCM) for operations, Cradle to Cradle® (C2C) principles for eco-design, Innovation and ReStart® programs for circular economy and take-back and recycling, or Talent Management Guiding Principles.

Our policies and initiatives intended to manage CSR risks and challenges, their objectives and results, and the related key performance indicators are described in detail in the relevant sections of this CSR Report 2020, namely:

- **Section 3.2** CSR governance, for risks and issues related to governance and business ethics
- **Section 3.6** Meeting customer and societal expectations through eco-design, transparency and circular solutions, for risks and issues related to the environmental and health impacts of our products along the value chain
- **Section 3.7** Responding to the climate emergency with good environmental management and a circular economy approach, for risks and issues related to climate change
- **Section 3.8** Creating solutions for greater indoor air quality and safe, healthy spaces for our customers, for risks and issues related to the health and safety impacts of our products
- **Section 3.9** Driving Collaboration in the value chain and in communities, for risks and issues related to our suppliers and our activities within local communities
- **Section 3.10** Nurturing our human capital, for risks and issues related to our employees

Concerning the risk "COVID-19 pandemic", our initiatives intended to manage the risks and opportunities related to the ESG aspects of this risk are described throughout this chapter and in particular detailed in the following sections:

- **3.8.2** Participating to people's well-being
- **3.9.2.3** Giving time, assistance and other contributions to local communities: Tarkett Cares
- **3.10.2** Caring for the health and well-being of our workforce

Example

Focus on our World Class Manufacturing (WCM) operational excellence program

World Class Manufacturing (WCM) is a continuous improvement program, focused on improving employee's safety, reinforcing customer service and quality, reducing the impact of the Group's operations on the environment while optimizing resource management, and improving industrial performance.

WCM is applied globally in almost all our plants and distribution centers using a proven methodology, with structured tools, a central dedicated team at Group level which helps reach objectives defined by local teams, through coaching, training and sharing of best practices. Completion of internal WCM audits enables the teams to monitor the progress of production sites and to define action plans.

3.3.4 Assessing the materiality of CSR issues for Tarkett

The materiality assessment helps identify and specify the material CSR issues and challenges for Tarkett, in other words the most important issues in the context of the Group's activities, their impact on our business model and our stakeholders' expectations.

In 2016, a survey was completed to determine the material topics for Tarkett and ensure that our CSR strategy and our objectives were aligned with them. A stakeholders' mapping was completed followed by a survey that was sent to both external stakeholders (customers, suppliers, sales partners, NGOs, trade organizations, experts, research, and educational institutions, etc.) and internal stakeholders (members of the Tarkett Supervisory Board and the Executive Management Committee, Tarkett employees). The survey involved stakeholders based in France, Germany, the Netherlands, Serbia, Sweden, Russia, the United Kingdom, and the United States. The survey covered key topics included in the GRI Standards and Cradle to Cradle® principles, organized into five categories: the environmental impacts of production, responsible products, work, human rights, and societal issues.

Four specific issues emerged from the 2016 survey and are still considered to be among the most material CSR topics for Tarkett: health and safety at work, health and safety related to products and materials, the environmental impact of products, and responsible use of materials and resources.

	Environmental impacts of production	Product Stewardship	Labor, Human Rights & Societal issues
Priority topics for both external and internal stakeholders, and relevant for Tarkett's activities		Environmental impact of products Health & Safety of products and materials Resource and material use	Health & Safety at work Child Labor (a key priority for external stakeholders, but not a potential risk for Tarkett activities)
Other priority topics for internal stakeholders	Energy Consumption Production waste	Cradle to Cradle® principles Recyclability of products	Training and talent development Anti corruption
Other topics of importance	Air emissions from production Waste water from production Assessment of suppliers on environmental topics	Transparent marketing communication	Support for local job and income Assessment of suppliers on human rights Forced Labor Diversity, equality, non-discrimination, labor rights

When comparing the materiality matrix with our CSR risk mapping, it is clearly visible that priority topics and other topics of importance identified by the materiality assessment in 2016 are covered by and consistent with the identification of our CSR risks and opportunities. Each year we maintain regular dialogue with our stakeholders (section 3.5 Stakeholder engagement), listening to their concerns, desires, and expectations. In this way we ensure our actions, and our priorities are adapted to meet the material challenges and opportunities. For example, we note that the risks relating to the environment (implementation of new standards to limit global warming and to reduce the use of fossil resources) are today considered to be more significant than in 2016.

3.4 Duty of care / Vigilance plan

In line with the requirements of Article L. 225-102-4 of the French commercial code ('*Code de commerce*'), Tarkett develops and implements a vigilance plan to identify risks and prevent potential violations of human rights and fundamental liberties, adverse impacts on the health and safety of people and on the environment. This vigilance plan covers the Company's activities, as well as activities of our subcontractors and suppliers with whom an established commercial relationship is maintained. This vigilance plan is incorporated into the Group's CSR strategy and policies, as described hereafter.

Risk mapping

Our CSR risk identification process and mapping are described in detail in section 3.3 CSR risks and opportunities. Tarkett's Risk Mapping covers risks related to health, safety and environment (HSE), as well as human rights as follows:

- At manufacturing sites, HSE risks are identified and evaluated locally in accordance with our WCM program and through the management systems implemented at most of our sites: OHSAS 18001 / ISO 45001 for health and safety aspects, ISO 14001 and ISO 50001 for environmental and energy aspects. Human rights risks have not been assessed as significant for activities at our production sites to date. We are however aware that current geopolitical trends can generate new risks (e.g. risk of modern slavery related to vulnerable populations such as migrants), to identify and take into consideration as they appear.
- At supply chain level, a procurement CSR risk mapping covering the vast majority of our suppliers was completed in 2018 in partnership with a company specialized in sustainability ratings and supply chain intelligence, and includes HSE risks, as well as those related to a potential violation of human rights, among others (see section 3.9.1.1 Deploying our responsible sourcing program).

Assessment procedures

At manufacturing sites, the assessment of HSE risks are conducted internally on a continual basis as per the procedures and guidelines of our WCM program (see section 3.3.3 Managing risks). In addition, our sites are regularly audited on environmental compliance by a third-party (ERM), and most of our sites are subject to surveillance and re-certification audits for OHSAS 18001 / ISO 45001, ISO 14001 and additionally in some cases ISO 50001.

At supply chain level, the third-party supplier CSR evaluation by EcoVadis, which started in 2019, continued in 2020 as part of our responsible sourcing program. Assessed suppliers are selected based on the outcomes of the procurement CSR risk mapping, in parallel to the deployment of the Supplier's Code of Conduct (see section 3.9.1.1 Deploying our responsible sourcing program).

Alert mechanism

The Compliance Hotline implemented in 2018 and accessible from 150 countries, and the Ethics Hotline in the United States and in Canada, allow alerts on any potential breaches found or observed within Tarkett, in particular relating to human rights, health, safety and the environment (see section 3.2.4.1 Ensuring business ethics and integrity).

Actions and monitoring scheme

Our objectives and actions / initiatives implemented to prevent risks covered by the vigilance plan, as well as the related key performance indicators enabling to assess the efficiency of implemented measures and their results, are described in detail in the relevant sections of this CSR Report 2020, namely:

- Section 3.6 Meeting customer and societal expectations through eco-design, transparency and circular solutions, for managing risks related to the environmental and health impacts of our products along the value chain nos produits sur l'environnement et la santé tout au long de la chaîne de valeur
- Section 3.7 Responding to the climate emergency with good environmental management and a circular economy approach, for managing risks related to the climate
- Section 3.8 Creating solutions for greater indoor air quality and safe, healthy spaces for our customers, for managing risks related to the health impacts of our products
- Section 3.9 Driving Collaboration in the value chain and in communities, for managing risks related to our suppliers
- Section 03.10 Nurturing our human capital, for managing risks related to our employees' health and safety

3.5 Stakeholder engagement

To achieve our CSR objectives, we need the collaboration of our stakeholders. Tarkett seeks to enhance internal and external collaboration by building partnerships and dialogue that help us achieve our objectives and by collaborating with stakeholders, including NGOs, experts, and public institutions, to tackle global challenges together and find innovative solutions, notably for building a more circular economy. This stakeholder engagement and collaboration approach is summarized in the table below for 2020.

Stakeholder Groups	Examples of engagement and collaboration in 2020 on CSR topics	CSR Report section
Shareholders / Investors	> Shareholder's Annual General Meeting > Financial statements / Universal Registration Document > New Strategic plan (Change to Win) including circular economy ambition, presented to the financial community (Investors Day in June 2019) > Roadshow presentations to investors – around 51% of the 184 meetings conducted in 2020 included environmental, social and governance (ESG) topics demonstrating the growing importance of ESG issues amongst investors. This year the questions and dialogue focused mainly on governance, recycling, and circular economy. > Response to investor questionnaires on ESG topics (e.g. Dorval AM, CDC, AXA IM) > Regular roadshows and presentations to asset management companies such as SG Equities, Kepler Cheuvreux, la Financière de l'Echiquier, Sycomore and Amundi > Regular dialogue with proxy advisors, who issue voting recommendations on the resolutions submitted to the General Meeting, notably outside of the general meeting period, to discuss changes in their voting policy and guidelines, their approach to governance and remuneration issues, etc.	-
Socially Responsible Investment (SRI) Community	> Participation in SRI rating agencies analysis: Sustainalytics, EcoVadis, Vigeo, MSCI, etc. > Response to the CDP Climate change questionnaire	-
Employees	> Biennial employee feedback survey > Group Intranet Tarkett-Inside > Global Safety Day > 'Embrace sustainability practices in workplace' program launched in Tarkett Eastern Europe, mobilizing teams on sustainability to generate savings, limit waste and raise awareness of practical solutions > Recycling program at Tarkett North America headquarters (Solon, Ohio), initiated by the local sustainability committee and involving employees, aiming to eliminate all non-recyclable plastics and reduce landfill waste.. > Internal newsletter 'Experiences' > Internal Tarkett North America sustainability newsletter 'EcoNews' explaining concepts such as circular economy, Tarkett commitments and events as well as sustainability section in monthly news > Celebrating Earth Day in Tarkett North America with actions and communication in April, including an action to provide clean water to people in need through the 'Fill it Forward' program > Relationship / dialogue with trade unions, including Tarkett Forum in Europe > Annual meeting for senior executives and quarterly conference call on financial, safety and environmental results	3.10.1 3.10.4 3.10.5

Stakeholder Groups	Examples of engagement and collaboration in 2020 on CSR topics	CSR Report section
Customers / End-Users	> Transparent product information, via Material Health Statements (MHS®), specific Environmental Product Declarations (EPD in Europe, FDES – *Fiche de Déclaration Environnementale et Sanitaire* in France, GreenTag in Australia), Environmental tags in Europe > Certifications and labels meeting customer's expectations, e.g. Cradle to Cradle® (C2C – which positively contributes to achieving LEED certification), asthma and allergy friendly®, Living Product Challenge Imperative, etc. > Support to the Health Care community during the COVID-19 pandemic > Tarkett Academy to train professional installers and architects > Green Tours presenting our sustainability approach and initiatives on our production sites in Narni (Italy), Clervaux (Luxembourg), Ronneby (Sweden), Sedan (France), Waalwijk (the Netherlands) and Otradny (Russia) > Showrooms, such as Tarkett Atelier in New York City (US), Madrid (Spain), Atelier Tarkett in Paris (France) or San Francisco (US), Showroom in London (UK) or Bačka Palanka (Serbia) > Participation in conferences and exhibitions, many of which were virtual in 2020, e.g. recycling management event at C2C Lab in Berlin (Germany) and C2CPII Design & Innovation Forum in Stockholm (Sweden), Metropolis Perspective Sustainability virtual event (US), Greenbuild 2020 Virtual event (US), Vinyl Sustainability Council (VSC) Vinyl Recycling Summit (US), Pittsburg Center for Sustainable Business (US) conference for HR professionals on how to engage employees through sustainability, Greenbiz Circularity 20 conference (US) one of the largest circular economy events in North America, run by the GreenBiz Group, focused on accelerating the circular economy, Core Net Annual Conference (US) with a presentation on Designing for social connectedness in the time of COVID-19, with the Founder and Executive Director of the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) at the Harvard T.H. Chan School of Public Health. > Stockholm Furniture Fair (Sweden), Tarkett showcased the new iQ Natural bio-attributed vinyl homogeneous flooring on its Natural Bond exhibition, designed with circular transition as a theme. The iQ Natural collection was awarded Sustainability Project of the Year by the design and architecture magazine. > Svensk Form - Swedish design association (Sweden), 3 year collaboration including sponsorship of Design S - Swedish Design Awards - in connection with the association's 175 anniversary. > AIT-Dialog Architecture salon (Germany), Tarkett's iQ Natural received the Innovation Award Architecture+ Office special award with the jury especially appreciating the low carbon footprint and full recyclability of the flooring collection. > Revestir Exhibition (Sao Paulo, Brazil). > ReStart® program for take-back and recycling of post-installation and post-use flooring > Responding to customers growing expectations for sustainable solutions and information on the sustainability of our products, e.g. Tarkett North America has created a central email address for customers on sustainability which is monitored 12 hours a day. > Marketing events, such as the Tarkett Show in Russia for retailers and distributors in 20 different cities to present new products and inform on Tarkett C2C approach and Russian eco-label Green Leaf > Architects events, webinars, and other dialogue: Tarkett regularly shares its sustainability, health and well-being and Cradle to Cradle eco-design approach with architects and designers. In 2020 Tarkett was invited by various architect and design organizations in Europe including the One Global Design event at TP Bennett, London (UK); LOM architecture and design, London (UK) and the Design Monday event at Perkins and Will. Tarkett organized an online event for customers in Latin America in April with 93 attendees participating to learn about Tarkett's approach to eco-design, circular economy and value chain collaboration and a webinar during the Netherlands Sustainability Week. In Germany, Tarkett partnered with Uzin Utz architects and planners on the topic of recycling management with an event at the C2C Lab in Berlin. In North America, Tarkett held dialogue with architects and designers with five presentations on circular economy and healthy materials. In Canberra (Australia), Tarkett hosted a flooring design	3.6.1 3.6.2 3.7.2 3.8.2 3.9.2

	event for the design community, presenting latest trends in flooring design and reviewing our latest range of products including the biophilic Human Fascination Carpet Tile range. > In Sweden, Tarkett held a live online webinar on YouTube "Sustainability Talks on design for circularity" with a panel of experts, including the Swedish Design Association, Circular Sweden, and the City of Stockholm. More than 250 people registered for the event including architects, designers, municipalities, private facility owners, building contractors, installers, retailers, and end-users > In Perth, Australia, Tarkett carried out training slots during a health and wellbeing event for the design and construction community covering topics such as Indoor Air Quality, Acoustic Comfort, Green rating tools and the impact flooring can have on indoor environment quality. > FieldTurf, Tarkett sport's brand, developed a new sustainability communication platform in 2020 – "sustain the game". This has helped to have more dialogue internally and externally on the environmental initiatives and solutions developed by FieldTurf. > The Great Indoors, a collaborative platform organized by Tarkett to discuss how we can create workspaces that are good for people - and good for business with contributors from across the built environment, design, sustainability, and employee health community to share insights, comments and offer their views. > Proto-Habitat, making something different, an innovative research project by Frédérique Barchelard and Flavien Menu at the Académie de France in Rome - Villa Médicis. They chose Tarkett's Acczent Excellence Genius vinyl flooring - a quick to install, eco-designed, non-glued installation solution containing recycled materials and recyclable after use, phthalate-free and with VOC emissions 100 times lower than European standards for better indoor air quality.	
Suppliers	> Responsible sourcing program > Suppliers involved in materials selection, e.g. work with suppliers to provide phthalate-free plasticizers in the US and in Russia > Suppliers involved in materials assessments and C2C approach, e.g. partnerships with suppliers to propose C2C flooring maintenance and installation option > Tarkett Innovation Challenge with selected suppliers to engage and collaborate on Tarkett's Innovation program, including circular economy and recycling	3.9.1
Industrial Partners	> Purchase of recycled or recovered materials from industrial partners for use as secondary raw materials, e.g. Econyl® fibers from Aquafil in Italy and calcium carbonate from a drinking water distribution company in the Netherlands for carpet, recycled PVB (Polyvinyl butyral) safety films from windshields and used protective glass in the US and in Europe > Collaboration with logistical / transport partners for development of ReStart® program, e.g. with Veolia in France, Kuijs transport in the Netherlands, Verhoek in Germany	3.6.2 3.7.2

Stakeholder Groups	Examples of engagement and collaboration in 2020 on CSR topics	CSR Report section
Public Institutions/ Standardization Groups	> Visit of Prime Minister of Luxembourg to our Clervaux plant (Luxembourg), in the presence of Tarkett's CEO, where we presented our strategy and action on circular economy and climate change, an approach fully aligned with Luxembourg's national objectives. objectifs nationaux du Luxembourg > Contribution to a panel at European Commission stakeholder conference on Circular Economy, sharing Tarkett's challenges and achievements, with a focus on transparency and the concept of material passport's role in support of a transition towards a healthy circular economy > Participation to the European Business Awards for the Environment, organized by the European Commission, achieving silver medal for iD Revolution > Dialogue with EU institutions on product transparency and circular economy > Participation to EU Circular Plastics Alliance through Tarkett's membership of Vinylplus, European Carpet and Rug Association (ECRA), European Resilient Flooring Manufacturers Association (ERFMI) and European Plastics Converters (EUPC) > Participation, through French, Brazilian and Swedish national standardization bodies, to the work of ISO TC323 on ISO Circular Economy standard – Standardization in the field of circular economy to develop requirements, frameworks, guidance and supporting tools related to the implementation of circular economy projects > Chairing of French standardization body Afnor X30M Commission on circular economy and participation to an Afnor webinar on accelerating the change with voluntary standards > Dialogue with Danish Ministry of Environment on vinyl floor recycling > Participation to a Swedish government initiative "Delegationen för Cirkulär Ekonomi" speaking about circular economy > Participation to stakeholder dialogue in the context of the Dutch Government opportunity study for developing an Extended Producer Responsibility scheme in the Netherlands	3.6.2
Academic Institutes/ Experts	> Work with EPEA (Environmental Protection Encouragement Agency) scientific institute for material health assessment and C2C certifications > Work with Carbone 4 (France), leading independent consulting firm specialized in low carbon strategy and climate change adaptation	3.6.1. 3.7.
Associations/ Organizations	Tarkett maintains an active dialogue through membership or other collaborations with various associations / organizations, where we contribute to discussions, working groups and other initiatives on sustainability, circular economy, and wellness: > Ellen MacArthur Foundation Network – Tarkett shares its experience and examples of action on implementing circular economy solutions, for example participating in October in The Circular Economy Advanced Series with EPEA on supplier engagement > FrenchFounders – Tarkett's CEO spoke at the "Act to Impact" online summit sharing his convictions and insights on the circular economy > European Plastics Converters (EuPC), the professional representative body of plastics converters in Europe, and the Vinyl Foundation to support VinylPlus®, the sustainable development program of the European PVC industry > European Parquet Federation (FEP), cooperation on the environmental benefits of parquet > Ecopreneur.eu, the European Sustainable Business Federation based in Brussels which encourages a circular economy in Europe > Member of the Globe EU BEE group , a forum for members of European Parliament (MEPs) and progressive business partners to advocate for better environment regulations in Europe especially advocating for circular economy, resource preservation, pollution prevention and climate protection > Creation of the ERFMI (European Resilient Flooring Manufacturers' Institute) Circular Economy Platform to develop the collection, identification and traceability of used flooring materials and address specifically used vinyl floors through ERFMI's REVINYLFLOOR platform > Cradle to Cradle Products Innovation Institute (C2C PII), a non-profit organization created to guide product manufacturers and designers in making safe and healthy products, where Tarkett is a member of the Stakeholder Advisory Council > Carpet America Recovery Effort (CARE) in the US, an organization that fosters recycling of carpets and rugs	3.6.1 3.6.2

Stakeholder Groups	Examples of engagement and collaboration in 2020 on CSR topics	CSR Report section
	> Chairman of the V-Cycle PVC recycling initiative of the Vinyl Sustainability Council in the US, to enable value chain wide recycling efforts > US Green Building Council (USGBC), an organization committed to transforming how buildings are designed, constructed and operated through LEED (Leadership in Energy and Environmental Design), the most widely used green building rating system in the world > US Green Building Council Green Schools conference in Portland, US, focused on addressing the environmental impact of schools and the USGBC virtual Equity Summit looked at social equity principles in the green building community > Green Chemistry and Commerce Council, of the Lowell Center for Sustainable Production at the University of Massachusetts Lowell (US) promoting green chemistry and circularity with participation in the Alternatives Assessment > Pittsburgh Center for Sustainable Business (US) - an organization which promotes thought leadership, research, and education around sustainable business strategies by leveraging the unique expertise and capabilities of an active research and teaching community together with the applied knowledge and industry experience > Sustainability and Health Initiative for NetPositive Entreprise (SHINE) at Harvard T.H. Chan School of Public Health, Boston (US) > Circular Sweden, Cradlenet and Cireko, three networks promoting recycling and circular business in Sweden, with Tarkett speaking at webinars and events. > Asthma and allergy organizations in various countries such as the Asthma and Allergy Foundation of America the leading organization for people with asthma and allergies in the US; Asthma Australia, a not-for-profit body dedicated to supporting & educating Australians suffering from Asthma & Allergies to help people to breathe so they can live freely > Design Museum Foundation, Boston (US) – several joint initiatives, including “Design is Everywhere” podcast on the role of design in the transition to a circular economy > Chemical Watch Global Business summit Europe 2020, talking about Designing for circularity, in the context of a green recovery during this virtual conference	
Non Gouvernemental Organizations (NGOs)	> Dialogue with organizations Changing Markets and Zero Waste after the publication of several reports on the issue of waste in the carpet industry. This engagement dealt with eco-designing products for disassembly, transparency and use of healthy materials in products. It includes recommendations for the development of regulatory tools for implementing systems of extended responsibility for carpet producers within the EU, based on best practice, modulated fees and support of green public procurement measures to accelerate the market growth for truly circular solutions.	
Local and worldwide Communities	> Responding rapidly to the urgent needs of the health care sector as it created extra capacity to receive COVID-19 patients, providing expertise and getting flooring delivered for new COVID-19 services in numerous countries, such as in UK with 40,000m² of Safetred safety flooring for the Nightingale field hospital in Birmingham; in Italy for an intensive care hospital in Milan and hospitals in Rome, Naples and other towns; in Serbia for a hospital in Novi Sad; in Turkey for two hospitals in Istanbul; in Brunei for a national isolation center; in the Philippines for 63 quarantine facilities and in US for a hospital in Rhode Island > Initiatives and donations as part of Tarkett Cares, e.g. assisting local authorities and donating flooring to help repair four hospitals damaged by the catastrophic blast in Beirut (Lebanon); donating flooring for an intensive care hospital for COVID-19 patients in Milan (Italy); donating flooring to the French association Architectes Solidaires' project to renovate rest areas for nursing staff at French public hospitals; planting trees in Germany; raising funds for a foodbank in Australia to help citizens struggling as a result of COVID-19 pandemic; volunteering community service in US. > Support to development and climate change projects worldwide, e.g. REDD+ Tambopata Project in Peruvian Amazon	3.9.2

Stakeholder Groups	Examples of engagement and collaboration in 2020 on CSR topics	CSR Report section
Schools/ Universities/ Potential candidates to join Tarkett	> Partnerships with local schools / universities, e.g. Bačka Palanka with the Faculty of Forestry and the Faculty of Applied Arts at the Belgrade University (Serbia); Clervaux with the École des Mines de Nancy (France); Sedan with the university IUT (*Institut Universitaire de Technologie*) Reims-Châlons-Charleville (France) where employees give lessons on purchasing and exports; Narni (Italy) with four universities, the High Specialization Academy and 4 local secondary schools, with local managers giving lessons on environmental sustainability, circular economy and production process > Participation in job fairs, e.g. in events organized by schools in Champagne-Ardennes region around Sedan plant (France) to introduce students to Tarkett; Kedge Business School Forum in Talence (France); IESEG (*Institut d'Économie Scientifique et de Gestion*) Forum and Forum Group IGS (*Institut de Gestion Sociale*) at La Défense (France) and in the US > Harvard University Circular Economy Symposium, Boston (US)	3.10.4.

3.6 Meeting customer and societal expectations through eco-design, transparency, and circular solutions

We have established policies, programs, and specific initiatives to manage the identified material risks and opportunities. Our progress in addressing these risks and opportunities is monitored with specific key performance indicators. These elements are summarized in the following table along with our objectives and results.

Opportunities / Risks	Policies / Actions	Key Performance Indicators	2020	2019	2018	Objective 2020	CSR Report section	Contributing towards UN SDGs
Raw material price volatility (fluctuations in prices and availability of raw materialsand energy)	* Materials selection as part of New Product Development Process (NPDP) * Maximize recycled content in our products: post-installation / post-consumer flooring; secondary raw materials from other industries	Percentage of raw materials not contributing to resource scarcity (abundant, rapidly renewable or recycled)	68 %	67[1]%	70 %	75 %	3.6.1	15 LIFE ON LAND
Product quality and safety (evolving health and environmental regulations, standards and/or customer's expectations) Flooring market changes (expectations for greater transparency; new products and services and increased stakeholder involvement; suppliers not compliant with our CSR standards; expectations and requirements from civil society and local communities)	* Systematic materials assessment based on C2C criteria * Transparent product information, e.g. Material Health Statements, Environmental Product Declarations * C2C certifications of our products	Percentage of raw materials third-party assessed for their impact on people's health and the environment based on Cradle to Cradle® criteria	98 %	98 %	98 %	100 %	3.6.1.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1 2% decrease vs 2018 due to closure of laminate production in Germany

3.6.1 Choosing materials consciously and transparently

Tarkett is committed to putting people and the planet first, by applying the Tarkett Human-Conscious Design™ approach to its product eco-design, development, and manufacturing to create floors that help make spaces healthier, more comfortable, and more beautiful, while striving to lessen the Group's environmental impact so that people and the natural world flourish now, and in the future. This approach also allows Tarkett to disclose in complete transparency to its customers the environmental and health impacts throughout its supply chain.

3.6.1.1 Selecting and sourcing sustainable materials to preserve natural resources

Choosing quality materials is one of the pillars of our eco-design approach according to Cradle to Cradle® principles, with the objectives to respect people's health, preserve resources and protect the environment.

From an environmental point of view, Tarkett strives to conserve natural resources, prioritizing healthy materials that can be recycled and that are sourced from abundant sources (for example calcium carbonate), renewable (such as cork, pine, spruce, oak, ash, walnut, maple, beech and birch) and recycled (including waste from other industries), so that the materials used for our products do not contribute to resource scarcity.

Specifically on recycling, with Tarkett's strengthened commitment to a circular model, we are taking a holistic approach focusing on closed loop recycling (collecting and recycling Tarkett post-industrial and post-use materials), open loop recycling (sourcing post-industrial and post-use materials from other industries as well as procuring raw materials with recycled content) and the circular design of products (how to re-design products and processes to increase the uptake of recycled material). This applies to both flooring and sports surfaces, with FieldTurf in Europe proposing infills composed of recycled materials such as ProMax HydroFlex which incorporates 30% recycled polyethylene sourced from end-of-life artificial turf fields and other various infill solutions made from recycled rubber granules from tires which would otherwise have been landfilled. Worldwide, Tarkett estimates that some 15 million tires have been diverted from landfill and recycled to provide rubber crumb infill (based on the use of 20 000 tires per field).

Concerning renewable origin materials, wood is the main renewable material procured by Tarkett for parquet, laminate and linoleum flooring as well as for certain indoor sports surfaces. For example, Tarkett has produced wooden floors since 1886, sourcing wood, close to our plant at Hanaskog in Sweden, from sustainable forests in Sweden and Finland, where sparse planting and slow growth in the northern hemisphere led to strong and stable trees. Tarkett uses the whole log to benefit from its grain and pattern for the design of beautiful, distinctive floors. Linoleum also uses other renewable materials such as linseed oil, pine resin, jute and cork. Tarkett uses bio-based plastics combined with recycled and abundant raw materials in iD Revolution its Gold level Cradle to Cradle Certified™ modular resilient tiles made with non-PVC materials. Another example is the Eco Shell rubber flooring developed in North America, which includes as a component, leftover walnut shells from local walnut tree culture. For outdoor sports surfaces, Tarkett's FieldTurf offers a growing range of alternative renewable material performance infill layers such as PureFill which uses natural cork granules and sand, PureSelect which uses locally sourced olive cores in the United States along with imported European olive cores and PureGeo which uses coconut peat and cork. In Europe, FieldTurf also propose PureSelect with a European sourced olive core-based infill.

Example

Tarkett delivers five fields in France with locally sourced olive core based infill

In January 2020 the French riviera town, La Ciotat, was the first to receive the olive core based infill for the renovation of its Bouissou ground. 60 tons of olive cores sourced locally from olive producers in Provence were used for the infill. Other French towns adopting this natural infill solution using local olives in 2020 include Pertuis in Vaucluse, Guichen in Ille-et-Vilaine and Baud in Morbihan.

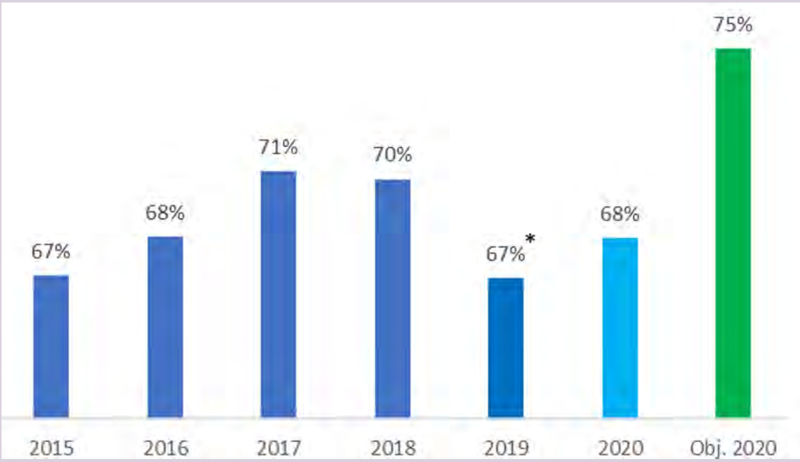
Zoom on key indicators

Share of recycled raw materials and share of raw materials not contributing to resource scarcity

Despite market and sanitary conditions Tarkett continued to focus on sourcing secondary raw materials in 2020, increasing the share of recycled raw materials to 13% compared to 12% in 2019 and 10% in 2018.

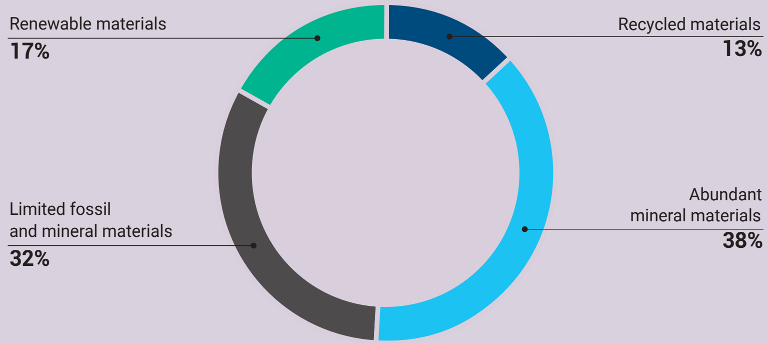
In 2020, Tarkett recorded a positive progression in the share of our raw materials which did not contribute to resource scarcity (being abundant, rapidly renewable or recycled). Following the decrease in 2019, which was mainly due to the impact (-2%) of the closure of our laminate production in Germany, we managed to bounce back sourcing proportionally more recycled materials in 2020. At 68% we are short however, of our 2020 target of 75%, mainly due to the challenge of recovering and recycling post-use flooring.

Share of raw materials which do not contribute to resource scarcity (%)



** 2% decrease vs 2018 due to closure of laminate production in Germany*

Breakdown of raw materials used in 2020 (%)



Furthermore, **Tarkett is committed to the responsible use of PVC** (polyvinylchloride), a plastic resin of which the building industry is the first consumer. Since 2010, we have initiated a transparent dialogue with various stakeholders on the topic, defining conditions for sustainable design and production, usage, and recycling of PVC for long-term applications such as flooring.

Our current approach is to develop the use of phthalate-free plasticizers, to favor suppliers using newer, less polluting manufacturing technologies, and to promote the recycling of PVC-containing flooring notably through our ReStart® program.

For example, Tarkett's Clervaux plant in Luxembourg, is certified EuCertPlast for recycling post-consumer vinyl flooring. It recycles post-installation and post-use vinyl flooring collected from various European countries through Tarkett's ReStart® collection and recycling program as well as post-manufacturing waste.

Through this and other actions, Tarkett supports Recovinyl and VinylPlus which participate to the EU Circular Plastic Alliance promotion of voluntary actions and commitments for more recycled plastics with a target to ensure that 10 million tons of recycled plastics are used to make products in Europe in 2025. Recovinyl monitors and verifies the recycling of PVC waste and the uptake of PVC recyclate, recording how much PVC is being recycled in Europe. It is the biggest contributor to the VinylPlus® recycling targets.

3.6.1.2 Assessing materials for their impact on health and the environment

As part of Tarkett's Change to Win strategy we are committed to driving change to develop a circular economy. Innovating with good materials and exceeding indoor air quality standards through Tarkett Human-Conscious Design™ is central to this objective which puts people first, to create floors that help make spaces healthier, more comfortable, and more beautiful, while striving to lessen the Group's environmental impact so that people flourish now, and in the future. The Tarkett Human-Conscious Design™ approach starts with selecting good materials by applying the Cradle to Cradle® principles.

Tarkett works closely with the EPEA (Environmental Protection Encouragement Agency part of Drees & Sommer), a research institute founded in 1987 **which promotes the Cradle to Cradle® design methodology**. Using this methodology since 2010 for all its activities, Tarkett not only guarantees compliance, with EU regulatory requirements for chemical substances according to REACH[1], but goes further by enabling product optimization, substituting materials with alternative ones that can be recycled, improving products' health and environment credentials. The results of these material assessments enable us to better understand the impact of our products and to select more carefully our raw materials by sharing our specifications with our suppliers. Furthermore, this allows the Group to have a clear view on the health and environmental impacts of its products, and to share these with total transparency, disclosing to customers the environmental and health impacts throughout its supply chain.

With 33 plants worldwide and an active pipeline of new and improved products, there are always new materials that we need to evaluate. In 2020, we completed new material assessments at, among others, Abtsteinach (Germany), Otradny (Russia) and Beijing (China).

Zoom on key indicators

Material health and environmental assessments

To achieve our objective of using good materials for the benefit of our customers and for the planet we conduct third-party material assessments. In 2020, 98% of our raw materials (representing more than 5,000 materials) are third-party assessed (by EPEA) for their impact on people's health and the environment based on Cradle to Cradle® criteria. The final 2% of materials for which the assessment has not yet been completed correspond to various raw materials where Tarkett is procuring relatively low volumes, creating a challenge to obtain the necessary information. Similarly, Tarkett faces a challenge, when the required information is at tier 2 or tier 3 of the supply chain (tier 1 = direct supplier, tier 2 = suppliers of supplier, etc.).

1 *REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals*

Radical transparency with Material Health Statements (MHS®)

Tarkett developed, together with the EPEA, the Material Health Statement to help meet the building industry's need for more granular information, drive collaboration on sustainability and move ahead of regulation to go beyond compliance, providing clear, transparent information on the health and environmental profile of the materials in our products, including any potential risks. The MHS® tool responds to the building industry growing requests for more detailed product content information which they need to respond effectively to evolving regulations and sustainable building schemes, and to stakeholders' growing interest in the built environment's health and environmental impacts.

The development of the MHS® followed Tarkett's collaboration with the EPEA on materials assessment work. It was first launched in 2016 in North America and then expanded to Europe in 2018. More than a simple list of ingredients, an MHS® accurately describes the composition of a product and provides information related to ingredient concentration (chemical molecules), their role in the product, and any health or environmental risks in case of exposure to these substances, notably for the user of the flooring and for those who install the floors. The MHS® process encompasses several steps:

- **Material inventory**: in collaboration with our suppliers, we compile an inventory of the raw materials used in our products, down to 100ppm (parts per million/0.01%).
- **Material Screening**: the hazard rating of individual chemicals is analyzed according to European REACH and CLP[1] regulations, the Green Screen List Translator (GSLT), and based on more than 100 other chemical hazard lists and scientific sources of toxicological information used by EPEA.
- **Material assessment**: materials are assessed over their lifecycle including sourcing, production, use and post-use handling. The safety of every chemical ingredient is assessed using eco-toxicological information, scientific literature, supplier data and analytical testing. The chemical role in the finished product and its effect on occupant exposure is also evaluated.
- **Verification**: MHS® are verified by an independent third-party organization.
- **Optimization**: we then strive to reformulate our products using Cradle to Cradle® principles, by selecting materials that are safer and healthier for people and the environment and can be recycled.

The MHS® tool was developed to promote total product transparency, by providing our customers with information tools that are easy to read and understand. In Europe, the MHS® goes further than EU REACH requirements, in proactively providing information on all substances present in the product. MHS® documents have a validity period of 2 years which allows for the consideration of any new knowledge on chemicals used as well as providing an opportunity to increase the health performance of the product through changes in recipes.

1 *REACH: Registration, Evaluation, Authorization and Restriction of Chemicals; CLP: Classification, Labelling and Packaging of substances and mixtures*

How to understand and use the Material Health Statement

Formula of the product

Unique numerical identifier assigned by the Chemical Abstracts Service (CAS) to every chemical substance described in the open scientific literature

Rate of the component in the formula

Colour-coded rating given by the EPEA

- No concern
- Moderate concern
- High concern – Task for material optimization
- Unknown concern - Task for knowledge development

Comment of the EPEA on the use or the exposure to this component

GreenScreen List Translator Score and GreenScreen Benchmark Score according to Toxnot classification, an American classification of chemicals (https://toxnot.com/) More information in the legend

REACH is the European Community Regulation on chemicals and their safe use.

✓ Non hazardous substance or <0,1%

Function	Component	CAS	Content	Rating	Comment	GS-LT GS-BM	REACH
Filler	Calcium carbonate	1317-65-3	< 50%			LT-UNK	✓
Polymers	Polyvinyl butyral	27360-07-2	< 40%		Polymers contributing to the build-up of the different layers, partially with a prehistory of use in former applications	LT-UNK	✓
	Polylactic acid	9051-89-2				N.I.	✓
	Additional polymers with minor contributions	Proprietary 2				N.I.	✓
						LT-UNK	✓
Plasticizers	2-Ethylhexanoic acid diester with triethylene glycol	94-28-0	< 10%		Plasticizers and additives with an annex role as plasticizers have for a part an agricultural origin and for another part a prehistory of use in former applications	LT-UNK	✓
	Glycerides, castor-oil mono-, hydrogenated, acetates	736150-63-3				N.I.	✓
	Soybean oil, epoxidized	8013-07-8				LT-UNK	✓

Abstract of the MHS of iD Revolution

Since the launch Tarkett has published MHS® for a range of products, including vinyl flooring, vinyl tiles and planks, carpet, linoleum, and rubber. At the end of 2020 Tarkett had 22 active or undergoing renewal MHS®.

We also use other product information and transparency tools, depending on the regions and countries where we operate:

- **Environmental Product Declarations (EPDs)** are developed in Europe and share detailed and vital information (e.g. greenhouse gas emissions) to understand the environmental impact of a given product throughout its lifecycle, according to a standardized framework and process for development, verification and communication. There is a strong demand for EPDs in Europe, in particular because it enables clients to earn credits for sustainable building labels (such as BREEAM®, LEED, DGNB, HQE). Generic EPDs have been issued by professional associations based on consolidated information from manufacturers since 2013. In 2018 Tarkett started developing specific EPDs for some of its products so as to provide more specific and transparent information. In 2020 a new specific EPD was published for wood flooring, with specific EPDs already having been published for vinyl, linoleum, laminate, and carpet flooring products.
- In **France**, upon request the EPDs are made available as Health and Environmental Product Declaration (*Fiches de Déclaration Environnementale et Sanitaire - FDES*), adding health information to the environmental ones.
- In **Russia**, Tarkett uses the Vitality Leaf ecolabelling program, an ecolabel (type I) in accordance with international standard ISO 14024, which is a member of the Global Ecolabelling Network. Tarkett joined the program in 2009, completing the voluntary certification procedure which included a full life-cycle analysis of products. Tarkett received the ecolabel for all its branded vinyl and laminate collections.
- In **Serbia** Tarkett was awarded, in 2019, an eco-label (type I) for parquet flooring as the product and company met criteria on reducing resource consumption, reducing energy consumption, reducing emissions of pollutants into the environment, reducing waste generation, and ensuring product recyclability.
- In **Australia**, Tarkett utilizes the Global GreenTag certification tools such as LCARate which scores products against six main Sustainability Assessment Criteria and more than twenty other life cycle and social criteria and the EPD program which is compliant with ISO 14025 as well as the green building programs LEEDv4® and BREEAM®.
- Since 2011, most of our products in Europe moreover have an environmental labeling system, which specifies the percentage of recycled content, the absence of plasticizers containing phthalates, as well as the total VOC emissions. The label also helps identify products eligible to our ReStart® collection and recycling program. This has also been extended to China since 2016.

3.6.1.3 Obtaining product certifications

Within the scope of product assessments carried out by EPEA, Tarkett has obtained several Cradle to Cradle® certifications. The C2C – Cradle to Cradle® Certified™ validates the eco-design approach based on five criteria: material health, material reutilization, renewable energy and carbon management, water stewardship, and social fairness. Each criterion is given a score from Basic to Platinum (from the lowest to the highest: Basic, Bronze, Silver, Gold and Platinum) and the lowest ranked criterion defines the global score.

Tarkett was notably one of the first flooring manufacturers to obtain C2C Gold level certifications for certain product categories. In 2019 three new carpet tile AirMaster® products were certified C2C Gold. With AirMaster®, the concentration of fine dust particles in the air is as much as eight times lower than with hard floors and four times lower than with standard carpet. The fine dust particles are trapped by the unique threads in the carpet until it is time to vacuum clean again, contributing positively to indoor air quality. The AirMaster Nazca, AirMaster Salina and AirMaster Tierra are all made with good materials, 100% Econyl® yarn (100% recycled content) and have EcoBase® carpet tile backing specifically designed with disassembly and recycling in mind.

In 2020, Tarkett had 20 C2C certifications covering a wide range of product categories, including carpet, linoleum, rubber, wood, and artificial turfs. 5 of these C2C certifications achieved Gold level, the most in the flooring sector. The detailed list of products covered by C2C certifications is provided in appendix to the CSR report.

Some of our products also hold other certifications, such as FloorScore® for indoor air quality or Living Product Challenge Imperative in North America. We moreover ensure that Tarkett obtains a range of third-party certifications to prove that our products can help architects and project developers reach the highest standards in green building – whether LEED (international), BREEAM® (UK), HQE (France) or DGNB (Germany).

Tarkett's iD Revolution non-PVC flooring was rewarded a silver medal in the category Products and Services, by the European 2020-2021 Business Awards for the Environment. The award, which was announced by the European Commission at the occasion of the EU Circular Economy Stakeholders Conference in November, rewards and recognizes companies that demonstrate their commitment to putting sustainable development into action as part of their business model. The Awards highlight eco-innovative practices, processes, and products from all sectors of business in the European Union, which contribute to the transition to a circular economy, by reducing the environmental impact of our production and consumption, thereby enhancing nature's resilience to environmental pressures and achieving a more efficient and responsible use of natural resources..

Example

Cradle to Cradle® Platinum level Material Health Certificate for Eco-Ensure™ soil protection

Tarkett's Eco-Ensure™ soil protection technology, a fluorine-free chemistry based on a mixture of common organic elements found in the natural environment has the Cradle to Cradle® Platinum level Material Health Certificate. This innovative surface treatment is used on all Tarkett-branded soft surface products in North America. It is available on the ethos® Modular with Omnicoat Technology™ backing, which has the International Living Future Institute (ILFI) Living Product Challenge Imperative certification as well Cradle to Cradle Certified™ Silver.

The Living Product Challenge (LPC) is a rigorous certification encouraging manufacturers to use healthy materials, optimize the chemistries of products, create environments that promote well-being, drive circular economy, and support a just and sustainable world. The LPC is organized into seven performance areas called Petals: Place, Water, Energy, Health & Happiness, Materials, Equity, and Beauty. Each Petal subsequently has more detailed requirements, called Imperatives. Imperative certification requires the achievement of at least seven of the twenty imperatives.

As well as the ethos® Modular carpet backing, our rubber tile collection also has the ILFI LPC Imperative certification, both collections being able to achieve twelve of the twenty imperatives. **In North America, Tarkett is thus the first flooring manufacturer to achieve an LPC Imperative certification for both resilient and soft surface flooring products.**

3.6.2 Developing a circular economy through an engaged and collaborative approach

Tarkett is committed to the principles of the circular economy, a regenerative system in which resources used are continuously reused and recycled, carbon emissions and waste are minimized, thus limiting the use of virgin raw materials and the impact on our planet. As such Tarkett fully supports the European Commission's "European Green Deal", which promotes recycling and encourages the efficient use of sustainable materials, thus accelerating the transition to the circular economy. Our long-term vision is for all flooring to be recyclable and recycled. To do so and to become a truly circular company, we have to design and manufacture products with more and more recycled materials and we also have to build circular solutions in partnerships with our customers and suppliers. We set an ambitious goal in 2019 to drive this approach – for our products to contain on average 30% of recycled materials in 2030, compared to 10% in 2018. There are two main routes to reach this objective:

1. **Increase the use of secondary raw materials**, either with recycled post-manufacturing waste, which cannot be avoided, from within our industrial process or more importantly by sourcing recycled materials from other industries. Secondary raw materials are recycled materials that can be used in manufacturing processes instead of or alongside virgin raw materials. The use of secondary raw materials presents a number of advantages, including increased security of supply, reduced material and energy use, reduced impacts on the climate and the environment, and reduced manufacturing costs (source: EU Strategy for secondary raw materials 2016).
2. **Grow our ReStart® program to take-back and effectively recycle flooring**, not only off-cuts from installation, but also after use.

3.6.2.1 Working collectively towards a circular economy

Our **R&D teams** are rethinking the design and formulation of our products, looking to use more recycled materials without compromising technical and visual performance. Our Global Innovation program, launched in 2019, is contributing to this effort as it includes a focus on the circular economy and recycling. Together, they are reflecting on ways to design products that will be easy to disassemble and on the development of new technologies to recycle post-use products.

> For example, we have launched in Sweden a new in-house solution to **recycle all Tarkett homogeneous vinyl flooring** produced at Ronneby (Sweden) from 2011 onwards, expanding the recycling options we offer to customers. Tarkett teams at our plant in Ronneby (Sweden), where our homogeneous vinyl flooring such as iQ Surface is produced, have developed new techniques to recycle post-use homogeneous vinyl flooring as part of our strive to develop circular solutions. The teams have established a customized process using low-risk chemicals to remove glue and other residues from the used flooring to get clean vinyl granules that can be integrated into new homogeneous flooring. Key to the research, the granules offer the same properties and deliver the same performance as virgin raw materials, conserving natural resources and creating a lower impact on the environment with lower life cycle greenhouse gas emissions, compared to using virgin raw materials. The challenge today is to find enough post-consumer material of the right kind to fill the capacity of the process. However, active marketing and public relations are showing results and the awareness among property owners and other stakeholders about Tarkett's circular concept for homogeneous vinyl flooring is constantly increasing.

Our **Purchasing teams** are looking to extend their supply sources of secondary or innovative raw materials working with multiple industries, thus reducing the use of virgin or fossil-based materials, and the exposure to the price volatility of fossil-based materials.

> Tarkett's EcoBase® carpet backing with **upcycled chalk** is an example of collaboration and determination on the part of our teams to develop solutions for the transition to a circular economy. In the Netherlands, we established a partnership several years ago with drinking water companies to upcycle waste chalk into a stabilizer for our Gold level Cradle to Cradle certified Desso EcoBase® carpet backing. Tarkett engineers partnered with other companies including Brabant Water and Water Maatschappij Limburg, as well as industrial minerals specialist Sibelco, to achieve the exact composition and size of chalk particles for use in our backing and manufacturing processes. Difficulties were overcome, for example, initially the particles were so hard that they blunted the blades of our carpet-cutting machinery. The EcoBase® carpet backing contains at least 75% chalks, derived from 100% recycled materials. To date we have used more than 84,000 tons of chalk from this waste stream for our carpet tiles. We have continuously invested in expanding our EcoBase® production facility in order to boost its production and replace traditional bitumen-based carpet backing in all our carpet tile ranges.

> Other examples include **sourcing recycled PVB** (Polyvinyl butyral) and recycled post-industrial diapers (for more detail see section 3.7.2.3 Using secondary raw materials from other industries).

Our **Manufacturing teams** are adapting to create and use various types of secondary raw materials (recycled waste) while delivering efficiency and quality performance.

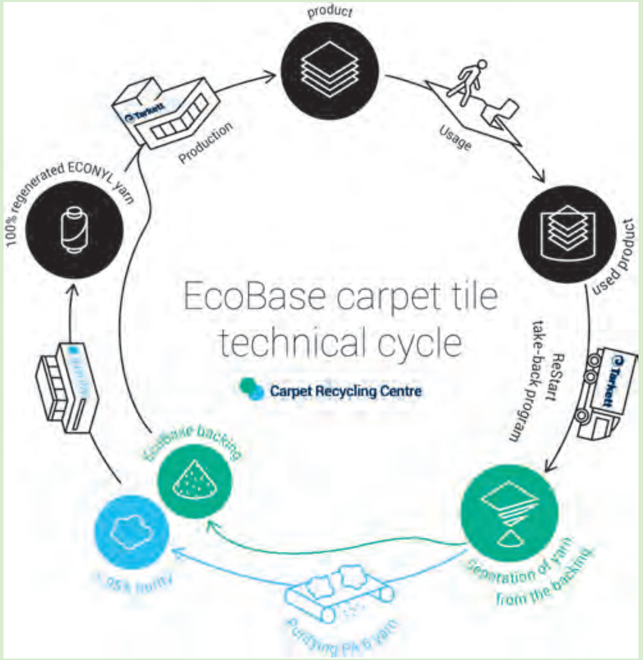
> For example, our **vinyl flooring recycling center** at our Clervaux site (Luxembourg) which recycles post-installation flooring along with post-manufacturing waste to produce secondary raw materials which are used on-site to produce underlayers. These underlayers are then incorporated in the production of finished flooring products at Sedan (France), Konz (Germany) and Lenham (UK) as well as at Clervaux (see also section 3.7.2.1 Managing production waste – reduce, reuse, recycle, recover).

Example

Innovative partnership to close the loop on the life cycle of commercial carpet tiles in Europe

Tarkett finished work in 2019 on its carpet recycling facility in Waalwijk, the Netherlands. This recycling facility enables Tarkett to fully close the loop on the life cycle of commercial carpet tiles in Europe in partnership with Aquafil. To our knowledge, Tarkett is the only carpet manufacturer in Europe to achieve this. The new recycling center is able to generate two material streams (yarn and carpet tile backing), which can then be recycled and transformed into high quality secondary raw materials for the production of new carpet tiles. Tarkett finished work in 2019 on its carpet recycling facility in Waalwijk, the Netherlands. This recycling facility enables Tarkett to fully close the loop on the life cycle of commercial carpet tiles in Europe in partnership with Aquafil. To our knowledge, Tarkett is the only carpet manufacturer in Europe to achieve this. The new recycling center is able to generate two material streams (yarn and carpet tile backing), which can then be recycled and transformed into high quality secondary raw materials for the production of new carpet tiles.

Tarkett has developed an innovative technology to separate the two main components of carpet tiles - the carpet backing and the yarn - while maintaining more than 95% yarn purity. This level of purity is vital to ensure that the polyamide 6 (PA6) yarn can be recycled by Aquafil and later transformed into regenerated ECONYL® nylon yarn. The carpet tile consisting of an EcoBase® backing and PA6 nylon yarn is 100% recyclable. Furthermore, recycling carpet tiles made of EcoBase® backing and ECONYL® yarn reduces CO2 emissions by 84% compared to incineration[1] Tarkett has sourced PA6 and ECONYL® nylon yarn from Aquafil for more than a decade and uses ECONYL® in its Desso AirMaster carpet tiles, for example. Tarkett is thus the only carpet manufacturer in Europe to have verified evidence of circular economy production of carpet tiles, as documented by the Environmental Product Declarations (EPDs) for carpet tiles with EcoBase® backing.



[1] Based on end-of-life stage only at Tarkett's Carpet Recycling Center, for the same product, externally verified by Bureau Veritas.

Our **Marketing and Sales teams** are working together with the supply chain to develop and implement cost-efficient take-back and recycling services for our customers through our ReStart® program.

- For example, our teams in the Nordic region continued in 2020 to promote Tarkett's ReStart® program with local customers, signing new agreements in Norway for nationwide collection (see for more details Section 3.7.2.2 Collecting and recycling post-installation and post-consumer flooring and sports surface waste)

Our **experts are also engaging** with our customers, our suppliers, our business partners, with public authorities and NGOs, to advocate for greater collaboration in identifying and trialing solutions and in the necessity to develop a political and economic framework in favor of a circular economy.

- For example, our teams in Europe and North America are sharing knowledge and building collaborative approaches with the Ellen MacArthur Foundation Circular Economy program (for more details see section 3.6.2.3 Building a circular economy together).

3.6.2.2 Applying principles, methods, and tools to design for a circular

Tarkett applies Cradle to Cradle® (C2C) principles for the design of its products, from material selection and product manufacturing, to installation, use, maintenance, end of use and product recovery. Tarkett's Human-Conscious Design™ philosophy and eco-design methodology strives, right from the upstream phase of a design process, to integrate various aspects – economical, performance, respect for the health and the environment – throughout different stages of the product's life cycle[1]. All impacts on health and the environment are studied and assessed and the approach requires the engagement of many functions within the company: research & development, marketing, procurement, production, and quality, among others.

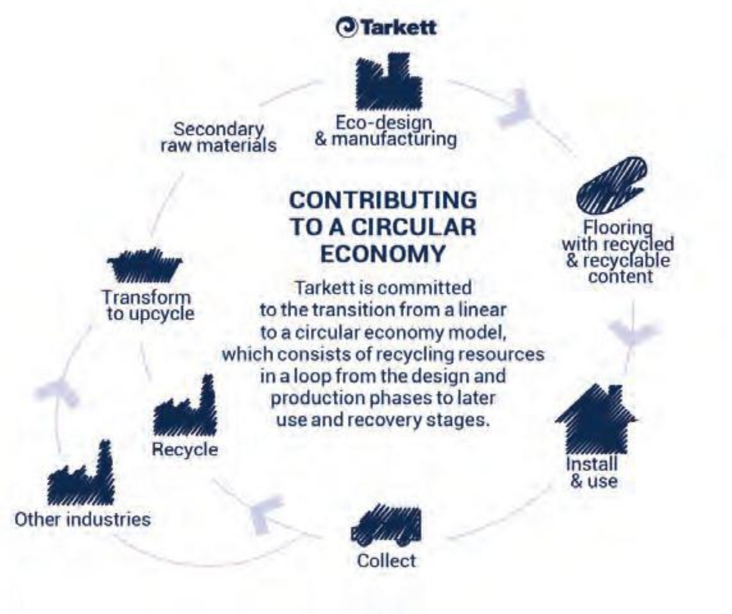
Our New Product Development Process (NPDP), which has been in place for several years, includes sustainability and circular economy questions right from the initial design phase. These criteria, in line with the Cradle to Cradle® methodology, have been integrated from the design and development phase of a new flooring product. This process encourages on the one hand the selection of "good" raw materials (i.e. positively defined according to C2C assessment) for the product composition, and on the other hand the product design to ensure it is recyclable and potentially "ReStart® ready" (i.e. eligible to post-installation and post-consumer collection as part of our ReStart® program, to be later recycled in one of Tarkett's recycling centers). Following these NPDP requirements allows us to target potential C2C certification right from the outset.

We also **use life cycle analysis (LCA), one of the methodologies to assess the environmental impact of a product**. This standardized method (ISO 14040 and ISO 14044) identifies and compares the environmental impacts of a system throughout its lifecycle, from extraction of raw materials through its fabrication and processing up to its end-of-life or end-of-use (landfill, recycling…) including use phases, maintenance, and transportation. Our EMEA division is equipped with dedicated software to systematically perform LCA and develop specific environmental product declarations.

All these principles, methods and tools applied by Tarkett are part of the same concept and are based on the following pillars:

- **Good materials:** selecting materials that respect health and the environment (e.g. recycled, renewable, not contributing to resource depletion, and with lower life cycle greenhouse gas emissions);
- **Resource stewardship:** promoting optimized, sustainable use of resources in all phases of production, while protecting the environment (minimization of use of water and energy, and of generation of waste during manufacturing; reduction of Scope 1 to Scope 3 greenhouse gas emissions);
- **Indoor air quality and healthy spaces:** contributing to the health and well-being of people during the product use and maintenance phase (e.g. products with low VOC emissions, phthalate-free);
- **Recycling:** recycling no longer used products (e.g. post-installation / post-consumer flooring wastes, wastes from other industries) to eliminate waste, while helping to design new products with quality recycled materials which limit life cycle greenhouse gas emissions.

The ultimate purpose of this approach is to design products which contribute to the health, comfort, well-being, and safety of people while also preserving the natural capital of the planet.



1 *Standard NF X 30- 264 Environmental management – Assistance to the implementation of an eco-design approach, 2013.*

3.6.2.3 Building a circular economy together

The drive towards a circular economy involves many technical, logistical, and economic challenges. Tarkett is convinced that the best way to achieve our circular economy ambitions, and to overcome the complexity of these challenges is to work together with other organizations in a collaborative approach.

We work closely with institutions, such as the EPEA (Environmental Protection Encouragement Agency) scientific institute, companies and organizations specialized in the field such as Veolia in France for our ReStart® program, Carpet Recycling UK, the AGPR in Germany, a recycling site for used vinyl flooring, or Carpet America Recovery Effort (CARE) in the United States, a non-profit trade organization that fosters recycling of carpets and rugs, and of which Tarkett is a founding member.s dont Tarkett est membre fondateur.

Example

Sharing knowledge and building collaborative approaches with the Ellen MacArthur Foundation

Tarkett joined the Ellen MacArthur Foundation Network, in 2013 following the publication in 2012 and 2013 of two reports on the circular economy by the Foundation, the second of which identified possible savings of 700 billion US dollars from the circular economy of raw materials[1].

The Foundation provides opportunities to learn, share knowledge, and build new collaborative approaches.

In October 2020 Tarkett participated in The Circular Economy Advanced Series, a series of five interactive sessions with close to 180 registered participants organized by the Ellen MacArthur Foundation. Tarkett featured with EPEA (Environmental Protection Encouragement Agency) in two video sessions on the topic of engaging collaboration with suppliers for a circular economy. Tarkett shared its experience of engaging with suppliers, with the help of EPEA, an expert independent third-party, to access, collect and manage often proprietary data in order to assess the composition of raw materials for eco-design and for a circular economy. EPEA helps Tarkett and the suppliers to assess the environmental quality of the materials used notably to ensure their compatibility with future recycling.

1: Source: Ellen MacArthur Foundation "Towards the Circular Economy Vol. 2: opportunities for the consumer goods sector", January 2013

During 2020, with the COVID-19 crisis and the associated sanitary measures there were fewer opportunities to meet physically to share and engage on the challenges and opportunities for a circular economy. However, our teams remained energized and enthusiastic on delivering Tarkett's new strategy Change to Win, and its focus on "changing the game", working remotely and joining virtual events online to share, discuss, advocate and investigate solutions for a circular economy:

At the **European level**, we are actively involved in several different fora to share our expertise, experience and also our acute understanding of the challenges, with the aim of promoting solutions and frameworks that will aid a quicker transition to a circular economy. For example:

- Promoting a green recovery in the EU post-COVID-19 economic recovery plan, with Tarkett's CEO co-signing an open letter for a green recovery to reboot and reboost economies for a sustainable future. The call for mobilization was initiated by a member of the European Parliament who chairs the European Parliament Environment, Public Health and Food Safety Committee. The letter was signed by other European Members of Parliament, civil society groups, business leaders, business associations, NGOs and think tanks.
- Tarkett's CEO also shared his convictions and insights on the circular economy and the need for industry leaders to drive change all together for a green recovery during the FrenchFounders online summit "Act to Impact" in June 2020.
- Meeting with European Commission Executive Vice President for the EU Green Deal with Globe EU to promote product and material transparency and the circular economy in green public procurement.
- Tarkett supports the development of material passports which make it easier for architects, designers, developers, managers, and renovators to choose healthy, sustainable and circular building materials and to facilitate the take-back and recycling of these materials post-use.
- Tarkett's ReStart® flooring collection and recycling program was identified as an example by the European Environment Agency for their 2020 report "Construction and Demolition Waste: challenges and opportunities in a circular economy".
- Contribution to the work of the French Institute on the Circular Economy (INEC) in preparing propositions and recommendations to promote and facilitate the transition to a circular economy.

- Support to the Product Circularity Datasheet (PCDS) initiative launched by the Ministry of the Economy of Luxembourg in 2019. An initiative which aims at developing an industry standard template for circular data on products in order to provide reliable data on circular product properties throughout the whole value chain, from raw materials to finished products, from the use phase to recycling. It is expected that PCDS will support a common language on how to describe the circularity features; allow machine readable and inexpensive scalable IT solutions promoting open data and open-source solutions; promote the design of circular and healthy products; facilitate the implementation of cost-effective circular business models; and provide information on how to reuse products at the end of a use cycle.
- Collaboration with Ecopreneur.eu, the European Sustainable Business Federation based in Brussels which encourages a circular economy in Europe.
- Involvement in the EU Circular Plastics Alliance through Tarkett's membership of VinylPlus, European Carpet and Rug Association and European Resilient Flooring Manufacturers' Institute. The Circular Plastics Alliance gathers public and private stakeholders in the plastics value chains to promote voluntary actions and commitments for more recycled plastics with a target to ensure that 10 million tons of recycled plastics are used to make products in Europe in 2025, which represents an increase of more than 150% compared to 2016.
- Participation to the European Resilient Flooring Manufacturers' Institute (ERFMI) Circular Economy Platform. The aim of the platform is to develop the collection, identification, and traceability of used flooring materials.

In **France** Tarkett participated to the dialogue and consultation on French law on waste avoidance and circular economy which was adopted in 2020. Tarkett shared its support for the need for greater transparency with product and material passports, the incorporation of recycled materials and the development of green public procurement strategies to drive action.

In France Tarkett was present at the 2020 Paris Design Week with the exhibition "Furniture in the Circular Economy: Responsible Manufacturing" by Les Canaux, an organization which supports economic actors committed to solidarity and to the planet and the designers Studio 5.5. The exhibition highlighted furniture created from reused and recycled materials. Tarkett's floor coverings from the Excellence range were chosen: Eco-designed according to the Cradle to Cradle® principles, 100% recyclable, containing +20% recycled material, with ReStart® collection and recycling of installation scraps, phthalate-free and with very low VOC emissions for better indoor air quality.

In the **UK** Tarkett won the BusinessGreen Leaders Circular Economy Project of the year award. BusinessGreen, a leading UK web site for green business news and analysis rewarded Tarkett's commitment and efforts to establishing a circular economy. Tarkett presented its ecodesign approach which applies Cradle to Cradle® principles, material assessment with EPEA and use of recycled secondary raw materials and its ReStart® flooring collection and recycling program which helps customers responsibly manage flooring waste in a circular economy dynamic.

In **Sweden**, Tarkett is collaborating with Svensk Form, the 175-year-old Swedish design association. As well as sponsoring the Design S, Swedish Design Awards, the winner's trophy was entirely produced with Tarkett's recyclable material (iQ Surface). Tarkett experts are also participated in round table discussions on design for circularity with key stakeholders through live video and webinars to share experience and Tarkett actions on sustainable design, ReStart® and circular economy.

In the **US**, Tarkett offered five learning opportunities during the Greenbuild 2020 Virtual Event. These educational sessions were on the theme of "Circular by Intent," and saw Tarkett experts discuss with designers, public authorities, the US EPA, universities and other key stakeholders topics linked to the circular economy. At the Greenbiz Circularity 20 conference (US), our North American Product Sustainability Manager, contributed to a panel discussion on "Circular by Design: Material Selection for Circular Products" exploring how human health, end of life management and other considerations should be weighed when selecting materials for circular products. Tarkett also contributed to the Design Museum Foundation, Boston (US) podcast on 'The Big Reset on Production & Consumption Practices' looking at the impact of COVID-19 and the role of design in helping us move to a circular economy with the Cradle to Cradle Products Innovation Institute, a global nonprofit that certifies products within a circular economy.

Example

An international ISO standard to provide a framework and guidelines on the circular economy

In 2019 **the International Organization for Standardization (ISO) launched a new committee (ISO/TC323) to work on developing a circular economy standard**. Tarkett contributed as part of the French national organization for standardization (AFNOR) delegation as the Technical committee convened in Paris with 47 countries and 120 experts. The original idea for the committee came from AFNOR, ISO's member for France, where business leaders from many sectors including Tarkett, have developed the AFNOR standard on circular economy project management XP-X30-901 to support and provide guidance to shape projects ensuring a move from a linear to a circular economy model while addressing the effects of resource and biodiversity depletion, climate change and the social aspects of consumption patterns. In 2020, an expert from Tarkett chaired AFNOR's standardization committee on the circular economy. The ISO Technical Committee 323 covers standardization in the area of the circular economy with a view to developing requirements, frameworks, guidelines and support tools for the implementation of circular economy projects. Tarkett's experts in Brazil are also participating to the work as a member of the Brazilian National Forum for Standardization (ABNT). And Tarkett is a member of the Swedish mirror committee (SIS/TK 616) on circular economy.

3.7 Responding to the climate emergency with good environmental management and a circular economy approach

We have established policies, programs, and specific initiatives to manage the identified material risks and opportunities. Our progress in addressing these risks and opportunities is monitored with specific key performance indicators. These elements are summarized in the following table along with our objectives and results.

Opportunities / Risks	Policies / Actions	Key Performance Indicators	2020	2019	2018	Objective 2020	CSR Report section	Contributing towards N SDGs
Climate change and damage to environment (more stringent GHG regulations, including Scope 3 and carbon pricing; compliance with environmental regulations at production sites)	> Scope 1 & 2 GHG: energy efficiency projects, development of renewable energies > Scope 3 GHG: increasing the share of pre- and post-consumer recycled raw materials, developing post-installation and post-consumer flooring take-back and recycling (ReStart® program) > Annual audits and follow-up of industrial sites by third party (ERM)[1]	Percentage reduction of Scope 1 & 2 GHG emissions per m² of manufactured product compared to 2010	-26,8 %	-15,3%	-10,5%	-20 % in 2020 -30 % in 2030 vs 2020	3.7.1	13 CLIMATE ACTION
Raw material price volatility (fluctuations in prices and availability of raw materials and energy)	> Energy reduction and efficiency projects at production sites	Energy consumption per m² of manufactured product	4,00 kWh/m²	4,09 kWh/m²	4,05 kWh/m²	/	3.7.1.1.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	> Development of renewable energy sources at production sites and sourcing of renewable electricity	Percentage of energy consumption coming from renewable energies	27 %	28 %	23 %	/	3.7.1.2	13 CLIMATE ACTION
	> Maximize recycled content in our products: post-installation / post-consumer flooring; secondary raw materials from other industries	Percentage of recycled content of raw materials[2]	13%	12%	10%	30% in 2030	3.7.2.3	15 LIFE ON LAND

1 Audits did not take place in 2020 due to COVID-19, they will resume in 2021
2 Recycled materials: Materials that would otherwise have been sent for waste disposal; internal post-manufacturing recycled volumes are included.

Responding to the climate emergency with good environmental management and a circular economy approach

Opportunities / Risks	Policies / Actions	Key Performance Indicators	2020	2019	2018	Objective 2020	CSR Report section	Contributing towards N SDGs
Deployment of the transition to a circular economy (effective recyclability and recycling of end-of-use flooring and sports surfaces)	* New Product Development Process (NPDP) to ensure recyclability of new flooring products * Post-installation and post-consumer flooring take-back and recycling (ReStart® program) * Maximize recycled content in our products: post-installation / post-consumer flooring; secondary raw materials from other industries	Tons of collected post-installation and post-consumer flooring through the ReStart® program	3000 tons	3300 tons	3300 tons	38 000 tons	3.7.2.2	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
Climate change and damage to environment (more stringent GHG regulations, including Scope 3 and carbon pricing; compliance with environmental regulations at production sites) **Downtime, disruption and damage on site** (industrial accidents, e.g. fire, pollution; impacts of natural disasters, e.g. flooding)	* World Class Manufacturing (WCM) program * ISO 14001 certified Environmental Management System * Emergency response plans implemented at production sites * Environmental yearly audits and follow-up of industrial sites by third party (ERM)[1]	Percentage of production sites certified to ISO 14001	81%	85%	89%	/	3..4	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1 *Audits did not take place in 2020 due to COVID-19, they will resume in 2021*

Responding to the climate emergency

195 countries signed up to the Paris Agreement at the UN Climate Conference COP 21 in 2015, committing to keep global temperatures "well below" 2°C above pre-industrial times and "endeavor to limit" them to 1.5 degrees Celsius. Since then, discussions and work continue at the global and local level to implement the necessary policies, strategies, and actions to meet this objective. Tarkett fully recognizes the urgency and importance of responding to the climate emergency, demonstrated as Tarkett set a new target to reduce its Scope 1 & 2 GHG emissions intensity ($kgCO_2e/m^2$) by 30% by 2030 (vs 2020) as well as setting a target to reduce Scope 3 emissions by tripling the share of the recycled content of its raw materials by 2030 compared to 2018 (30% vs 10%). These new targets build on Tarkett's first commitment in 2013 to reduce its GHG emissions intensity (Scope 1 & 2 $kgCO_2e/m^2$) by 20% by 2020 compared to 2010, something that Tarkett is pleased to report was achieved.

During 2020 the European Commission continued work on implementing the EU's Green Deal, with notably a proposal for a European Climate Law, to ensure a climate neutral European Union by 2050; a new Industrial strategy underlying the importance of building a more circular economy and of developing industrial innovation; a circular economy action plan promoting increased recycled content; a chemical strategy for sustainability; and a 2030 climate action plan proposing to raise the EU's ambition on reducing GHG emissions to at least 55% below 1990 levels by 2030. Tarkett is working towards all these ambitions many of which are central to Tarkett's 2019 announced Change to Win strategy, such as its aim to “change the game with circular economy”. In 2020, Tarkett began reviewing opportunities to act further and quicker on reducing life-cycle greenhouse gas emissions from its flooring and sports surface products, working with Carbone 4, a leading independent consulting firm specialized in low carbon strategy and climate change adaptation.

Tarkett is committed to addressing the climate emergency:

> by reducing Scope 1 and Scope 2 greenhouse gas emissions resulting from our production activities through the procurement of renewable electricity, the use of other renewable energies such as biomass and the application of other environmental management techniques facilitated by our WCM program and

> by reducing Scope 3 greenhouse gas emissions notably through product eco-design to reduce embodied carbon, to increase recycled content, and to anticipate end-of-life recycling; but also through engagement with our suppliers, to reduce GHG emissions associated with raw material production, and with our customers to build a circular economy with post-use collection and recycling.

Tarkett believes, it is also a responsibility for our governments to accelerate the development of ambitious and incentive-based regulations to achieve the transition to a circular economy by all economic actors, not only by manufacturers, consumers, but also public authorities through the promotion of public procurement incorporating circular economy criteria.

3.7.2 Reducing greenhouse gas emissions (Scope 1 and 2) at our production sites

Tarkett promotes environmental management techniques at its plants across the world through the environmental guidance of its World Class Manufacturing (WCM) program. This continuous improvement program, led by a small central team, provides the plants with policies, guidance, procedures, methods, training, internal benchmarking, and auditing. The WCM team organize monthly calls and annual forums as well as on site workshops to discuss progress on key performance indicators, the analysis of environmental incidents (e.g. local pollution accidents or near-misses), and the sharing and replication of good practices.

Example

Change to Win together – leveraging Tarkett's global expertise and experience

In 2020 the WCM environmental network found a renewed dynamic, notably through the implementation of regular monthly calls to discuss latest environmental KPI results, environmental incidents, and the findings of the associated root cause analysis, as well as sharing good practices. The annual WCM environmental Forum in May, was also a success with 65 participants from 26 plants in 15 countries participating virtually to learn about the latest details of Tarkett's Change to Win circular economy ambitions and renewed commitment to reducing GHG emissions. The Forum was also the occasion to share good practices, with plants identifying those projects they could potentially replicate.

The WCM environmental guidance, procedures and methods cover: environmental compliance; environmental hazards and risks assessment and mitigation (all forms of potential pollution - air, water, ground, noise …); environmental incident (with root cause analysis) and emergency management; chemicals handling and management; energy, water and waste management (with consumption analysis), environmental monitoring and reporting; and environmental training.

At the end of 2020, 92% of flooring plants, have an ISO 14001 certified environmental management system. Tarkett's sports surface FieldTurf plants in Calhoun (US) and Botany (Australia) also have ISO14001 certification.

A central and longstanding aim of Tarkett's environmental management has been and remains to limit energy consumption and reduce associated greenhouse gas emissions. Tarkett committed in 2013 to reduce its greenhouse gas (GHG) emissions intensity (Scope 1 & 2 $kgCO_2e/m^2$) by 20% by 2020 compared to 2010. Then in 2019, within the framework of its Change to Win strategy, Tarkett announced a new objective of reducing its GHG emissions intensity by a further 30% by 2030 compared to 2020.

Tarkett applies the following solutions to achieve these goals:

- Improving energy efficiency through changes and optimization of our manufacturing processes;
- Developing on-site renewable energy production (e.g. biomass, geothermal, solar);
- Purchasing 100% renewable electricity.

Zoom on key indicators

Climate Change

In 2020 Tarkett achieved its first climate objective of reducing GHG emissions intensity by 20% by 2020 compared 2010. In 2020, Scope 1 and 2 GHG emissions intensity (GHG emissions, associated to production energy consumption, per square meter of manufactured product) reached 0.76 kgCO2e/m², which represents a 26.8% reduction over 2010. Tarkett does not stop there and is already committed to reducing GHG emissions intensity by a further 30% by 2030 compared to 2020. This new long-term climate goal was set in 2019 as part of our Change to Win strategic plan.

Absolute Scope 1 and 2 GHG emissions from fuel combustion and purchased electricity and steam consumption at our production sites in 2020 are down 37.6% compared to 2010 at 198,488 tons CO2e which corresponds to a reduction of more than 119k tons CO2e.

Compared to 2019, absolute GHG emissions decreased 18%, mainly due to increased purchase of renewable electricity and decreased volumes in the context of the COVID-19 pandemic.

Intensity of GHG emissions (kgCO2eq/m²)

3.7.2.1 Improving energy efficiency

Tarkett is committed to constantly improving energy efficiency in its operations to limit its impact on the climate and to reduce costs. All plants track and report their energy usage every month, they map and analyze consumption and implement energy saving measures which include energy efficiency in production processes (heat recovery, equipment replacement, process optimization, cooling …) and energy efficiency in buildings (heating, lighting, insulation…).

The WCM program, builds plant capacity to avoid all sources of waste, including achieving greater energy efficiency. Plants learn, through monthly reporting, forums, good practice sharing, training, audits and other initiatives led by the central WCM team, how to analyze their consumption, identify new opportunities and implement action plans to reduce energy consumption and achieve greater energy efficiency. Since 2011, the ISO 50001 standard recognizes companies' commitment to better energy management. In 2020, all Tarkett European sites that employ more than 250 people are ISO 50001 certified. Independent from certification systems, some of our production sites already engage in practices that meet standards similar to ISO standards. This provides us with our own feedback and enables us to identify best practices to implement.

In 2020, the majority of our production sites were impacted by the COVID-19 pandemic and associated economic downturn. In most cases, where volumes decreased, energy intensity (kWh/m²) degraded given fixed structural consumption. Despite this context local teams remained mobilized to optimize their manufacturing processes and improving their energy efficiency, in order to reduce their energy consumption per square meter of manufactured product. For example:

- At our **Otradny site (Russia),** teams continued to implement energy saving solutions (e.g. improving insulation, replacing old heat exchangers) that were identified in 2019 during an energy workshop was organized by WCM to identify energy losses with some of the best experts in the group from Clervaux (Luxembourg), Narni (Italy) and Bačka Palanka (Serbia). The workshop applied a WCM methodology, successfully identifying and documenting solutions for heat recovery.
- At our **Dalton carpet site (US)** the elimination of the jet dying processes in 2019 brought significant energy, water and cost savings. An in-depth review of the existing dying process and an evaluation of alternative solutions found the jet dying process to be overly energy, water and labor intensive as well as generating significant volumes of wastewater. New more efficient coloring processes are now used, either directly at our Calhoun extrusion site or in some cases for some smaller volumes at outsourced companies.

Zoom on key indicators

Energy efficiency

Energy consumption per m² of manufactured product decreased 2% in 2020 at 4.00 kWh/m² compared to 2019 (4.09 kWh per m²) partly thanks to the continued deployment of energy savings which were to some extent offset by reduced volumes. When production volumes decrease in a plant, energy consumption generally does not decrease at the same rate (due to structural consumption). Furthermore, Tarkett observes the market trend of the last few years for more modular products which require more energy to produce compared to rolls products. Despite these factors, Tarkett's World Class Manufacturing Program continues assisting plants in building their capacity to identify and implement solutions to achieve energy savings. In 2020 11 plants saw their energy intensity improve, such as the carpet production at Dalton in the US (-15%), and the vinyl production at Beijing in China (-10%), and at Otradny in Russia (-5%).

3.7.2.2 Developing renewable energy

Developing the use of renewable energy sources on our sites represents one solution to reduce Tarkett's greenhouse gas emissions our impact on the climate. In this area, different initiatives are deployed to produce and use renewable energy:

- Wood waste from our production is used as biomass for energy production at seven of our plants: Hanaskog and Ronneby (Sweden); Narni (Italy); Orzechowo (Poland); Kalush (Ukraine); Bačka Palanka (Serbia) and Mytishchi (Russia). The same energy consumption using natural gas would emit 13.2 kt CO2e more Scope 1 GHG emissions equivalent to 6.7% of total 2020 Scope 1 & 2 GHG emissions.
- Solar energy is used at our carpet sites in Dendermonde (Belgium) and in Waalwijk (The Netherlands), as well as at the linoleum site in Narni (Italy) which also uses geothermal energy.

In addition to on-site actions, Tarkett also encourages the use of green energy sources produced by third parties, such as hydraulic, wind or solar power, or for example, by purchasing certified renewable electricity.

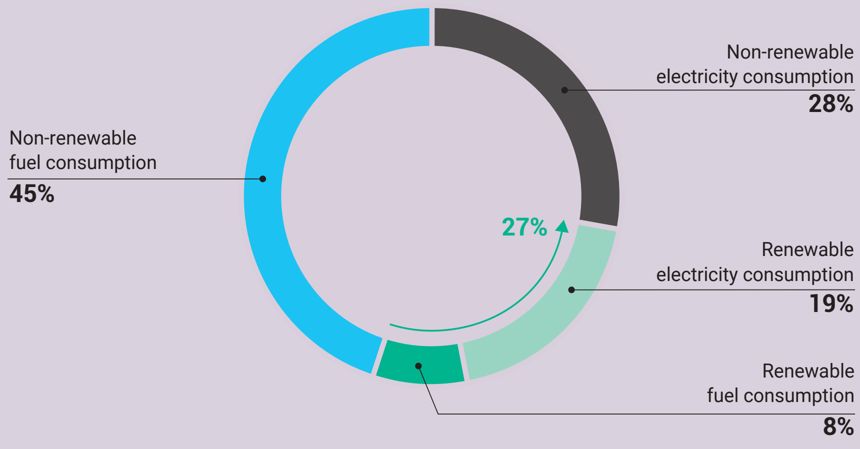
In 2020, our site at Bačka Palanka (Serbia) began sourcing 100% renewable electricity, bringing the total to 8 plants that source 100% renewable electricity. The other plants are Chagrin Falls and Middlefield (United States), Clervaux (Luxemburg), Narni (Italy), Dendermonde (Belgium), Waalwijk (The Netherlands) and Jacareí (Brazil). Collectively this prevents some 46.1 kt CO2e per year of greenhouse gas emissions (base 2020 for these plants), the equivalent of 23.2% of total 2020 Scope 1 & 2 GHG emissions.

Zoom on key indicators

Renewable energies

The share of renewable electricity declined slightly to 41% (vs 42% in 2019), notably following changes to the electricity mix for our two Swedish plants where more electricity is coming from nuclear rather than renewable production. This change was mostly offset thanks to a new contract for renewable electricity at Bačka Palanka (Serbia). The share of other renewable energies, such as biomass, in Tarkett's energy mix declined very slightly by 1% bringing the overall share of renewable energies to 27% in 2020. Overall, the use of biomass, biofuel and the purchase of renewable electricity avoids the equivalent of some 59.4 kt CO2e of GHG emissions, which corresponds to 30% of Tarkett's 2020 total Scope 1 & 2 GHG emissions. Tarkett continued to decrease the share of fossil-based energy, with the share of low carbon energy (renewable energy and electricity from nuclear power) progressing by 2% to 39% in 2020.

Share of renewable energies in energy consumption (%) / Energy consumption breakdown



3.7.2.3 Reducing water consumption

Aware of the critical importance of preserving this vital resource, Tarkett has been managing water responsibly on its production sites for many years as part of its environmental strategy, even though there is no apparent risk of water scarcity at our locations. Tarkett has achieved significant water savings through the implementation of closed-loop water reuse systems, process changes, optimization, and general good management. Water consumption is monitored and reported every month with water intensity calculated and discussed as part of environmental dashboards. As with energy management and efficiency Tarkett's WCM environmental leader helps to build plant capacity to manage water responsibly through guidance, training, good practice sharing and regular reporting. Tarkett plants also ensure the appropriate treatment of wastewater, especially where the wastewater may contain hazardous compounds, either through on-site wastewater treatment or via external treatment by specialized service providers. Wastewater discharged at Tarkett facilities are regularly controlled to ensure compliance with local requirements.

In 2020, we kept working on improving water management at our production sites, for example:

- The Ronneby (Sweden) vinyl flooring plant reduced its water consumption through more rigorous daily monitoring and follow-up of abnormal consumption, better control of cooling tower bleeding and other water consumption hot spots.
- At our vinyl flooring plant in Bačka Palanka (Serbia) the installation of a reverse osmosis system for the absorption chiller enabled water recovery and reuse in a closed-loop system, which along with the repair of leakages, significantly reduced the water consumption.
- At our Calhoun (US) carpet plant, the innovative ProMoss™ plant-based water treatment solution has been implemented to filter water in cooling towers, reduce the use of chemical products, reduce corrosion of equipment and thus lengthen the life of the installation. ProMoss™ uses the natural properties of Sphagnum moss to improve water quality by naturally removing and inhibiting the formation of organic contamination effectively reducing corrosion.

Zoom on key indicators

Water consumption

In 2020 we have made significant progress on water savings. Total water consumption is down 13.0% in 2020 vs 2019 (0.63 million m3 in 2020, against 0.73 million m³ in 2019) with water intensity measured as water consumption per m² of manufactured product also reduced by 8.0% (2.4 l/m² in 2020, compared to 2.6 l/m² in 2019).

Our 2020 water efficiency goal set in 2013 was ambitious: equipping all our industrial sites which use water in their industrial process with a closed loop water system, in other words reusing a minimum of 98% of the water used. The aim of this challenge was to drastically reduce water consumption. The proportion of sites using closed loop water systems or not consuming any water in their manufacturing reached 71% in 2020, short of the target but the over-riding aim of reducing water consumption has been achieved with significant water savings (-61% vs 2010) and improved water intensity (-54% vs 2010).

Water intensity (l/m²)

Some of our flooring and sports surface solutions moreover contribute to reduce water and chemicals consumption **during the use phase of our products**.

For example, our iQ vinyl flooring range benefits from a unique surface restoration technology with dry buffing cleaning, where small scratches and surface wear traces are removed without using any chemicals or water, thus contributing to an improved indoor air quality and significant savings.

The use of our artificial turfs instead of natural grass for sports grounds eliminates the need for watering and for applying chemical fertilizers. Based on an average irrigation of 1.5 million gallons per season and some 6,000 Fieldturf fields currently in use, this equates to 9 trillion gallons of water (34 million m^3) saved annually.

3.7.3 Limiting upstream and downstream greenhouse gas emissions (Scope 3)

Tarkett is accelerating its efforts in the areas where it can have the greatest impact to reduce the carbon footprint of its products. The assessment of Tarkett's Scope 3 - value chain greenhouse gas emissions found the greatest opportunity to lie in product eco-design, with efforts to increase recycled content and other low-carbon materials along with designing for recyclability and in the development of collection and recycling of post-installation and post-consumer flooring.

Assessing Scope 3 value chain GHG emissions

Tarkett updated in 2020 its assessment of Scope 3 greenhouse gas (GHG) emissions with the assistance of Carbone 4, a leading independent consulting firm specialized in low carbon strategy and climate change adaptation. The assessment, based on the methodology of the "GHG Protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard", used 2015, 2017, 2018, 2019 and 2020 activity data to estimate GHG value chain emissions for 10 out of the 15 Scope 3 categories. Emissions were not calculated for five categories which are not considered relevant to Tarkett's activity according to the GHG Protocol criteria for identifying relevant Scope 3 activities.

This updated assessment, confirms the main sources, previously identified by Tarkett, of its Scope 3 GHG value chain emissions (emissions originating from the production of raw materials, the end-of-life disposal and the transportation of products as well as potential emissions associated to floor cleaning). Following the initial assessment in 2018, we undertook work to better evaluate the contribution of our circular economy commitment to Scope 3 emissions reductions arising from the use of secondary raw materials instead of virgin raw materials. Using data from Tarkett LCAs via SimaPro Software and our GHG emissions reporting we estimate that the use of approximately 100,000 tons of recycled material avoids approximately 200,000 tons CO_2e emissions compared to the use of virgin primary raw materials. This is about the annual GHG emissions of a European town with 16,000 inhabitants. The scale of these GHG emissions savings further underlines the importance of increasing our efforts on our circular economy initiatives:

- Product eco-design to increase recycled content, low-carbon materials and recyclability;
- Collection and recycling of post-installation and post-consumer flooring.consommation.

Overview of estimated annual Scope 3 emissions[1]

Scope 3 categories	Scope 3 GHG emissions (thousands of tons CO_2e)	Relevance and actions	Methodology	CSR Report section
Upstream Scope 3 emissions				
3-1 Purchased goods and services	1,323	*Relevant, calculated* Tarkett can have an impact on GHG emissions resulting from raw materials by increasing recycled content in our products, as recycled materials contribute less to GHG emissions compared to extraction and transformation of virgin materials.	Scope 3 greenhouse gas emissions were calculated based on 2019 raw material purchases. 164 categories of raw materials were identified in Tarkett's purchase data warehouse (SAP). Total volumes per category were converted to kilograms and then emission factors applied to obtain greenhouse gas emissions. CO_2 emission factors from suppliers' EPDs were used when available. Alternatively, we used generic emission factors from recognized LCI datasets (Ecoinvent, European Life Cycle database, etc.) or generic certified EPDs.	3.6.1 3.7.2
3-2 Capital goods	-	*Not relevant* Tarkett does not have significant capital goods except those in our manufacturing sites. The energy consumption from our manufacturing sites are included in our reporting of energy consumption and Scope 1 & Scope 2 GHG emissions.	-	3.7.1
3-3 Fuel and energy related activities (not included in Scope 1 or 2)	68	*Not relevant, calculated* Tarkett considers the Scope 3 emissions associated with (i) upstream emissions of purchased fuel, (ii) upstream emissions of purchased electricity and (iii) T&D losses to be not material compared to other categories of Scope 3 emissions which are themselves much greater than Tarkett's combined Scope 1 and Scope 2 emissions for fuel combustion and purchased electricity and heat. Furthermore, Tarkett's efforts and objectives to reduce these Scope 1 and Scope 2 emissions will reduce and limit the Scope 3 emissions for this category.	Scope 3 greenhouse gas emissions were calculated based on 2019 energy consumption multiplied by upstream energy emission factors from ADEME and Internal Energy Agency.	3.7.1

1 *Based on 2019 activity data, except 3.5, 3.6, 3.10 & 3.11 based on 2015 activity data; 3.9 based on 2017 activity data; 3.1 based on 2018 activity data; and 3.7 based on 2020 average number of employees*

Scope 3 categories	Scope 3 GHG emissions (thousands of tons CO_2e)	Relevance and actions	Methodology	CSR Report section
3-4 Upstream transportation and distribution	75	*Not relevant, calculated*	Scope 3 greenhouse gas emissions were calculated based on in bound transport (# t.km) multiplied by emission factors (source depending on transport mode: ADEME, France or EPA, US) for 12 plants representing 80% of produced volumes; and based on selected materials covering 75% of inbound volumes for each plant. Total emissions were extrapolated from this base.	
3-5 Waste generated in operations	49	*Not relevant, calculated* Although not relevant to overall Scope 3 emissions, waste is a material topic for Tarkett as it aims to eliminate industrial waste sent to landfill and it continues to work towards a circular economy, recovering and reusing more post-industrial and post-consumer waste in its production.	Scope 3 greenhouse gas emissions were calculated based on 2015 data. Emission factors from Ecoinvent and European Life Cycle Database used based on incineration as end-of-life treatment.	3.7.2.1 3.7.2.2
3-6 Business travel	8	*Not relevant, calculated* Given the small contribution to overall calculated Scope 3 emissions, Tarkett considers this category to not be material and does not calculate it every year.	Scope 3 greenhouse gas emissions were calculated based on 2015 data. Tarkett collected data from business travel agencies which covered flights, car hire, train and car leasing. In the absence of data from agencies the emissions were estimated based on employee numbers (roughly 20% of total calculated emissions). GHG emissions were calculated using the GHG Protocol transportation tool.	
3-7 Employee commuting	6	*Not relevant, calculated*	The average number of full time equivalent employees for 2020 was multiplied by an average commuting CO2 emission factor representative of France (source Carbone 4). The emission factor used assumes that commuting is similar in all geographies to average commuting in France. The emission factor does not take into account actual Tarkett employee commuting habits, nor the increased remote working that occurred in 2020 due to the COVID-19 pandemic.	

Scope 3 categories	Scope 3 GHG emissions (thousands of tons CO_2e)	Relevance and actions	Methodology	CSR Report section
3-8 Upstream leased assets	-	*Not relevant* Tarkett calculated Scope 3 emissions for its leased offices at its Paris headquarters based on 2015 data. This site represents one of the biggest non-manufacturing sites. Emissions were estimated to be 22 tCO_2e for this one site. When scaled up to include other similar commercial and administrative sites the total corresponding Scope 3 emissions remain negligible. As such Tarkett considers this category to be not material and does not calculate it every year.	-	
Downstream Scope 3 emissions				
3-9 Downstream transportation and distribution	250	*Relevant, calculated* Tarkett limits downstream transportation in part through its local market presence. In 2020 work began on mapping opportunities to optimize transportation and limit associated emissions. Already, in some situations Tarkett's plants have access to rail transportation (e.g.: Otradny in Russia).	Scope 3 greenhouse gas emissions were calculated based on 2017 activity data. Out bound transport (# t.km) multiplied by emission factors (source depending on transport mode: ADEME, France or EPA, US). Missing data for certain divisions has been completed and extrapolated based on activity.	
3-10 Processing of sold products	167	*Relevant, calculated* For this category, Tarkett has considered the greenhouse gas emissions associated with the installation of its flooring products.	Scope 3 greenhouse gas emissions were calculated based on 2015 data. It was assumed that all flooring products are installed using glue. In order to calculate the GHG impact, the sales volumes have been used together with conversions factors from Ecoinvent and SimaPro. The carbon footprint of the installation phase has been determined as following: Σ [CO_2 emission adhesive production x amount of adhesives x sales volume] product category. Tarkett's sport surfaces are not included.	

Scope 3 categories	Scope 3 GHG emissions (thousands of tons CO_2e)	Relevance and actions	Methodology	CSR Report section
3-11 Use of sold products	2,878	*Not relevant, calculated* Tarkett recognizes the importance of potential GHG emissions arising from the cleaning of its flooring products during their life. However, given the absence of formal standards it is currently very difficult to calculate accurately or to monitor associated emissions. Furthermore, Tarkett has no control and limited influence on the type of equipment and type of cleaning protocol used by its diverse customers. As such Tarkett considers these Scope 3 emissions to be not relevant compared to other emissions where Tarkett has greater leverage. Nevertheless, some of our products contribute to reduce water and energy consumption during the use phase through surface treatments.	Scope 3 greenhouse gas emissions were calculated based on 2015 data. The GHG emissions during the use phase included the emissions related to the hypothetical use of water, detergent and electricity to power cleaning equipment. The use phase was considered to be 10 years. 2015 sales volumes were considered and then values from Tarkett's Life Cycle Cost tool used to calculate electricity, detergent and water consumption. Emission factors from Ecoinvent 3.3 were used to convert to tons CO_2e. A number of limitations were identified, notably: - the variability of LCA / EPD data - the variability on the assumptions of the lifetime of the flooring - the lack of conventional cleaning procedures - the flooring application (hospitality, school, office, home) - the geographical location. Tarkett's sport surfaces are not included.	3.7.2 3.7.1.3
3-12 End-of-life treatment of sold products	934	*Relevant, calculated* Tarkett contributes to reducing GHG emissions resulting from the end of use of its products through: - design to ensure recyclability of flooring products; - flooring take-back and recycling ReStart® program; - recycling of post-installation and post-consumer flooring (in our manufacturing process or by other industries). These actions are a key part of Tarkett's Change to Win strategy and Circular Economy Program launched in 2019.	Scope 3 greenhouse gas emissions were calculated based on 2019 raw material purchases. 164 categories of raw materials were identified in Tarkett's purchase data warehouse (SAP). Total volumes per category were converted to kilograms and then emission factors applied to obtain greenhouse gas emissions for the incineration of each raw material. CO_2 emission factors from recognized LCI datasets (Ecoinvent, European Life Cycle database, etc.) or generic certified EPDs were used.	3.7.2.2

Scope 3 categories	Scope 3 GHG emissions (thousands of tons CO_2e)	Relevance and actions	Methodology	CSR Report section
3-13 Downstream leased assets	-	*Not relevant* Tarkett does not lease any significant assets	-	
3-14 Franchises	-	*Not relevant* Tarkett does not have any significant franchise activity.	-	
3-15 Investments	-	*Not relevant* Tarkett does not have significant investments outside its manufacturing operations and as such considers this category to be not relevant	-	

Limiting the impact during the use phase

Some of our flooring solutions contribute to reduce energy consumption during the use phase of our products. For example, the Tapiflex, Acczent Excellence Premium and iQ collections, and the Linoleum xf xf² collections, contribute to reducing energy consumption during the use phase of our products thanks to surface treatments which limit scratches and the appearance of wear, thus delaying deep cleaning operations which are very energy demanding.

Managing waste and increasing the use of secondary raw materials

One of Tarkett's key strategies to reducing its impact on the climate is to use more secondary raw materials, i.e. increase the recycled content of its products, since secondary raw materials engender fewer greenhouse gas emissions compared to primary or virgin raw materials. For example, using one kilogram of recycled vinyl instead of virgin vinyl equates to saving two kilograms of CO_2e emissions (Source: VinylPlus).

As part of Tarkett's strategic plan Change to Win and its ambition to change the game with the circular economy, Tarkett set the objective of tripling the share of recycled raw materials to 30% by 2030 compared to 2018 (10%). Tarkett identifies three pathways to achieving this objective: (i) optimizing internal recycling of post-manufacturing Tarkett flooring and sports surface waste; (ii) collecting and internally recycling post-installation and post-use flooring and sports surface waste and (iii) procuring more secondary raw materials from other industries.

3.7.3.2 Managing production waste – reduce, reuse, recycle, recover

Recycling waste into valuable new materials emits less carbon than using energy-intensive processes to extract and transform virgin materials. It also places less of a burden on the world's natural resources and, avoids valuable waste heading to landfill or generating carbon emissions through incineration.

In our operations, we are firstly committed to avoiding the production of hazardous and non-hazardous waste. Secondly, where waste is generated Tarkett is committed to managing it responsibly, with in order of preference, its reuse, internal or external recycling or external incineration with energy recovery. Sending waste to landfill is always the last option when no other viable alternative is available. In all cases Tarkett ensures the respect of local waste management and disposal requirements and especially the proper handling and disposal of any hazardous waste. Tarkett's World Class Manufacturing (WCM) program assists plants in developing the capacity to achieve these objectives, to analyze their waste streams, to understand the causes of generated waste, to identify and implement appropriate action plans to reduce waste from operations, to apply the reduce – reuse – recycle – recover hierarchy and to track and report on hazardous and non-hazardous waste volumes.

Recycling initiatives at Tarkett started as early as 1957, with vinyl production recycling at the Ronneby plant (Sweden). Currently 16 plants reprocess and internally recycle their post-manufacturing waste using various techniques such as regrinding and reformulation to produce a secondary raw material. These processes avoid having to send the waste for external recycling, recovery or disposal and enable the material to be used in production in the place of virgin raw material.

Where post-manufacturing waste cannot be recycled and used on-site then it may be sent to another Tarkett site where the facilities and capacity exist to process and reincorporate it into production. For example, our recycling center at Clervaux (Luxembourg) received more than 8,000 tons of post-manufacturing waste and semi-finished products for recycling in 2020 from other Tarkett plants at Sedan (France), Konz (Germany), Bačka Palanka (Serbia) and Lenham (UK).

At our parquet manufacturing facilities, sawdust waste is recovered and used as a biomass fuel for heating avoiding fossil fuels or externally sourced biomass. With the opening, in 2019, of a parquet flooring line at Mytishchi (Russia), the site quickly implemented a solution to recover the sawdust and produce pellets for use as a biomass fuel for heating saving approximately 6 MWh of energy a year. It even sells surplus pellets externally. The recovery and use of sawdust waste as a renewable energy source is also implemented at Hanaskog (Sweden), Orzechowo (Poland), Kalush (Ukraine) and Bačka Palanka (Serbia).

In Sports, Tarkett has found a use for post-manufactured turf waste from its Calhoun (US) facility, recycling it into VersaTile a drainage and shock underlayer product.

Where production waste cannot be recycled on-site or at other Tarkett sites or recovered internally, then Tarkett sends it for external recycling and use, or for recovery in other industries. This includes other industrial waste (such as metal, paper, cardboard, electronic waste, used oils, etc.) which are sorted and sent preferably for external recycling or recovery, with disposal to landfill being the last resort.

Zoom on key indicators

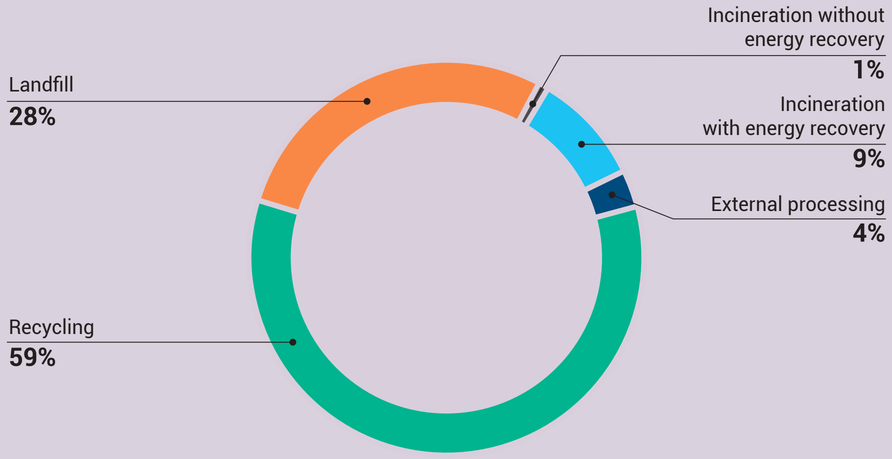
Waste

59% of the total waste from our plants (including both production related waste as well as office and canteen waste) is effectively recycled, with 12 plants not disposing of any waste to landfill in 2020. A further 5 other plants do not dispose any industrial waste to landfill, with only office and canteen waste being sent to landfill.

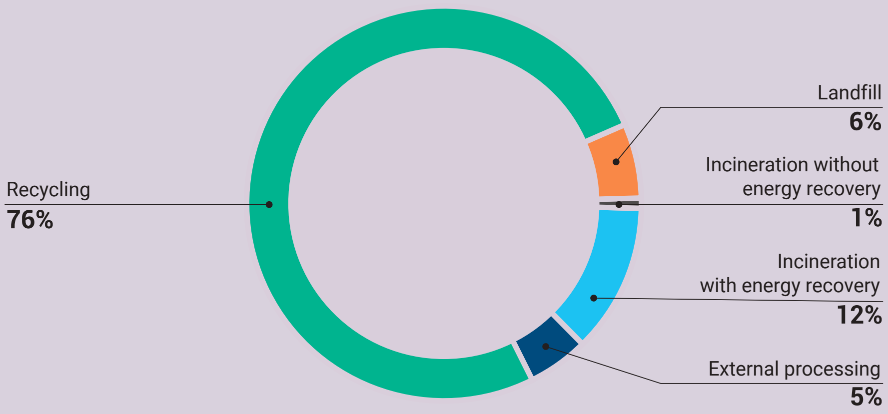
Despite our continual efforts, we have still work to do in some of our plants to achieve our target of zero waste to landfill, especially in one of our plant in North America which alone accounts for 83% of the Group's waste disposed to landfill. If we exclude this plant, we recycled 76% of our waste in 2020.

Compared to 2019, the quantity of industrial waste (including hazardous waste) disposed to landfill has remained stable in 2020 at around 27 k tons, mainly due to operational difficulties at one of our sites in North America. If we exclude this particular site, the total volume of industrial waste disposed to landfill by all the other production sites of the Group in 2020 amounts to 4,777 tons.

Share of industrial waste (hazardous and non-hazardous) by destination (%)



Share of industrial waste (hazardous and non-hazardous) by destination (%) – excluding one of our sites in North America



3.7.3.3 Collecting and recycling post-installation and post-consumer flooring and sports surface waste

In addition to recycling our post-manufacturing flooring and sports surface waste Tarkett is investing in a second pathway, to increasing the use of secondary raw materials, with the longer-term goal of scaling up closed-loop post-installation and post-use flooring and sports surface collection and recycling. This pathway is more challenging, given the logistics, the technical hurdles of recycling post-use product and the need to engage with multiple stakeholders. However, Tarkett remains convinced that this is a key solution to achieving Tarkett's vision where in the future, all flooring will be recycled enabling Tarkett to become a truly circular company.

Developing capacity and solutions for recycling flooring and sports surface waste

Over the years, we have invested and developed our capacity to recycle post-installation flooring scrap and post-used flooring materials in our own manufacturing processes, which required developing on-site recycling units.

In 2020 Tarkett's Sports plant in Germany which produces yarn and infill for artificial turf was the latest site to develop such recycling capacity. Tarkett's Morton Extrusionstechnik sports facility in Abtsteinach was the first to obtain the EuCertPlast certification for recycling post-consumer artificial turf. This certification scheme, which is co-financed by the European Commission under the Eco-innovation program, focuses on the traceability of plastic materials (throughout the entire recycling process and supply chain), and on the quality of recycled content in the end-product. The certification, based on European Standard EN 15343:2007 for plastics recycling and traceability, confirms the plant's use of at least 15% post-consumer artificial turf in the production of FieldTurf's ProMax HydroFlex infill.

In total, Tarkett now has **nine recycling centers** on its production sites all over the world: Florence (US), Dalton (US), Ronneby (Sweden), Clervaux (Luxembourg), Waalwijk (the Netherlands), Narni (Italy), Abtsteinach (Germany), Otradny (Russia) and Jacareí (Brazil). The recycling center located in Luxembourg, on the Clervaux site also has the EuCertPlast certification for recycling post-consumer vinyl flooring. It treats both post-manufacturing waste from other Tarkett European sites, and ReStart collected post-installation and post-use flooring material. The backing produced using this recycled material is used at several vinyl flooring manufacturing sites in Europe and on the vinyl production line in Clervaux.

In the United States, the Tarkett "Dalton Environmental Center" was the first reclamation and recycling center to obtain third party certification for product recycled content some ten years ago. In 2020 it obtained the third party SCS certification for the recycled content of its ER3® Modular, Ethos® Modular, Flex-Aire Cushion Modular and Powerbond® Ethos® Cushion carpet backings. For example, the Ethos® Modular is certified as having a minimum recycled content of 48%, of which a minimum of 28% post-consumer recycled content.

Tarkett Sports is also collecting and recovering used artificial turf and infill. In Oregon, US, Tarkett has a small facility which recovers infill from retired fields. The recovered turf goes to the facility where the rubber crumb and sand infill materials are separated from the artificial turf. They are then washed and bagged ready for reuse. The artificial turf part is often reused in community or residential applications.

In the US, post-consumer turf is used to make Greenboard, an innovative technology which combines mixed polymer recycled plastics from recycled postconsumer turf to make a durable and 100% recycled fiber-reinforced composite board for use in the installation of artificial field turf.

As well as developing the capacity to handle and recycle increasing volumes of flooring and sports surface material, we also continue to conduct research and to trial new recycling techniques with the quest to develop technically and economically feasible solutions to recycle more end of life products.

> For example we are operating in Sweden an in-house developed solution to **recycle Tarkett homogeneous vinyl flooring** produced from 2011 onwards, adding a new circular solution we can offer to customers (for more details see section 3.6.2.1 Working collectively towards a circular economy).
> Also in Sweden, where wooden flooring makes up one third of the flooring market, we have piloted a method to **recycle solid parquet** to create a wooden flooring with a wear layer made entirely of recycled oak. This is an exciting project which responds to growing customer demand and will allow us to increase the volume of recycled materials we use in our products, thus helping to conserve natural resources and create energy savings, compared to sourcing virgin oak. Tarkett showcased the wooden flooring with recycled parquet wear layer as part of its Natural Bond exhibition at the 2020 Stockholm Furniture Fair in Sweden. The recycled parquet, which came from a sports hall floor in Norway, was cleaned from nails, metal and parts damaged by moisture before being made into a new top layer with a soft, white-colored hard wax oil treatment to enhance the beauty of the wood material. This represents the second pilot project, after installing 500 square meters in an office block in Stockholm in 2019.

Example

Finding technical solutions to build a circular economy – recycling old end-of-life PVC (Polyvinyl chloride) flooring

Tarkett is an active member and promoter of the EU project “Circular Flooring”, aimed at developing environmentally friendly recycling of post-consumer PVC floor coverings. The project is managed by the Circular Flooring consortium consisting of eleven companies and research institutions from Austria, Belgium, France, Germany and Greece and led by the Fraunhofer Institute for Process Engineering and Packaging IVV in Freising (Germany). The project is focused on the recovery of a PVC compound from post-consumer PVC floor coverings and the separation of legacy plasticizers in order to create a recycled material for the manufacturing of new PVC floor coverings. End-of-life flexible PVC floor coverings potentially contain ‘legacy plasticizers’ which may no longer be used today for reasons of consumer protection (EU REACH requirements) and which in the meantime have been replaced in the EU by safer alternatives. State-of-the-art recycling of such flooring with recovery of PVC in virgin-like quality therefore requires a technically sophisticated separation of these ‘legacy plasticizers’. The objective is to carefully recycle end-of-life PVC floor coverings by dissolving and removing respective substances in order to achieve a high-quality virgin-like PVC material that is processed into granules. These are ready for re-use in new floor covering products which are compliant with current EU legislation and meet consumer expectations regarding a circular economy.

The Circular Flooring consortium first analyzed the market for PVC to assess the necessity of effective recycling mechanisms. The CreaSolv® Recycling Process was then customized and further developed to convert legacy plasticizers into REACH-compliant plasticizers. Alongside the process development, detailed analyses of the economic performance, as well as of the health and environmental sustainability of the project are being conducted. So far, the first four milestones of Circular Flooring have already been reached:

> Pilot scale for the recycling of PVC flooring waste justified
> CreaSolv® Process for Circular Flooring customized
> Hydrogenation route for legacy plasticizers developed
> Possible PVC formulations developed

The aim of the EU project Circular Flooring, which is due for completion in 2023, is to elaborate on the technical and commercial feasibility of this recycling process for PVC floor coverings at an industrial scale, thus preventing usable resources (PVC, plasticizers) from being landfilled or incinerated, reducing CO2 emissions, and contributing to European circular economy and climate neutrality objectives.

Collecting and recycling post-installation and post-consumer flooring: the ReStart® program

ReStart®, a flagship Tarkett program for flooring waste collection and recycling, meets a double goal:

- Increasing the collection of post-installation and post-consumer Tarkett flooring (or in some cases from other flooring manufacturers), to obtain a growing volume of secondary raw materials and limit the need for virgin resources, thus developing a circular model with quality and economically viable products; and
- Offer our customers a responsible, cost-effective, circular solution to contribute to safeguarding the world's natural resources, protecting the environment, and avoiding incineration or landfilling.

Flooring taken-back via ReStart® is primarily meant to be reinjected into our manufacturing cycle, but we also evaluate other "open-loop" recycling opportunities when relevant.

At the end of 2020 the ReStart® program is proposed in several formats in different countries in Europe (Sweden, Norway, Finland, Denmark, France, United Kingdom, Belgium, Netherlands, Luxembourg, Germany, Austria, Switzerland, Poland, Italy, Spain, and Portugal), Brazil and North America:

In Europe we are mainly collecting vinyl installation off-cuts and post-use carpet tiles. Since 2019 we are proposing the ReStart® take-back and recycling service for vinyl at no cost to our customers in an effort to encourage them to join and participate to the transition to a circular economy. For vinyl flooring, Tarkett provides big-bags and organizes the collection of post-installation or post-use (currently for post-consumer homogeneous flooring installed since 2011) materials which are sent to our recycling centers either at Clervaux (Luxembourg) or Ronneby (Sweden). In France we also use PVC Next network operated by Kalei for the recycling of other types of post-use vinyl flooring materials. They are sent to Germany to the AGPR (Association for the Recycling of PVC Floor-Coverings). We are developing local partnerships with logistical operators, such as Veolia, to carry out the waste collection and in some cases preliminary sorting. Once at our recycling centers the waste is sorted then assessed before processing and reintegration into our production process. For carpet flooring, Tarkett provides a support to facilitate the on-site collection, then the waste flooring is sent to our carpet recycling center in Waalwijk (the Netherlands) for recycling. We are also taking back linoleum for recycling at our Narni site (Italy) and following a successful trial looking to collect used solid wood parquet flooring for recycling in Sweden.

Tarkett's Nordic sales organization (Sweden, Denmark, Finland, and Norway) made good progress in 2020 in promoting the ReStart® collection and recycling program to clients in the region. A ReStart® agreement was signed with the Norwegian Håndverksgruppen, and MLF (Malermestrenes Landsforbund), two independent nationwide groups of tradesmen. Tarkett's ReStart® program enables their tradesmen to manage waste in an environmentally friendly, measurable, and organized way. It also makes the working day easier for their members since Tarkett collects and handles the waste, thus saving them time. In April 2020 Tarkett signed another agreement in Norway with Mal Proff, Norway's largest professional chain for flooring products. Tarkett provide bags and cages for stores to collect waste flooring, green bags for vinyl and white bags for linoleum. When full, Tarkett picks them up and leaves empty ones. The Mal Proff chain wanted to improve on sustainability and so welcomed Tarkett's practical and simple solution to manage the flooring waste.

In Brazil, Tarkett's local teams launched ReStart® in 2019 following a pilot phase in 2018. Tarkett takes back post-installation material for vinyl composite tiles, luxury vinyl tiles, as well as homogeneous and heterogeneous resilient flooring from clients close to our site at Jacareí for recycling.

In Australia, Tarkett has partnered with local carpet recyclers in Sydney area to ensure that our used products are recycled responsibly rather than going to landfill. Tarkett is now in a position to help our customers to manage their waste in a responsible and sustainable way. This is a first step in the implementation of the ReStart program as our local teams continue to work with local stakeholders to deliver a functional solution to the Australian market with the known geographical challenges. By setting up collection trials in 2020 and 2021 with key partners, Tarkett aims to create solutions that work in the future for a long-term sustainable program with the focus to divert product from landfill, ideally bringing it back into our production cycle. In New Zealand Tarkett worked with a leading commercial and residential flooring distributor to develop a local recycling pilot for the local market, which has seen them nominated as a finalist in the 'Outstanding Collaboration' category for the 2020 New Zealand Sustainable Business Awards. This pilot is designed to allow take back of both vinyl and carpet tiles and reduce waste to landfill.

In North America, the program has existed since the end of the nineties for collection and recycling of carpet tiles and was expanded to vinyl flooring in 2010. ReStart® collection and recycling has been and remains predominately post-use rather than post-installation. The challenge is to develop logistics solutions, notably finding the right logistical partners, to collect and recycle larger volumes of post-use products and the small quantities of post-installation flooring waste as well as re-introducing materials into existing products.

Example

Contributing to Gecina's circular economy and low carbon objectives with Tarkett's ReStart® collection and recycling program

Recycling end-of-life flooring and incorporating it as secondary raw materials into the manufacture of new floors represents both a challenge and an important opportunity to contribute to the circular economy, preserve natural resources, reduce greenhouse gas emissions, and eliminate waste. Tarkett's ReStart® collection and recycling program along with Tarkett's recycling facilities are key elements enabling Tarkett to provide customers with simple solutions to manage their flooring waste. Tarkett signed a framework agreement with Gecina, the largest office real-estate company in Europe, to recycle used carpet tiles from its offices in Paris. Tarkett's ReStart® service collected some 38 tons, representing 8,600 m² of carpet tiles during 2020, sending them to our carpet recycling center in Waalwijk (the Netherlands). For Gecina, this program is aligned with its CSR objectives of reducing waste, developing recycling, and promoting circular economy solutions which contribute to reducing greenhouse gas emissions.

Tarkett was awarded the "*Geste d'Or*" prize in the circular economy category for its commitment to the circular economy with the collection and recycling of used carpet tiles from Gecina's refurbished office buildings. The Geste d'Or is an independent organization which promotes exemplary operations in the field of urban environment and landscape development.

Example

Carpet replacement and recycling at the Moscone Convention Center, in San Francisco, United States

When Tarkett was chosen to refurbish the flooring at the city owned Moscone Convention Center in Northern California it started with its ReStart® collection and recycling program, removing the legacy flooring and sending it to Tarkett's Dalton recycling center. In total more than 69 tons (153,574 lbs) of 17-year-old Tarkett cushioned carpet tile was diverted from landfill or incineration. Tarkett went on to install 24,250 m² (>29,000 yd²) of ethos® Modular with Omnicoat Technology carpet tile, with 45% total recycled content, further contributing to the Moscone Convention Center US Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) score of 90 out of a possible 111 points, making it the highest-scoring LEED convention center in the world with LEED Platinum status.

In addition to installing healthy materials, the Moscone team was committed to maintaining their floors with sustainable practices. Tarkett's Eco-Ensure™, Cradle to Cradle Certified™ Platinum, fluorine-free, PFAS-free soil protection, which comes standard on Tarkett soft-surface products, helped meet this requirement. Additionally, Tarkett's Abrasive Action modular carpet was installed in areas that see extreme wear and tear, particularly those heavily traveled by forklifts and catering services. Lastly Tarkett is also supporting Moscone's staff by developing a customized maintenance program for the entire facility, with everyday cleaning procedures for both hard and soft surface flooring, occasional spot cleaning, and the deeper monthly regimen needed for long-term success of the space.

Zoom on key indicators

Flooring collection and recycling program ReStart®

From 2010 to 2020, Tarkett has collected close to 109,000 tons of flooring (post-installation and post-consumer flooring: vinyl, linoleum, carpet). In 2020 3,000 tons of installation scrap and used flooring were collected through the ReStart® program, down on 2019 (3,300 tons) notably due to the impact of the COVID-19 pandemic.

Encouraging progress was made in Europe with more countries proposing the take-back service to our clients to organize the collection of post-installation vinyl offcuts. Furthermore, thanks to our unique carpet recycling center in the Netherlands, collection and recycling of post-use carpet flooring has increased. In North America, the launch of our newer products designed for recycling will allow us to significantly increase the recycling of post-consumer carpet in the coming years. See below for more explanations and details on the challenges of flooring collection and recycling.

1. **Developing practical solutions and finding the right partners for collection and sorting in each market to facilitate the recovery of recyclable materials**. For example, Veolia in France, Kuijs transport in the Netherlands and Verhoek in Germany.

2. **Onboarding customers, with a simple, cost-effective ReStart® take-back and recycling service**. We are actively inviting our customers to join our ReStart® take-back program which help them manage their flooring waste while contributing to the implementation of a circular economy. As project owners are increasingly including site waste management in their calls for tender, ReStart® allows Tarkett's customers to sign up simply to our local take-back and recycling program for flooring. For example, Tarkett now proposes in Europe the ReStart® service for vinyl flooring at no extra cost.

3. **Collaborating, sharing experiences and contributing to the push for a circular economy friendly framework**. Tarkett contributes and participates in various platforms to share experience, learn from others and promote a framework that facilitates the transition to a circular economy (for more details see below Tarkett feedback and section3.6.2.3 Building a circular economy together).

Our commitment and our actions over the past several years have enabled us to understand and better grasp the challenges and opportunities for developing the circular economy on the ground. The volumes collected in 2020 are lower than 2019 due to the impact of the COVID-19 pandemic and they are significantly off the original 2020 target of doubling 2010 annual volumes. A number of factors can explain this situation:

- First of all, the principle decrease in volume concerns North America, where collected volumes of post-use flooring have declined over the past few years. The main reasons being commercial (end of key client contracts), technical (difficulties for separating the different layers to be recycled, materials traceability and compatibility with the composition of new eco-designed products) as well as structural (reverse logistics, regulations lacking incentives, lack of client demand).
- In Eastern European we are mainly supplying the residential market. It is therefore very difficult to collect floor coverings that have been dismantled during installations, which are often carried out by private individuals. Furthermore, as opposed to Western Europe, there is very limited stimulus for recycling by local authorities.
- In Europe, before the development of our carpet recycling center in the Netherlands, we had limited capacity to disassemble and recycle post-installation and post-use carpet tiles. Post-consumer vinyl flooring collection and treatment have also been very limited or even non-existent. This has been partly compounded by the current lack of viable technologies to remove glue and separate legacy chemicals that are no longer authorized.
- Finally, concerning sports surfaces, in most markets there are no tried and tested solutions for recycling the old product and generating a useful secondary raw material. For example, in North America the cheapest solution often remains landfill, making it hard to onboard cost-conscious local public authorities when proposing more costly alternative solutions to recover and recycle used artificial turf. This is however changing as Tarkett trials field turf recycling in Europe.

In summary, Tarkett is taking action to identify, develop and implement solutions in response to these current challenges and to contribute to the implementation of a circular economy.

Challenges	Potential solutions / Tarkett initiatives
1. **Old post-use flooring not compatible as a secondary raw material for new generation flooring products**	> Looking for other uses for recycled flooring and sports surface materials > Developing technologies and industrial processes to make vinyl flooring and carpets easier to recycle after use > The majority of Tarkett's current generation of product are better designed and more adapted to recycling in the future > Tarkett's New Product Development Process includes steps to check to ensure design for recycling of future products
2. **Technical and capacity difficulties to recycle old product**	> Tarkett's carpet recycling center in the Netherlands > Trials with homogeneous vinyl flooring recycling in Sweden > Trials with solid wood parquet recycling in Sweden > Supporting the European project Circular Flooring to scale up old PVC flooring recycling > Trials with field turf recycling in Germany at Tarkett's latest third-party certified recycling center Development of products, such as Greenboard and Versatile, made from recycled turf
3. **Lack of structure and incentives to promote recycling and barriers related to the use of secondary raw materials**	> Tarkett engaging in dialogue to share experiences and challenges with public authorities to promote a regulatory framework more favorable for recyclin Tarkett encouraging customers to join its ReStart® take-back and recycling program

Eco-designing the flooring installation system for easy removal and effective recycling

Tarkett endeavors to integrate easy removal right from the design stage, ultimately allowing more efficient collection, sorting and recycling. Beyond the flooring product itself, the challenge is to design flooring systems including products, installation, and removal methods, which facilitate the collection of flooring at end of use while allowing the separation of different layers and materials.

For example, the modular vinyl ranges, such as iD Click Luxury Vinyl Tile ranges, with their unique click system which makes for a floating installation, without the need of adhesives enabling the flooring to be very quickly laid and easily removed. In North America, Tarkett has the modular range of flooring, ProGen™, which is waterproof, and resistant to shocks, traffic, and heavy use, while being easy to install and remove thanks to a fast lock mechanism. Quick-Fix carpet tiles (produced in partnership with Velcro®) and the Tape+ / Tape products offer solutions so that carpets can be installed, re-installed, and recycled easily, without damaging the flooring surface. Our modular resilient flooring iD Revolution can also be installed with a tackifier, enabling quick installation and removal.n et une dépose rapides.

Example

Recycling in Rotterdam, the Netherlands

Tarkett continued to partner the Rotterdam city public authority in 2020 as the city continued the renovation of the Sportcampus area in the vicinity of Feyenoord's famous "De Kuip" stadium. FieldTurf removed and recycled six pitches at its Abtsteinach facility in Germany, providing around 35,000 m² of new artifical turf pitches with ProMax Hydroflex infill which incorporates 30% polymers from recycled turf fibers from end-of-life pitches. In total more than 68 tons of artificial turf were successfully recycled for this project. At the same occasion FieldTurf is also trailing a solution to incorporate the end-of-life recycled turf into the backing for new artificial turf.

3.7.3.4 Using secondary raw materials from other industries

The third pathway to increasing the recycled content of Tarkett products comes through open-loop recycling, obtaining recycled materials from other industries as an alternative to virgin raw materials.

More and more, our teams are looking to procure secondary raw materials to reduce our exposure to the price volatility of fossil-based materials and to meet our climate and circular economy objectives. We are sourcing recycled materials from several different partners in different industries. These include Econyl® fibers from Aquafil, an Italian company, which are composed of 100% regenerated nylon threads from pre and post-consumer nylon waste, such as discarded fishing nets, textile scraps and used fiber waste from our Desso® carpets; upcycled chalk from a drinking water distribution company in the Netherlands, which is used in our EcoBase® carpet backings; post-industrial glass or marble powder waste material recycled for use in our Ecobond carpet backings; post-industrial diaper film waste material recycled for use in sports ProMax infill; post-industrial automobile shock absorbing waste material recycled in sports field underlay and recycled PVB from safety glass used in resilient flooring in Europe and in carpet backing in North America.

One of the main challenges of initiatives to promote the use of recycled materials is to trace the precise composition of materials that we incorporate into our manufacturing processes, and to guarantee their health and environmental quality. In addition to recycling our own products, we only work with partners able to provide this traceability, and which can guarantee a consistent level of quality in line with our specifications.

At our sport facility in Toronto, Canada, Tarkett's subsidiary ThermaGreen makes shock and drainage pad sports field underlay from 99% post-industrial waste sourced from the automotive industry. The shock absorbing material found in automobile parts such as the dashboards and panels are recycled and used to make SportLite a nonwoven geotextile shock & drainage pad.

At our Suzhou plant in China, we locally source recycled marble for use in our EcoBond carpet backing. The marble, which comes from home interior decoration post-industrial waste, is ground to a powder for use as a secondary raw material filler for the carpet backing.

At our yarn and infill production site in Abtsteinach, Germany, Tarkett uses recycled post-industrial diaper film in the production of FieldTurf ProMax products. The diaper film, which is designed to make diapers breathable, is composed of two ingredients, linear low-density polyethylene and calcium carbonate, which are both used to make Promax products.

Example

Using recycled post-use polyvinyl butyral (PVB) from safety glass in our floorings

Polyvinyl butyral (PVB) resin is a tough, clear, adhesive, and water-resistant plastic film. PVB is primarily used as a raw material for laminated safety glass in car windscreens, buildings, and solar panels.

Tarkett has worked closely with two innovative companies to incorporate post-use recycled PVB instead of virgin material in its product formulation. These European companies both developed a treatment process to clean and recycle post-use PVB, transforming this once unrecyclable material into a high-quality secondary raw material that can be used by the automotive, construction and plastics industries. Tarkett employs the post-use recycled material in our iD Revolution resilient modular tiles.

Importantly, recycled PVB has a carbon footprint that is 25 times lower than virgin PVB, so it helps us to reduce our Scope 3 greenhouse gas emissions. iD Revolution, a Gold level Cradle to Cradle certified™ resilient modular flooring, achieves Cradle to Cradle® Platinum level for material health. More than 83% of the materials used to make iD Revolution are either recycled, mineral or bio-sourced, helping to conserve natural resources. This includes 24% recycled PVB, 11% bio-plastic (PLA) and 49% chalk, a mineral found abundantly in nature.

In the US, through a similar long-lasting cooperation with another company, we incorporate recycled post-use PVB in our ethos® Modular with Omnicoat Technology™, a high-quality soft surface floor solution made from healthy, safe materials, including 33% post-consumer recycled PVB. From 2004 to 2020, we reused around 33,500 tons of PVB films from 32.7 million windshields...

3

Zoom on key indicators

Recycled Materials

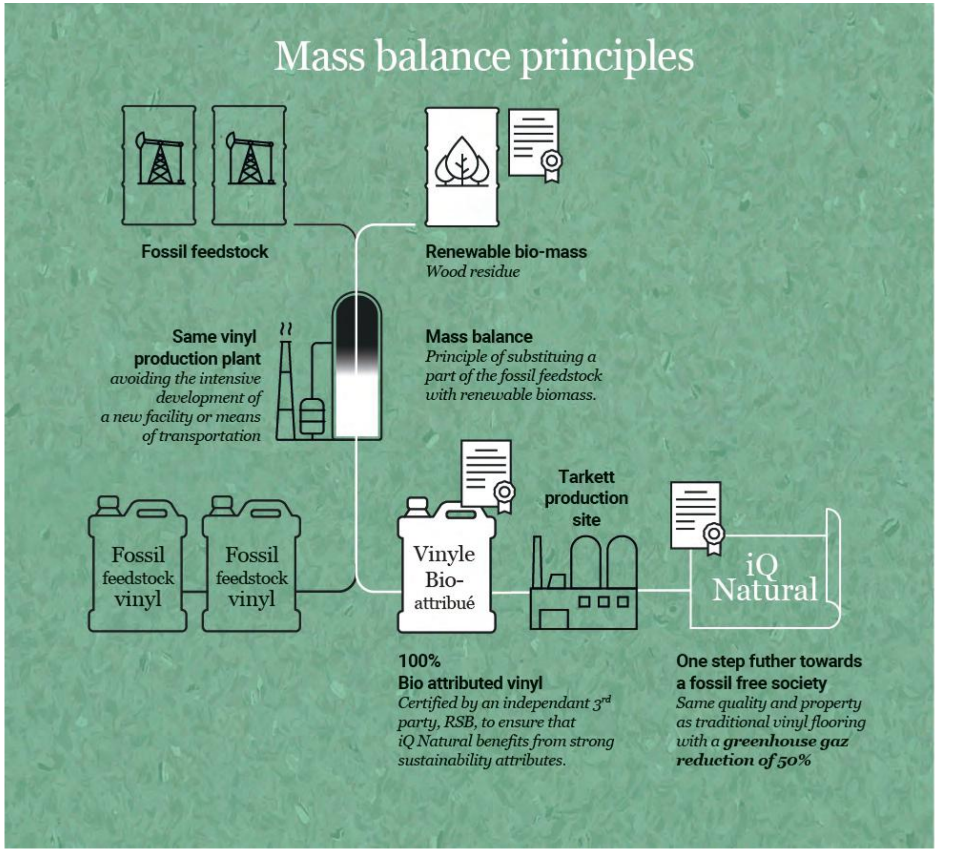
In 2020, we used close to 127,000 tons of recycled materials[1] as an alternative to virgin materials, which represents over 13% of our raw materials used. Our new objective set as part of our Change to Win strategy is to triple the 10% share we had in 2018 to 30% by 2030.

[1] Recycled materials: Materials that would otherwise have been sent for waste disposal (incineration or landfill); internal post-manufacturing recycled volumes are included.

3.7.3.5 Sourcing renewable, low carbon, raw materials

Renewable raw materials, like recycled secondary raw materials, represent a low carbon solution and a way to limit the life cycle greenhouse gas emissions of flooring. Tarkett uses various renewable raw materials, such as wood in parquet and laminate flooring, jute in linoleum flooring and bio-based plastics in modular resilient flooring such as iD Revolution (see section 3.6.1.1 Selecting and sourcing sustainable materials to preserve natural resources).

In 2020 Tarkett launched the **world's first floor to use bio-attributed PVC** certified through the Roundtable on Sustainable Biomaterials (RSB). Our new iQ Natural homogeneous vinyl flooring collection with Tarkett's ReStart® collection and recycling post-use provides architects, designers and property owners with a flooring solution offering more than 60% less embodied carbon[1] (i.e. less greenhouse gas emissions for the life cycle stages from cradle to gate and end of life), when compared to average homogeneous vinyl floors[2] which are incinerated with energy recovery, making it one of the lowest carbon footprint resilient floorings solutions on the market. Our vinyl homogeneous flooring iQ Natural which already used bio-based plasticizer was the first product to be launched using a bio-attributed vinyl – BIOVYN™ - substituting 100% of fossil feedstock by renewable biomass. The biomass used for Biovyn™ is sourced under the principles of mass balance, where renewable feedstock replaces fossil materials by mixing them in the same system. Mass balance is a way of keeping track of the renewable quantities and allocating them to specific products making a viable approach to promoting the ecological transition. In practical terms, this means a certain volume of forestry waste is used for Biovyn™, which is then mixed with conventional fossil fuel feedstock during production. Therefore Biovyn™ is bio-attributed, meaning that the bio-based component is 'attributed' to the final product. We ensure that the right amount biomass is used to produce the equivalent amount of vinyl we use in iQ Natural. The whole supply chain, including our Ronneby (Sweden) plant, is certified by a third party, the Roundtable on Sustainable Biomaterials (RSB) to ensure the sustainability and credibility of the final product. This new generation of iQ Natural homogeneous vinyl flooring also benefits from very low VOC emissions, a long-life performance and the possibility to be fully recycled post-use at Tarkett's Ronneby plant. Like other Tarkett homogeneous vinyl flooring, iQ Natural's 2.0 mm wear layer surface can be cleaned via dry-buffing to provide a smooth, resilient surface needed for maximum hygiene and resistance avoiding the need for waxes. Overall iQ Natural has 61% lower embodied carbon[3] compared to average homogeneous flooring (based on iQ Natural EPD vs industry average ERFMI 2019 Homogeneous polyvinyl chloride floor coverings).



1 The emissions caused in the materials production and construction phases (A1-5) as well as the carbon emissions associated with post-use phases (C1-4), where iQ Natural is collected and recycled through Tarkett's ReStart® program and the average industry flooring is incinerated with energy recovery.
2 ERFMI 2019 EPD for Homogeneous polyvinyl chloride floor coverings
3 Embodied carbon: total greenhouse gas (GHG) emissions (often simplified to "carbon") associated with materials throughout the whole lifecycle of a building (including upfront emissions, use stage emissions and end-of-life emissions). Source: "Bringing embodied carbon upfront" World Green Building Council 2019

3.7.4 Offsetting remaining greenhouse gas emissions and offering carbon neutral products

While focusing on reducing the Tarkett's Scope 1, 2 and 3 greenhouse gas emissions through environmental management, eco-design, supplier engagement and circular economy solutions Tarkett is also responding to customer demand for products which contribute to green building certification standards with Cradle to Cradle Certified™ products and carbon neutral products where partial or total remaining greenhouse gas emissions are offset.

In our North American market, Tarkett announced, at the occasion of the US 2020 GreenBuild expo, an expanded number of carbon neutral flooring products. This initiative builds on existing steps to reduce the embodied carbon[1] of Tarkett products by designing for a circular economy, increasing the use of healthy, recycled materials, and by lowering the impact of manufacturing through improvements in energy efficiency and the increased share of renewable energy.

As part of the Carbonfund.org's Carbonfree® Product Certification program, Tarkett has measured the greenhouse gases emitted when manufacturing, delivering and installing products for its customers. These emissions are then neutralized through the purchase of third-party verified carbon offsets. The Carbonfree® product certification offsets life cycle greenhouse gas emissions, based on the products' annual sales and carbon footprint established through life cycle assessments.

The majority of Tarkett's north American floor product offering will thus be carbon neutral, including rubber tile, rubber sports flooring, carpet tile, vinyl sheet and luxury vinyl tile and planks, with its linoleum flooring already being carbon negative from cradle to gate[1]

The first project supported through this Carbonfree® product certification is a Verified Carbon Standard project for waste energy recovery co-generation in South Korea. It consists of a 400 megawatt co-generation plant at Hyundai Steel, which utilizes surplus waste gases to generate nearly three million megawatt hours of electricity and more than one million tons of steam, used by both the plant and the local electric grid.

In our European market, Tarkett will also be offering in 2021 the possibility for customers to offset cradle to gate and end-of-life related greenhouse gas emissions for certain products through the REDD+ Business Initiative Tambopata-Bahuaja Biodiversity Reserve Verified Carbon Standard (VCS) project.

Tarkett is already offsetting greenhouse gas emissions for certain other products to obtain a given level of certification under the Cradle to Cradle Certified™ product standard. For example, Tarkett's 5 Gold level Cradle to Cradle Certified™ products (Desso Ecobase® PA6 solution dyed carpet tiles and Desso EcoBase® Carpet Tile Backing; iQ One and iD Revolution resilient flooring; Linoleum flooring) are required to offset 50% of the final manufacturing stage GHG emissions. Tarkett obtains the required number of carbon credits through the REDD+ Business Initiative Tambopata-Bahuaja Biodiversity Reserve project. The project is validated by the Verified Carbon Standard (VCS) and the Climate, Community, and Biodiversity Standard (CCB) (see for more details section 3.9.2.4 Supporting development projects worldwide).

1 Third-party certified EPD for Tarkett Linoleum 2.5 mm shows a negative carbon status for the cradle to gate phases (A1-A3)

3.8 Creating solutions for greater indoor air quality and safe, healthy spaces for our customers

We have established policies, programs, and specific initiatives to manage the identified material risks and opportunities. Our progress in addressing these risks and opportunities is monitored with specific key performance indicators. These elements are summarized in the following table along with our objectives and results.

Opportunities / Risks	Policies / Actions	Key Performance Indicators	2020	2019	2018	Objective 2020	CSR Report section	Contributing towards UN SDGs
Product safety and quality (evolving health and environmental regulations, standards and/or customer's expectations)	Materials selection and assessment as part of NPDP to develop products with low levels of VOC emissions	Percentage of flooring with low VOC emission levels	98%	98%	97%	75%	3.8.1	3 GOOD HEALTH AND WELL-BEING
	Use of phthalate-free plasticizer technology for our vinyl flooring	Percentage of phthalate-free flooring[1]	97%[2]	74%	65%	100%	3.8.1	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1 *Except recycled content for certain products*

2 *At the end of 2020, 100% of our vinyl production sites in Europe, North America, Serbia and China use phthalate-free plasticizer technologye*

Product safety

Tarkett is committed to ensuring and enhancing product safety through its Tarkett Human-Conscious Design™ approach. This approach applies Cradle to Cradle® principles and methodology, with the design and careful choice of materials contributing to healthy spaces and indoor air quality. For our sports surfaces, keeping athletes safe has and will always be the first priority for Tarkett. FieldTurf and Beynon Sports, our field and track companies, are committed to improving performance and safety through research and innovation, continually looking to find new ways to reduce the risk and severity of sports injuries. This focus on safety has led to a number of injury-reducing innovations and improvements both on field and on track. Additionally, Tarkett's group-wide quality management system, with 82% of plants certified ISO 9001, ensures the strict application of procedures to ensure product quality and safety, both during installation and use. From design to installation at the customer's site, Tarkett's quality management guarantees the conformity of the products to all applicable standards and regulations regardless of the country where the product will be used. To carry out these controls, Tarkett relies on the competence of its internal laboratories as well as certified independent laboratories. The quality management system is under the responsibility of the Group Quality Director, reporting to the Executive Vice President of R&D and Operations, a member of Tarkett's Executive Management Committee. This system incorporates relevant product safety risk assessments, monitoring, incident investigation and end-user feedback. Over and above ensuring the general safety of its flooring and sports surfaces, Tarkett also provides safety enhanced flooring solutions for specific applications (e.g. slip resistant flooring for trains, buses, planes, wet rooms, schools, health care facilities, …). For these specific applications all products are validated and controlled according to specific standards and regulations where they exist (for example the IMO standard for reaction to fire, applicable in the maritime sector or the vertical flammability test FAR 25.853 for aviation). Tarkett provides details on all relevant standards and specifications for each product through the product "technical data sheet".

In Australia, where confusion often exists in relation to sustainable slip resistance in settings where flooring surfaces get wet or contaminated during normal use, Tarkett has taken further actions to educate and reassure clients. For example, Tarkett updated Continuing Professional Development (CPD) presentations for architects on Slip & Wellbeing to align to the revised AIA (Architects Institute of Australia) requirements. Tarkett Australia also published a specific white paper “Raising the Safety Floor: A Guide to Slip Resistance in Flooring Specification” providing a concise guide to safety flooring, sustainable slip resistance requirements and testing, and design considerations relevant to flooring specification.

3.8.2 Contributing to healthy spaces and indoor air quality

Flooring with low VOC emissions

Tarkett is committed to designing products which help create healthy indoor spaces and preserve indoor air quality in accordance with our Tarkett Human-Conscious Design™ approach. This challenge is especially critical for the most sensitive populations such as the elderly, young children, or people with allergies or asthma. One international study found 14% of children to suffer from asthma[1] and it is widely reported it is a major cause of school absenteeism. It has also been found that productivity can increase when indoor air quality improves[2]. All in all, today, people spend 90% of their time indoors, and in the wake of the global Covid-19 pandemic, doing so has become even more central to our daily lives. Among the contributors to indoor air pollution are volatile organic compounds (VOCs) – gases emitted at room temperature by chemicals found in everything from paints, varnishes and glue to everyday cleaning products. Since 2011, Tarkett has been a pioneer in developing flooring with low or ultra-low levels of Volatile Organic Compounds (VOC) emissions in nearly all of its product ranges. Tarkett offers products with total VOC emissions that are 10 to 100 times lower than the most stringent world standards, at levels that are so reduced they are non-quantifiable[3]. This effort had been recognized by several certifications:

- The modular vinyl Starfloor Click was recommended by the Swedish association against asthma and allergies in 2015.
- The Asthma and Allergy Foundation of America (AAFA) awarded the asthma and allergy friendly® certification to all FiberFloor® vinyl ranges as well as to other products (iD Inspiration®, Acczent, and several laminated ranges). Tarkett added 28 new designs in 2020 to the FiberFloor® residential luxury sheet vinyl flooring responding to customers growing interest in their health and well-being. The designs are available across Tarkett's Fresh Start™, Easy Living™ & Lifetime® collections.
- In 2020 Tarkett obtained the seal of approval from Allergy UK for two new product ranges, Tarkett's Omnisport flooring ranges for leisure and sports areas and for the majority of Tarkett's vinyl residential range Iconik, which join the linoleum ranges which received the label in 2018 from the British association Allergy UK, which is valid in 135 countries.
- Several vinyl and linoleum ranges manufactured in Europe are subject to regular plant audits by Eurofins (an international laboratory network conducting consumer product testing) to ensure that our products have low or very low levels of VOC emissions (Tarkett labels « Indoor Air Quality Gold » and « Indoor Air Quality Platinum »).

In the US, Tarkett held a series of free webinars in October 2020 as part of the National Indoor Air Quality Month. The series called "Learn.Give.Breathe" highlighted the importance of healthy indoor spaces for their inhabitants with panelists from organizations such as the Asthma and Allergy Foundation of America (AAFA) and the Cradle to Cradle Products Innovation Institute. At the same occasion Tarkett partnered with Breathe DC, a District of Columbia non-profit community health organization donating 24,520 square feet (2,278 m²) of asthma & allergy friendly® certified flooring to help establish healthy home environments for families with asthmatic children in Washington, D.C. through the Breathe EASY project.

Tarkett North America offers both residential and commercial flooring solutions that have been certified asthma & allergy friendly® by AAFA. This certification program helps people make informed purchases for healthier homes, schools and workplaces. Only those products that pass stringent tests are awarded the designation. For flooring to be certified asthma & allergy friendly®, AAFA's independent third-party testing must show that the floor is easily cleaned and has a low capacity for retaining allergens. The certification process involves testing not only the product itself, but also the installation method and recommended cleaning process as a complete system to ensure no harmful materials are introduced while installing or cleaning the floor.

Phthalate-free flooring

Phthalates are mainly used in the plastics industry, to give the plastic a certain flexibility. The potential impact on human health of certain phthalates in this group of chemical products is the subject of scientific debate and is regularly featured in regulatory news and general public news stories, notably through work carried out by health agencies that assess the impact of substances on health and the environment (ANSES in France and EFSA at the European level); at the level of ECHA (European Chemicals Agency), within the framework of evolutions in REACH and CLP regulations[4]; or in information campaigns run by health and environmental protection non-profit organizations.

1 International Study of Asthma and Allergies in Childhood (ISAAC), 2007
2 Estimates of Improved Productivity and Health from Better Indoor Environments, 1997 William J. Fisk and Arthur H. Rosenfeld
3 Total VOC at 28 days < 100 µg/m³ or even < 10 µg/m³
4 REACH: Registration, Evaluation, Authorization and Restriction of Chemicals; CLP: Classification, Labelling and Packaging of substances and mixtures

Since 2010, Tarkett has been proactively seeking alternatives to phthalate plasticizers in collaboration with its suppliers. We have considerably invested in research and development and consequently have been able to modify our formulas and our processes to manufacture vinyl flooring with phthalate-free plasticizer technology. These alternative plasticizers can be used for young children's toys and food containers, which have the strictest health standards. Phthalate-free plasticizer technology was first introduced by Tarkett in North America in 2010 and in Europe in 2011, then gradually deployed in Ukraine and Serbia since 2016, and finally at the Otradny site in Russia in 2019 and 2020.

At the end 2020, 100% of our global vinyl production, except for a small volume of vinyl production at our plants in Brazil and Russia, use phthalate-free plasticizer technology (except recycled content for certain products).

At some sites, we also use recycled contents in addition to virgin raw materials for some products which may then contain traces of phthalate plasticizers. Since the end of 2019, our European sites produce 100% phthalate-free vinyl flooring, recycled content included.

The entire flooring industry gradually follows our example in the interest of flooring customers and users: for example, in North America, certain DIY, home improvement and decoration retailers, such as Lowe's, Menards and Home Depot, have changed their supplier specifications to exclude phthalate products.

Zoom on key indicators

Indoor air quality:

Tarkett contributes to customer health and well-being with flooring products that contribute to indoor air quality. In 2020 98% of our flooring achieved the target of being 100% with low total VOC emissions (<100 µg/m³). This was just short of our 2020 objective to reach 100%, mainly explained by a small volume of carpet and rubber flooring which have yet to achieve the target.

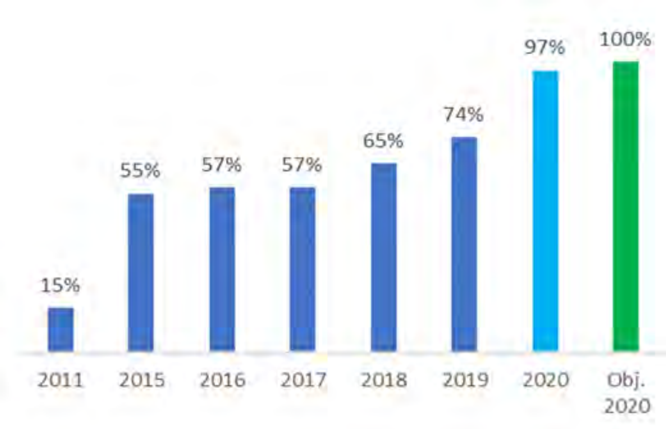
Percentage of flooring with low VOC emission levels

Zoom on key indicators

Phthalate-free flooring

We achieved our 2020 objective to reach 100% of phthalate-free vinyl flooring (per recycled content) at all plants, except our vinyl flooring plant in Brazil and a minor volume of the vinyl flooring produced at our plant in Russia. Furthermore, our carpet flooring was also 100% phthalate-free (excluding recycled content) in 2020, and 98% phthalate-free when including recycled content. At the end of 2020, 100% of our vinyl production sites in Europe, North America, Ukraine, Serbia, and China use phthalate-free plasticizer technology. For the full year 2020, at a global level, this translates to 97% of volumes being phthalate-free compared to 74% in 2019, 65% in 2018 and 57% in 2017. This exceptional progress reflects the significant efforts to deploy the phthalate-free plasticizer technology in Russia, Ukraine and Serbia taking into consideration that deployment also depends on availability of plasticizers alternatives (in volumes and in quality

Percentage of phthalate-free flooring



Dust retaining flooring

Tarkett has developed carpet tiles which retain dust particles: the AirMaster® carpet tile combined with the EcoBase® backing range is designed using a patented technology which retains four times more fine dust particles than traditional carpets. Since 2015, this product is the first worldwide to be certified with a GUI Gold Plus Label, the highest possible accreditation awarded by GUI (Gesellschaft für Umwelt- und Innenraumanalytik), Germany's leading independent air quality testing organization. The Gold Plus label was awarded for high performance on three further test criteria: suitability for allergy sufferers, high fine dust binding capacity and low volatile organic compound (VOC) emission properties.

In Australia, Tarkett continued its action raising awareness with Asthma Australia on indoor air quality in educational facilities. As in 2019 the action with Asthma Australia, a non-profit body dedicated to supporting and educating Australians suffering from asthma and allergies to live their lives and breathe easily, included a competition for schools and childcare centers to win a healthy floor. This year the winner was a not-for-profit childcare center in Central Coast New South Wales. Tarkett worked with the center to identify the flooring transformation needs, selecting Tarkett vinyl flooring, Desso AirMaster carpet tiles and Field Turf artificial grass. Tarkett completed the installation in December 2020 as part of its community program Tarkett Cares.

3.8.3 Participating to people's well-being

2020 was characterized by the global COVID-19 pandemic which stretched to the limits the health care sector which was on the front line of the crisis. Tarkett's teams responded with urgency and dedication, demonstrating our putting people first mindset to meet the needs of the local health authorities and other organizations as they scrambled to increase capacity to treat patients.

In another health care initiative in 2020, Tarkett was pleased to bring over 70 years of experience in providing flooring solutions to the sector, as we joined the Clean Hospitals network to contribute to improve hospital hygiene and to promote effective, sustainable and evidence-based cleaning guidelines.

Tarkett continued in 2020 to develop and offer solutions and guidance to improve people's well-being with its Tarkett Human-Conscious Design™ approach, including solutions for elderly care, color perception, lighting and acoustics, and health and safety.

Assisting the health care sector respond to the COVID-19 crisis

Tarkett's teams were mobilized in many countries to assist health care organizations respond to the COVID-19 crisis.

In the US, Tarkett North America was able to fulfill and deliver within 48 hours an 11,000 square yard vinyl sheet order for use in a temporary hospital in Cranston, Rhode Island. In Georgia Tarkett partnered with a local fabric producer to manufacture medical gowns for local hospitals. Tarkett adapted its production process at its Dalton facility in order to quickly deliver a first batch of 500 gowns, increasing to 3,000 gowns per day.

In Serbia Tarkett volunteers installed 4,000m² of Tarkett flooring contributing to creating the right conditions for the treatment of patients at a temporary COVID-19 hospital in Novi Sad.

In Turkey, Tarkett was able to quickly fulfill the delivery and installation in April of various homogeneous vinyl floorings for two new hospitals with 1,000 beds each in Istanbul.

In the UK and Ireland, Tarkett responded as new emergency facilities were created throughout the country. For example, a new hospital at the National Exhibition Centre in Birmingham was opened to provide support for patients across the UK Midlands. This Nightingale 'field hospital' was equipped with a capacity to accommodate up to 2,000 beds. Our committed local sales, manufacturing and logistics teams responded quickly to the request to deliver around 40,000m² of Safetred safety flooring products to the site from our local stock in Lenham.

In Italy Tarkett was involved in the rapid creation of a new 200 bed intensive care hospital in Fiera Milano. Tarkett provided technical advice for the floors design and special logistical support to ensure the delivery in 48 hours from Sweden the required flooring, part of which was donated. On top of this emergency hospital in Milan, Tarkett Italy installed flooring solutions at a number of other dedicated COVID-19 hospitals throughout the country.

Supporting the healthcare community through "Tarkett Human-Conscious Design™" approach

For decades, Tarkett has been committed to developing innovative flooring solutions with people in mind: patients, medical staff, and cleaners. In 2013, Tarkett took the decision to move away from using antimicrobials on its floors and instead to promote high standards of cleaning and infection control procedures with an appropriate use of disinfectants. This pioneering move was based on the risk inherent with the overuse of antimicrobials, potentially leading to antimicrobial resistance.

Exemple

Tarkett collaborates with Clean Hospitals to contribute to improved environmental hygiene

Tarkett joined in 2020 the Clean Hospitals network to contribute to improve hospital hygiene and to promote effective, sustainable, and evidence-based cleaning guidelines. The Covid-19 crisis has provided strong evidence of the important role of cleaners in healthcare facilities to stringently follow cleaning protocols. Clean Hospitals' (a not-for profit association which brings together the industry, members of academia, hospitals, governmental bodies, and key stakeholders from various countries) goal is to raise industry standards and increase the visibility of environmental hygiene in patient care through an evidence-based approach. Through the partnership, Tarkett's goal is to develop and deploy the best cleaning and disinfection protocols with the minimum impact on human health, the environment and biodiversity by limiting the overuse of biocides and disinfectants. Ultimately, these improvements in environmental hygiene are expected to benefit public health by lowering rates of healthcare-associated infections and reducing antimicrobial resistance..

Designing for elderly care

Through in-depth field research, interviews with the senior care community, and years of expertise in flooring solutions we have developed clear recommendations on what the right choice of flooring in care homes can contribute to residents' well-being. Our aim is to support those who design and manage elderly care facilities, to ensure the well-being of all involved. This means helping residents feel comfortable and at home, preserving their autonomy and independence and limiting factors that can lead to anxiety or confusion. It also means helping carers do their jobs more easily and effectively and helping facility owners and managers keep a handle on their budgets so their facilities can continue to offer the best service possible.

In 2019 Tarkett published a white paper (Designing for Dementia) following a study to explore and better understand the impact of design on the well-being of elderly people and on the importance of understanding the problems posed by ageing, both with and without dementia. Furthermore, Tarkett in the UK adopted the Virtual Reality Empathy Platform (VR-EP), a tool endorsed by the leading experts in dementia design, which provides an evidence-based dementia filter enabling architects, building or interior designers to create homely and familiar environments that could reduce accidents, lessen anxiety and help those living with dementia live more independent lives by better understanding how color, contrast, texture and material play a key role. Already in 2012, Tarkett carried out a scientific study involving doctors and Alzheimer's specialists, to analyze the sensory and psychological impact of flooring on patient quality of life. In addition to hygiene, safety and other regulatory aspects, the patterns and colors of flooring provoked emotions that can stimulate or calm patients with Alzheimer's disease, thereby helping to better manage the effects of the disease. Flooring also influences the biological rhythms and acoustic comfort of patients[1].

Color perception

Tarkett products created for educational organizations (schools, day-care centers, etc.) and nursing or retirement homes are specifically designed with colors and patterns that stimulate mobility and cognitive capacities.

A 2017 study, carried out by Tarkett in collaboration with color specialists, designers, and educational specialists, focused on the impact of colors on the development and well-being of children, in educational environments. The results of the study show that children and adolescents develop their learning capacities differently depending on their ages but always with a strong interaction with the world surrounding them, and with the colors of which it is composed. Hence, for example, memory capacities are 55 to 78% greater when the child is in an environment where he or she likes the colors (Kids Study UK)].

1 *https://professionals.tarkett.com/en_EU/node/designing-facilities-for-alzheimer-s-and-dementia-patients-830.*

Example

Accompanying architects, designers and specifiers with guidance on considerations for indoor health and well-being, Australia

Tarkett regularly provides guidance and raises awareness on health and well-being related to flooring, including on topics such as indoor air quality, slip prevention, acoustics, and color. For example, in Australia Tarkett revamped its CPD (Continuing Professional Development) presentations for Architects on Slip & Wellbeing to align to the new AIA (Architects Institute of Australia) updated requirements as well as developing a new CPD presentation on the topic of acoustics to educate architects on the impact of flooring on acoustics. Color in education insights were also shared through an email series to customers, outlining the importance of color and material in education design across the different age groups. The campaign ran locally in Australia from April through to August including a host of online customer presentations. Similar actions are taken elsewhere with local white papers being regularly published on topics such as Designing Healing Environments for hospitals, Schools of the Future: Designing for Student and Teacher Health, Wellbeing and Performance for Education, Raising the Safety Floor: A Guide to Slip Resistance in Flooring Specification and Sound Remedies: Specifying Acoustic Flooring for Noise Control, Performance and Comfort.t des architectes d'Australie) et a développé une nouvelle présentation CPD sur le thème de l'ac

Lighting and Acoustics

Tarkett has developed carpet products which help improve the lighting and acoustic environment of buildings: the Desso Light Reflection Master® carpet has the ability to enhance brightness on interior walls and ceilings by up to 14%, leading to reductions of as much as 10% in artificial lighting; while the Desso SoundMaster® carpet can improve impact sound insulation by up to +10 dB[1] compared to standard carpets.

Health and Safety

In areas with a high risk of hospital-acquired infections - such as operating theatres, medical laboratories, and cleanrooms - floors must meet the highest hygiene standards to ensure infection control and air cleanliness. To this end, our floors provide sealed surfaces and fewer joints, and are resistant to stains and chemicals. They also prevent electrostatic discharges, so that the risk of equipment malfunction or discomfort during surgeries is drastically reduced. Our solutions, including several homogeneous vinyl products from our iQ range and our static control linoleum products, thus offer durable and easy-to-maintain flooring options that meet the health and safety requirements of the healthcare sector.

Tarkett has also developed seamless, anti-slip vinyl flooring solutions specially designed to reinforce health and safety conditions in bathrooms ("Wet room System").

Tarkett's iQ One vinyl flooring was chosen by the Melbourne's (Australia) university veterinary hospital and teaching buildings for its major redevelopment. The Cradle to Cradle™ Gold and Gold Plus GreenRate level A certified flooring, contributed to the building redevelopment achieving 6 Star Green Star-certification by the Green Building Council of Australia. Key characteristics for this vinyl flooring included the absence of phthalates; the easy-to-clean dry-buffing protocols which offers significant savings in terms of energy, labor and the quantities of water and cleaning agents required; the self-healing properties of the homogenous surface that allow scratches to be buffed out – an important criteria for hygiene; flooring colours and patterns that promote wellbeing and calmness; the products durability and its long lifecycle. In the sports area, Tarkett develops artificial turfs for sports grounds with the objective to improve quality gameplay and athlete safety.

1 *A 10 dB decrease in the sound pressure level will be perceived by human's hearing as a halving of the loudness..*

3.9 Driving collaboration in the value chain and in communities

We have established policies, programs, and specific initiatives to manage the identified material risks and opportunities. Our progress in addressing these risks and opportunities is monitored with specific key performance indicators. These elements are summarized in the following table along with our objectives and results.

Opportunities & Risks	Policies / Actions	Key Performance Indicators	2020	2019	2018	CSR Report section	Contributing towards UN SDGs
Supplier dependency (risk where supplier choice is limited for certain raw materials) **Flooring market changes** (expectations for greater transparency; new products and services and increased stakeholder involvement; suppliers not compliant with our CSR standards; expectations and requirements from civil society and local communities)	> Responsible sourcing program > Suppliers involved in materials selection, materials assessment and C2C approach > Diversification of supplier's portfolio and use of local suppliers	Percentage (in spend) of priority suppliers who have adhered to Tarkett's Responsible sourcing Code of Conduct for Suppliers or equivalent	75%	/	/	3.9.1	  
	> Tarkett Academy > Tarkett Cares > Support to worldwide development projects	Total value of contributions to Tarkett Cares community initiatives (financial, product and employee hours donations)	445 k€	710 k€	808 k€	3.9.2	

3.9.1 Engaging with suppliers to promote social responsibility and a circular economy

The commitment of Tarkett to shifting to a circular economy model, founded on the Cradle to Cradle® principles, necessarily depends on the engagement and cooperation of the different stakeholders throughout the entire value chain. To this end, we engage with suppliers with whom we can develop genuine partnerships and we also seek to develop long-term sales relationships with companies that share our ethical values.

3.9.1.1 Deploying our responsible sourcing program

Since 2011 we have committed our main raw material suppliers to respecting the principles of the United Nations Global Compact (UNGC), which cover the themes of human rights, working conditions, the fight against corruption and respect for the environment.

Building on this action, we developed and launched in 2018 a wider responsible sourcing program to further engage with our suppliers and to ensure and promote good and positive practices along the supply chain, focusing on three main pillars:

- Sourcing healthy and sustainable materials;
- Ensuring suppliers conduct their business ethically, with respect for human rights and fair treatment of a safe and healthy workforce;
- Ensuring suppliers manage their operations with environmental responsibility.

With this program Tarkett aims to get its raw material and semi-finished goods suppliers aligned with its own sustainability ambitions and objectives, to ensure sustainability supply chain risks are adequately assessed and to progressively advance its suppliers' sustainability performance through agreed action plans.

In certain specific areas, Tarkett promotes sustainable sourcing through third party programs, such as wood sourcing where we have established partnerships with wood suppliers that are either FSC® (Forest Stewardship Council®) and/or PEFC (Programme for the Endorsement of Forest Certification) certified, which enhances the sustainable management of forests and respect for human rights throughout the value chain. Since the late 1990s in EMEA we have annually maintained our Chain of Custody certification that today covers 12 production sites and sales subsidiaries; more than 60% of our wood is FSC® (FSC® C008972) or PEFC (PEFC/05-35-125) certified. In North America, on the maple wood ClutchCourt range, used for production of basketball courts, we offer an FSC® certified product.

In Italy, our linoleum manufacturing plant at Narni obtained the social responsibility SA 8000 certification in 2016 which was renewed for a second time in 2019.

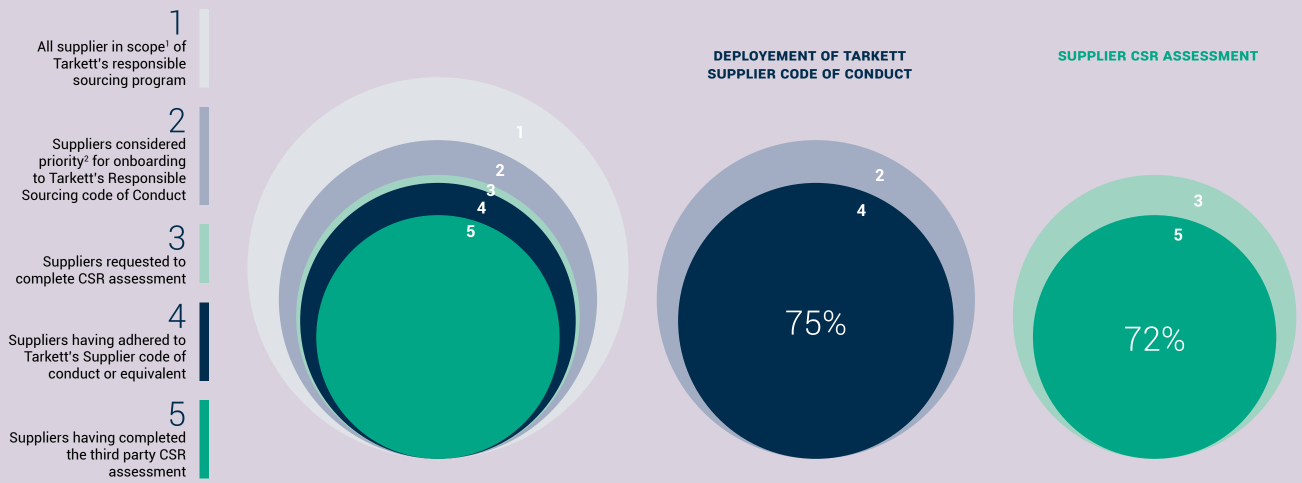
Zoom on key indicators

Responsible sourcing

Following the launch of our Responsible Sourcing Supplier Code of Conduct in 2019, 75% of priority* suppliers (in spend, *focused on suppliers considered to represent greater CSR risks due to Tarkett spend and product category) have adhered to our Code of conduct or equivalent. Tarkett aims to onboard 100% of these priority suppliers by the end of 2021 and all suppliers by the end of 2022. Tarkett's Responsible sourcing Code of Conduct for Suppliers underlines the importance of collaboration to build a circular economy with good quality materials, creating healthier and beautiful spaces. It sets out Tarkett's requirements for suppliers to respect, notably the fundamental international labor standards as defined by the ILO Declaration of Fundamental Principles and Rights at Work; the 10 principles of the United Nations Global Compact and all applicable national and/or local laws.

In addition to onboarding suppliers to Tarkett's Responsible Sourcing Code of Conduct, we also request those suppliers identified as presenting the greatest risk to complete a third-party CSR assessment. To date, at the end of 2020, Tarkett has requested to suppliers representing 56% of spend, to complete the third-party CSR assessment.

Share of suppliers represented in terms of spend



Tarkett's Responsible Sourcing Program: onboarding suppliers to Tarkett's Supplier Code of Conduct and conducting third-party CSR assessments for suppliers presenting potentially the greatest CSR risks for Tarkett

1. All direct purchases (raw materials and finished goods suppliers) and indirect purchases (local suppliers and service providers for production operations, excluding energy) from manufacturing sites (with the exception of purchases for Lexmark), excluding inter-company spends of semi-finished goods and indirect head office purchases
2. Priority suppliers are those suppliers considered to represent greater CSR risks due to Tarkett spend and product category

In 2020 we continued the implementation of our **responsible sourcing program**, which includes the following components:

- **A procurement CSR risk mapping covering the majority of our suppliers** (purchasing spend equivalent to 87% of our total purchase value) was performed in 2018 in partnership with a company specialized in sustainability ratings and supply chain intelligence. This allowed us to identify the main environmental, social and ethical risks along our supply chain, based on procurement categories, countries of operation, flexibility of our supplier panel and on our purchase volume. This risk mapping set the starting point for our responsible sourcing program, which aims to limit the CSR risks in the supply chain and to encourage and accompany suppliers in adopting more responsible practices.
- **The Responsible Sourcing Code of Conduct for Tarkett Suppliers** provides a clear and common set of requirements relating to the three pillars of the Tarkett Responsible Sourcing Program and aims to promote continuous improvement. It is consistent with the UNGC principles and International Labor Standards as defined by the International Labor Organization (ILO) and includes social responsibility expectations on modern slavery, child labor, freedom of association, discrimination, health and safety, working conditions, business ethics, and environmental compliance. The Code of Conduct has been published on Tarkett's internet site and translated to 11 languages. We are progressively requesting our suppliers to sign our Code of Conduct or to demonstrate adherence to equivalent standards, with our aim to onboard all suppliers by end of 2022. As part of this process, we are focusing immediate efforts on onboarding suppliers in product categories with highest risk, based on Tarkett spend. The aim is to get these priority suppliers onboard by end of 2021. At the end of 2020, 75% of these priority suppliers have adhered to Tarkett's Code of Conduct or equivalent.
- **Further integration of social and environmental requirements in supplier contracts**, through compliance with Tarkett's expectations as defined in the Responsible Sourcing Code of Conduct for Tarkett suppliers and the respect of the ten principles of the United Nations Global Compact.
- **Supplier evaluation and control** through detailed supplier CSR assessment. Based on the findings of procurement CSR risk mapping, we initiated in 2019 a more detailed third-party CSR assessment of suppliers considered to present the most risk in terms of social responsibility. In 2020 Tarkett requested some additional new suppliers to complete the assessment, bringing the total number of ongoing supplier assessments to 208. The aim of the supplier social responsibility assessment, managed by EcoVadis, is to measure the level of management (policy, action and results) in four areas: environment, labor and human rights, ethics and sustainable procurement. Suppliers are scored out of 100, based on their responses to a questionnaire and based on the supporting documentation they provide. Their score reflects the company's sustainability maturity level and the corresponding risk to Tarkett. Suppliers who have already completed the questionnaire for other clients are able to share their evaluation directly with Tarkett, avoiding them having to complete a separate process. Depending on the supplier assessment result, the supplier will be considered as either meeting Tarkett's sustainability performance requirements, requiring improvement or non-compliant. Tarkett appreciates that compliance with its Code of Conduct may require a process of gap analysis, corrective action planning, training for management and workers, capacity building and other measures. For this reason non-compliant suppliers will be given one year to demonstrate they have made sufficient progress before Tarkett decides to discontinue sourcing. These suppliers, along with suppliers requiring improvement will be re-assessed to measure progress. Suppliers considered compliant will be re-assessed every 3 years. At the end of 2020, 72% of suppliers (in terms of purchasing spend, out of those requested) had completed the CSR assessment.
- **Supplier capacity building on environmental or social issues** is provided through the supplier CSR assessment platform as this allows suppliers to identify the key social and environmental issues for their activity, to measure their degree of maturity in terms of their policies, actions, and performance, notably in comparison with their peers, as well providing them with a practical gap analysis to facilitate the development of action plans to improve.
- **Alert mechanisms** are in place via our Compliance Hotline and our Ethics Hotline (see section 3.2.4.1 Ensuring business ethics and integrity).

Ensuring a successful deployment of Tarkett's responsible sourcing program

To accompany and promote the swift deployment of this program Tarkett detailed a responsible sourcing procedure, provided various communication tools and implemented dedicated training towards its buyers and purchasing managers. These tools help set the context, explain the aims and objectives for Tarkett and outline the procedures to follow. The individual actions and progress related to the deployment of the program are reviewed with purchasers as part of their annual performance and development dialogue (PDD).

Example

Assessing supplier CSR risks

An initial CSR supplier risk assessment was performed in 2018. The assessment considers the supplier activity (based on UN International Standard Industrial Classification - ISIC), the country where the product is manufactured (or service provided) and Tarkett' spend and inter-dependency with the supplier. An overall sourcing risk is defined for each supplier with the following weighting:

> 70 % global CSR risk with: 50% based on the activity category and 50% based on the country risk
> 30% procurement risk (linked to Tarkett's spend with the supplier and its inter-dependency)

The resulting risk is then rated across 6 levels from very low (level 1) to severe (level 6).

Tarkett has currently retained EcoVadis, a company specialized in sustainability ratings and supply chain intelligence, to perform the procurement CSR risk mapping. Their methodology covers 21 criteria across four themes: environment, fair labor & human rights, ethics (including corruption), and sustainable procurement. It is built on international CSR standards including the Global Reporting Initiative, the UNGC, and the ISO 26000, and uses a comprehensive database covering over 50,000 companies, 190 spend categories and 150 countries.

3

3.9.1.2 Collaborating with suppliers to achieve our eco-design objectives

To achieve the first pillar of our responsible sourcing program, sourcing healthy and sustainable materials, we actively engage and collaborate with our raw material suppliers in the development and assessment of new materials, in line with the Cradle to Cradle® (C2C) principles or when we need data for the lifecycle analysis of our products.

In 2020 Tarkett's main focus on material assessment has been on stabilizers and flame retardants as well as on materials specific to the activity of recently acquired sports entities in Toronto (Canada) and Botany (Australia).

As described in section 3.6.1.1 Selecting and sourcing sustainable materials to preserve natural resources Tarkett is developing its sourcing of secondary raw materials, renewable based materials, and other resource abundant materials. For example, Tarkett continued in 2020 its collaboration with suppliers of recycled chalk, regenerated fiber yarns, recycled PVB and a bio-attributed polymer.

In 2020 we launched the **Tarkett Innovation Challenge** with the objective to accelerate collaboration with key suppliers on co-innovation, notably on the circular economy and health & well-being. The initiative, which was carefully designed with Tarkett's Legal department to ensure Intellectual Property and confidentiality compliance, kicked off in May 2020 with a virtual Open Innovation Day. 21 suppliers, chosen on three criteria (be part of our ecosystem, share our values and have the necessary technical skills), joined to learn about the challenge, the objectives and meet with Tarkett's R&D and Purchasing teams. In October 2020, a creative workshop event was held at our Group R&D Center in Wiltz (Luxembourg) to address one of the Challenge topics: Tarkett Circular Economy & Recycling challenge. With a collaborative and open-minded spirit, the event successfully came up with 48 ideas which led to 31 concepts, five of which were selected by the participants for the next stage. Tarkett will now pursue the circular economy journey by working with the partners involved in these five concepts to translate them into industrial reality. Further workshops are planned on strategic themes designed for our customers: Design to Cost, Easy to Install and Health & Well-Being.

From flooring product design to installation and maintenance, Tarkett does not limit its research to its products. Using a holistic approach, we also are interested in the entire system, in other words the impact of our products on health and the environment during the installation, use and maintenance phase. Within the scope of our C2C commitment, we strive to develop partnerships with other industrial firms engaged in the same approach so as to be able to recommend complete C2C product solutions, installation and maintenance.

In North America, for example, Tarkett has worked closely with supply chain actors to ensure that the adhesives we provide are assessed and have a C2C material health certificate.

3.9.2 Engaging in local communities

3.9.2.1 Contributing to the local economy

The nature of Tarkett activities, its development through acquisition of local companies and the Group's decentralized structure contribute to the development of local economic activity. Tarkett sells its products in over 100 countries and has a worldwide presence through its 33 industrial sites, its commercial networks, and local branches, as well as its research and design centers. Products are manufactured in 18 countries (Sweden, France, Italy, Belgium, the Netherlands, Luxemburg, United Kingdom, Germany, Poland, Russia, Serbia, Ukraine, Turkey, US, Canada, Brazil, China, and Australia), located in the heart of commercialization areas to serve our highly fragmented and diverse customer base.

Tarkett develops relationships with local stakeholders including installers, sub-contractors, and distributors, while respecting local cultures: in its way, Tarkett is Russian in Russia, American in the United States and Chinese in China. While benefiting from a global presence, the Group has always striven to anchor its activities locally, favoring the quality and long-term nature of its customer relationships, in order to offer a local service. We adapt our products as well as their technical characteristics, in particular their designs (colors, patterns, formats, materials) to the tastes and local habits of our customers and to local regulations. In addition to our production sites, we have a solid distribution network to guarantee fast, efficient delivery and sufficient volumes to our local customers. From local manufacturing sites in China and in Brazil, to customer service and distribution centers in Russia, as well as a strong presence in North America and Europe, the Tarkett network is the right choice for many flooring installation projects in the world, both for local customers and for key international accounts.

3.9.2.2 Sharing expertise through the Tarkett Academy

The *Tarkett Academy* trains professionals and future flooring installers in techniques for installing and laying floor coverings. The training programs are delivered at eleven Tarkett Academy centers in eight countries: Australia, Brazil, China, France, Poland, Sweden, Russia and Serbia. The training is designed for both young professionals and experienced installers. Sessions last a few hours to a week and focus on among other topics, flooring installation and maintenance.

In North America, Tarkett experts directly train architects and designers, via their trade organizations, allowing them to earn a certain number of continuous education credits. In France, Tarkett Academy, created as early as 1993 in the Sedan factory, trains professionals or future professionals in vinyl, linoleum, wood, and carpet flooring installation techniques. The training is validated by a degree (CAP flooring-carpet installer) recognized by the Ministry of National Education or a professional degree (flooring-carpet installer) recognized by the Ministry of Employment or an attestation of competence.

In the context of the COVID-19 pandemic, Tarkett Academy adapted its approach and where possible took training online. For example, Tarkett's Academy center in France organized various webinars with more than 800 participants from Europe, Latin America, and Asia, such as architects / designers, facility managers, technical and civil engineers and building owners. New training content was developed for these online sessions for external partners with training on topics such as indoor air quality, circular economy, and Cradle to Cradle eco-design. Our Russian and Chinese Academy centers also organized webinars about laying and cleaning floor coverings during the height of the pandemic. In Australia, the Tarkett Academy was able to provide more online training than normal to its New Zealand distributors due to the local lock-down.

Zoom on key indicators

Tarkett Academy

From 2012 to 2020, Tarkett trained over 36,000 professionals and students in the flooring profession and in installation techniques at Tarkett Academy centers all over the world, including 5,176 people in 2020.

3.9.2.3 Giving time, assistance, and other contributions to local communities: Tarkett Cares

Tarkett Cares is Tarkett's volunteering and community support program, which embodies Tarkett's approach to putting people first. Launched in 2016, the Tarkett Cares program promotes the participation of Tarkett employees and Tarkett entities in local community initiatives which help the community for better living and contributes to local community's needs. Tarkett Cares is a flexible program that provides support in different ways, corresponding to our corporate values and our sustainability commitments:

> **Volunteer work:** Tarkett encourages each employee to spend up to two days a year of his or her work time on a charitable initiative and to share his time and expertise on a volunteer basis. This can be done individually or as part of a team.

> **Donations:** Tarkett entities can also support local initiatives through making financial, material or product donations and involving employees in these projects.

Over the last four years Tarkett has contributed to more than 600 community initiatives with Tarkett employees volunteering over 3,200 days of community service while Tarkett has donated over 1 million euros worth of flooring and sports surfaces to local community projects. Each year there are many, diverse local initiatives: helping to build or enhance living areas, improving the quality of life and health of local populations, sharing expertise, and developing talents, encouraging entrepreneurship, or protecting the environment. For Tarkett teams, these voluntary initiatives offer invaluable opportunities to share common values, in particular generosity, solidarity, and team spirit.

Zoom on key indicators

Tarkett Cares in 2020 :

> 2 days of volunteer activity for charity initiatives possible for all employees.

> More than 130 initiatives worldwide, which is fewer than in previous years due to the COVID-19 pandemic and the associated social distancing measures.

> More than 700 employees, corresponding to 6% of Tarkett staff, participated in 2020

> 692 workdays, the equivalent of 4,842 hours of work.

> 20,187 m² of flooring donated

> A total value of more than €400k (values of financial and product donations and employee hours donated)..

In 2020, Tarkett Cares supported many communities, notably responding to help during the ongoing COVID-19 crisis as well as contributing through other initiatives, a few examples of which are provided below:

- In Italy, Tarkett donated some 1,300m² of the flooring as it helped with the creation of an emergency intensive care hospital in Milan fully dedicated to caring for COVID-19 patients.
- In Germany, Tarkett donated over seven thousand trees with the "I plant a tree organization", with 5,085 for visitors to the 2019 Tarkett stand at the BAU international trade fair for architecture, materials, and systems in Munich. The trees, which will save 57 tons of CO2, were planted in northern Saxony-Anhalt. Tarkett also marked its move to new offices in the city of Ludwigshafen with a gift of five trees to the local association "Green circle" which promotes green public spaces in the city.
- In France, Tarkett is donating flooring for the renovation of healthcare worker rest areas in public hospitals in France. The project, led by the French association Architectes Solidaires, aims to renovate rest areas for nursing staff at French public hospitals to offer them, more comfortable and pleasant conditions to relax and chat with colleagues. Tarkett has undertaken to supply floor coverings free of charge for the renovation of these spaces.
- In the Netherlands (city of Tilburg), Tarkett donated flooring for the fourth year running to Ronald Mc Donald House, an organization that supports parents when their children are in the hospital.
- In Serbia, some employees helped the Novak Djokovic Foundation, with a conference to support young people with their job searching and job interviews. Tarkett also collaborated with the Foundation providing flooring for a kindergarten in Topola. Another initiative saw employees help with the installation of Tarkett flooring for a temporary COVID-19 hospital in Novi Sad. Lastly employees assisted setting up Tarkett donated 33 desktop computers at elementary schools in Bačka Palanka to support online education.
- In Australia, Tarkett developed a campaign with Foodbank Victoria - the only Australian food relief organization that is a certified member of The Global Foodbanking Network. The aim was to support Victorian's impacted by the COVID-19 pandemic, by donating $1 AUD per square meter for sales of a supported products, Tarkett Australia raised enough funds to help feed over 16,000 Victorian's experiencing financial difficulty.
- In Calhoun, US, FieldTurf employees had a "pink-out", wearing pink safety shirts with donations to Susan G Komen, a non-profit organization dedicated to saving lives and ending breast cancer.
- In Greater Dallas, US, 50 members of the residential team for Tarkett North America set aside a couple hours for community service during a national sales meeting in February. The team assisted the organization Together We Rise, a nonprofit working to transform the way children experience foster care in the Greater Dallas, Texas area.
- In the context of the COVID-19 pandemic, Tarkett North America donated 10,000 USD to the local Red Cross with employees also contributing a further 5,500 USD.
- Tarkett North America partnered with @fillitforward and DIGDEEP's Navajo Water Project to help provide hot and cold running water to families across New Mexico, Utah and Arizona without access to water or sewer lines. Tarkett successfully funded the project and helped to divert some 5,635 single-use bottles, avoiding at the same time 1 ton CO2 of emissions associated to single-use bottles.
- Tarkett partnered with the American Red Cross to collect donations to fund a storm relief effort, following severe weather near Dalton, US, where some employees experienced property damage. Tarkett matched employee contributions up to 10k USD. Through a partnership with two NGOs - Feeding America and Food Banks Canada - Tarkett North America's sales teams and their customers helped provide meals to families in need, donating some 1,500 pounds of perishable food and 5,640 USD.
- Tarkett North America also donated material and employees time to "Military Makeover" a television series, which enlists companies, designers, contractors, and other home improvement professionals to transform the homes and lives of military families across the country and make a difference in their communities.

Example

Tarkett Cares provides flooring and assistance to damaged hospitals in Beirut, Lebanon

In Beirut (Lebanon), Tarkett assisted local authorities to review flooring needs in four local hospitals (St Georges, Lebanese Hospital Geitaoui, Children's Cancer Center of Lebanon and Hospital Haddad Des Soeurs Du Rosaire) damaged by the catastrophic blast on 4th August 2020. Subsequently Tarkett organized the shipment from its Ronneby plant (Sweden) of over seven thousand square meters of vinyl flooring, which Tarkett donated to help restore hospitals.

3.9.2.4 Supporting sustainable development projects

The Group also supports certain sustainable development projects.

Example

Carbon offsetting with a sustainable agro-forestry project in the Peruvian Amazon

Tarkett is supporting a sustainable agro-forestry project in the Peruvian Amazon as part of the REDD+ Business Initiative. By helping local farmers transition to sustainable cacao production in the margins of the protected area, degraded land is being restored to relieve deforestation pressures and provide local communities with forest-friendly and sustainable livelihoods. The Tambopata-Bahuaja Biodiversity Reserve project aims by 2021, to protect local biodiversity (including over 30 high conservation value species such as giant armadillo, blue-headed macaw, jaguars and giant river otters), by conserving 591,851 ha of threatened forests – an area which represents the size of Los Angeles – and restore 4,000 ha of damaged land, while supporting local communities and livelihoods with 632 jobs created or supported and returning €3.1m to the local economy, notably by developing a cacao cooperative and cacao processing facility. Tarkett and more than 30 other companies are supporting this project which is expected to avoid 4 million tons of carbon emissions by 2021. This is equivalent to 453,000 homes' energy use for a year. Tarkett uses its quota of avoided carbon emissions, in the framework of its product carbon offsetting approach, where we periodically offset greenhouse gas emissions for certain products to obtain a given level of certification under the Cradle to Cradle Certified™ product standard. For example, Tarkett's Desso Ecobase® PA6 solution dyed carpet tiles have achieved C2C gold level which required 50% of the final manufacturing stage GHG emissions to be offset.

The project is part of the Althelia Climate Fund and implemented in partnership with AIDER, a local Peruvian NGO. It is validated by the Verified Carbon Standard (VCS project ID 1067) and the Climate, Community, and Biodiversity Standard (CCB) to the gold level for both biodiversity and for climate change adaptation.

The Tambopata-Bahuaja project advances many of the UN Sustainable Development Goals:

3.10 Nurturing our human capital

We have established policies, programs, and specific initiatives to manage the identified material risks and opportunities. Our progress in addressing these risks and opportunities is monitored with specific key performance indicators. These elements are summarized in the following table along with our objectives and results.

Opportunities / Risks	Policies / Actions	Key Performance Indicators	2020	2019	2018	Objective 2025	CSR Report section	Contributing towards UN SDGs
Worker health, safety and security (safety at production sites, exposure of staff to hazardous substances; health of our employees)	> World Class Manufacturing (WCM) program > OHSAS 18001 / ISO 45001 certified Health and Safety Management System	Percentage of production sites certified to OHSAS 18001 / ISO 45001	69%	67 %	69 %	-	3.10.1	3 GOOD HEALTH AND WELL-BEING
		Recordable Lost Time Accident Frequency Rate (FR1t)[1] for all employees	2.62	2,19	2,18	1,0	3.10.2	8 DECENT WORK AND ECONOMIC GROWTH
Talent retention and recruitment of key employees (loss of talent / competence; discrimination; lack of equal opportunities)	> Non-discrimination policies > Promotion of gender equality > Employment of people in difficulty (e.g. with disabilities, long-term unemployment, immigrants) > Whistleblowing procedures	Percentage of women in management	26 %	27 %	27 %	30%	3.10.3	5 GENDER EQUALITY
	> Recognized employer brand > Global Talent Management Guiding Principles > Performance and Development Review > Learning and development programs, e.g. Manager@Tarkett > Internal mobility > Global employee feedback survey	Percentage of employees trained at least 1 day during the year	34 %	58 %	60 %	-	3.10.4 3.10.5	8 DECENT WORK AND ECONOMIC GROWTH
		Percentage of permanent employees who had a Performance & Development Review (or equivalent) during the year	50 %	55 %	53 %	-		
		Percentage of open management positions filled by internal candidates	56 %	65 %	53 %	70 %		
		Absentee rate (employees)	3,9 %	2,6 %	2,7 %	-		
		Permanent employee turnover rate	13 %	17 %	16%	-		

1 Number of accidents with lost time < & > 24 hours per million worked hours

One Tarkett, Agile and Performance-driven

One Tarkett for Customers is one of the four pillars of Tarkett's Change to Win strategy announced in 2019. Tarkett's Human Resources teams are playing a key role in assisting the organization in developing the capacity to become One Tarkett, more agile and performance driven.

In 2019 Tarkett decided to invest in the acquisition and the deployment of a Global Human Resources Information System (HRIS) platform to simplify and align HR processes. Workday's Human Capital Management and Talent Management solutions were retained to digitize and modernize Tarkett's HR management and development processes. Tarkett also wishes to simplify and give more autonomy to managers and employees, thereby increasing speed, improving efficiency, and enhancing employee and manager experiences. This common HR & IT project is an initiative aligned with the "One Tarkett" and "People & Planet" strategic pillars of Tarkett's Change to Win strategy. Workday became operational at the end of 2020 following 12 months of preparation, implementation, and training. The project concerned all countries and divisions and was led by a dedicated project team consisting of Tarkett employees and consultants. Despite the system being user friendly and intuitive, Tarkett has organized various tools and training sessions to further ensure employees and managers can quickly and easily adapt to the new system.

We have developed our People strategy based on four strategic priorities: Foster team commitment and performance; Proactively develop our Talents; Gain flexibility and simplicity to gain agility; Promote the culture of Sustainability and Customer centricity. Our objectives are to increase our ability to accelerate our development and to strengthen our customer centric capability by being "One Tarkett, Agile and Performance-driven", with four priority actions:

- Apply our global Talent Management Guiding principles;
- Promote and develop Tarkett's seven entrepreneurial leadership traits: Think business, Accountable, Risk for results, Kind to customers, Empowers collaboration, Talent developer and Thorough;
- Have the best talents in critical positions; and
- Implement a compelling employee value proposition, based on three promises: "Expand your horizons, Change the game, Design the future of society. Together."

Our People strategy is translated into concrete 2021 Global HR objectives and a Group roadmap with a detailed action plan, while a dashboard of Tarkett HR indicators has been developed to monitor progress and measure performance.

3.10.2 Developing a safety culture

Beyond regulatory compliance, the Tarkett Group considers safety as its number one commitment, constantly working to ensure that all employees, contractors, and visitors are committed to safe work practices and procedure, every day and everywhere. These principles are displayed throughout the business and form the basis of Tarkett's commitment to safety culture.

Tarkett presented its Change to Win strategy in 2019 with 4 strategic pillars, one on people and the planet with a focus on safety. In 2020 Tarkett created a new role to accelerate the implementation of our Change to Win safety ambition and to establish Tarkett as a reference regarding health and safety. The Global Safety Director, nominated in September, will develop new globally applicable rules to strengthen Tarkett safety standards and reinforce their daily application and ensure the sharing of good practices across the group. With this new organization, Tarkett's WCM program continues to play an active role in providing support, training, and coaching as well as continuing to include safety in the regular WCM audits.

Tarkett's safety procedures and standards already include:

- Health and safety risk assessments at each plant, anticipating risks related to changes in operations,
- Provision and use of personal protective equipment (PPE) as appropriate,
- Procedures for handling chemicals and hazardous substances,;
- Measures to limit noise and other factors of stress,
- Systematic reporting and root cause analysis of incidents,
- Regular inspections to ensure safety of equipment and application of safety procedures.

Safety procedures are translated into local languages, with shop-floor safety signs, warnings and symbols used to further enhance comprehension and awareness by all. Training on health and safety risks, Tarkett rules and good practices are regularly provided to both Tarkett employees and to subcontractors working at Tarkett sites with visitors also briefed on key safety rules and behaviors.

Employees receive as per local legal requirements regular health-checks and where required a joint labor management health and safety committee is in place.

Progress in terms of safety has been made over the last ten years, reducing the number of accidents (51 recordable lost time accidents in 2020 vs 148 in 2010).

This progress is encouraging but Tarkett is committed to doing more to attain a stronger safety culture.

To achieve this Tarkett's Executive Management Committee renewed its commitment to safety in 2018 with an action plan to strengthen safety measures and mobilize all employees around safety. The main actions are the following:

- **Safety Pledge:** The top 100 leaders of the Group signed a Safety Pledge in December 2018: "Safety is our #1 commitment. Every day. Everywhere". From December 2018 all Tarkett employees are signing a Safety pledge every year during the global Safety day.
- **Global Safety Day:** An annual Global Safety Day is organized at all Tarkett plants worldwide each year following the first such day in December 2018. In 2020 the Global Safety Day took place in November with a video message from the Executive Vice President for Operations and R&D and the Group Safety Director where they reiterated the importance of safety as our number one commitment at Tarkett. The objective of the Global Safety Day is to strengthen safety culture, awareness of risks, abidance to safety procedures and rules and to empower employees to identify and report risk areas for themselves and for their colleagues. Tarkett ensured full participation at its production sites worldwide with additional sessions for employees absent on the day. The focus of the 2020 edition in plants was on interaction between pedestrians and on-site vehicles (forklifts, small trains, AGVs - automated guided vehicles, etc.), reminding of the importance of maintain good segregation and appropriate behavior to limit risks of accidents. In offices a presentation on risks connected with using stairs was made along with a session on safety culture titled "Risks of injury when working in the office". The safety day events in November 2020 were organized over a number of days to ensure the respect of COVID-19 sanitary measures and social distancing.
- **Safety action plan:** A strict action plan in each plant, notably concerning the assessment of risks specific to Tarkett production lines. This plan is monitored at Executive Management Committee level. In 2020 the focus of the action plan was on pedestrians and forklifts as well as following up on the implementation of actions relating to the elimination of major nip point risks. A nip point is any point at which it is possible for a person or part of a person's body to be caught between moving parts of a machine. Another area of the action plan concerns the development of a safety culture, working on risk assessments (continually identifying potential unsafe conditions), risk recognition and management leadership.
- **Safety procedures and rules:** In 2020 Tarkett created a new global safety function to set rules, strategy, and objectives on safety. The WCM organization continues to support the implementation and application of the safety procedures and standards. Within the framework of the new safety organization, Tarkett developed and began deploying an advanced safety standard on "loading bays". This standard sets out the minimum requirements that shall be implemented at all plants to limit risks of accidents at loading bays. The next Group standard will be focused on implementing solutions to secure safety at crossings between vehicles and pedestrians. Previously in 2019 a focus was made on deploying the "lock-out tag-out" (LOTO) procedure designed to ensure safe maintenance of equipment, as well as the action plan on nip points. In 2018 particular attention was given to personal protective equipment, clothing rules, hazardous installations and machine guarding.
- **Safety training:** Continuous organizational learning at all levels, with more training in 2020 for over 60 senior managers during 4 training sessions focusing on how to demonstrate leadership on safety. This follows on from a dedicated training session organized in 2019 for Tarkett's Executive Management Committee held at its Dendermonde site in Belgium which applied the frequently used Gemba Walk approach. Gemba Walk, coming from the Japanese term meaning actual place, in other words referring to 'where it actually happens', with the purpose being to observe the actual work situation, engage with employees, gain knowledge about the work process and the opportunities for improvement.

- **Safety incentives:** All managers in operations concerned by the annual performance and development dialogue (PDD) have safety criteria included in their bonus. This concerns managers, department managers and in some cases line managers.
- **Safety audits:** Safety is part of the annual WCM plant audit and plants are also audited regularly as part of their ISO 45001 certification. Tarkett's global insurers also conduct periodic audits which include safety aspects as a part of their focus on fire risks.
- **Safety reporting and good practice sharing:** Each month a safety call is held, with latest global safety figures shared, previous month incidents discussed and actions and good practices to work on. The call is aimed at safety managers, and to plant managers, but also open to warehouse managers and any people interested from the plant.

The challenge to reinforce the safety culture and to train and empower each employee to have safe behavior at any time, in every situation is not limited to the plants, but applicable for all Group employees (sales force, offices, headquarters). In addition to the above initiatives, Tarkett continues with the measures already implemented at different levels of the organization, including:

- **Top management are notified immediately following each accident**, as plant managers inform directly Tarkett's CEO, Executive Vice President for Human Resources & Communications, Executive Vice President of Operations and R&D, Group Safety Director and the corresponding Division President.
- **Safety results (including fire risks) are monitored and analyzed during the Group's Executive Management Committee meetings**, as well as Tarkett's **Supervisory Board**.
- They are also **presented and discussed with senior executives** as an introduction to each Quarterly Information Session, as well as at the annual senior management seminar (Top 100).
- **The safety topic is evaluated by all employees** during the biennial internal employee feedback survey and included in managers 360° feedback.
- **The development of safety skills** at production sites is a major focus of the WCM support on safety, through complementary measures: regular training, frequent audits of our sites' practices (via our Safety Management Audit Training – SMAT process), open and continuous dialogue between managers and employees on risks and safety behaviors at workstations, testing and implementation of best practices shared after annual site audits.
- **An active global network of safety experts** facilitates knowledge sharing among sites and encourages dialogue on risk identification and reduction, audit conclusions and outcomes of measures tested and implemented in the field. This network also relays safety news and information to all plants. In addition to monthly conference calls, the extended safety network meets annually at the occasion of a global safety forum.
- After each incident or accident, a **rigorous assessment of causes** ("root cause analysis") is carried out. Action plans are then developed and deployed, within the scope of our WCM continual improvement approach. Safety alerts summarizing the incident's causes, its outcomes and the corrective actions implemented to prevent re-occurrence are systematically prepared and shared with all sites.

By the end of 2020, 69% of the Group's manufacturing sites had obtained certification for either the OHSAS 18001 or the ISO 45001 health and safety standards. The ISO 45001 certification will definitively replace OHSAS 18001 from March 2021 and in 2020 all plants who had their new ISO 45001 certification

Example

Sharing best practices on safety through WCM Forums and safety calls

WCM Forums provide unique opportunities for Tarkett professionals to share good practices and discuss practical solutions, while observing one plant's concrete action on key WCM topics such as safety. In 2020 Tarkett's Bačka Palanka plant in Serbia welcomed 39 people from 18 plants, including representatives from Tarkett North America. The Forum was the occasion to reminder participants of Tarkett's safety rules and procedures, notably Tarkett's root cause analysis procedure which is not only applicable to safety incidents but also to fire and environmental incidents. The Forum also put the emphasis on sharing good practices and identifying safety actions and initiatives for each participant to replicate in their respective plant.

On a more regular basis, the Group Safety Director holds a monthly call with plant safety managers. In 2020 Tarkett's EMEA & LATAM division sales network and offices safety network instigated similar monthly calls with its 15 correspondents. Latest safety incident figures are communicated along with feedback on latest incidents and the associated follow-up actions to be taken. The network is reminded about safety reporting and root cause analysis which are to be made and communicated following any incident. Local safety activities and good practices are shared with a brief presentation made each month by two different correspondents. In 2020, in the context of the COVID-19 pandemic, good practices were also shared on sanitary measures taken locally.

Zoom on key indicatorss

Safety

The Recordable Lost Time Accident Frequency Rate (FR1t) for all Tarkett employees has increased slightly to 2.62 (compared to 2.19 in 2019). This is mainly due to more rigorous reporting of accidents outside of plants. Tarkett's goal, fixed in 2019 as part of its Change to Win strategy, is to reduce this frequency rate to 1.0 by 2025.

This indicator (FR1t) measures the number of accidents with or without time lost, per million hours worked.

Tarkett noted progress in all plants on incident reporting, with more near misses and unsafe acts being reported and analyzed. Following the Heinrich's pyramid approach, it is identifying and eliminating unsafe acts, unsafe conditions and near misses (non-injury incidents) that lead to overall reduction in probability of accidents with injury.

We also monitor accidents concerning our teams outside of factories (in administrative buildings and for the sales network). Since 2018 Tarkett's WCM experts cooperate more closely with Division teams to share best practice and guidance on safety in the sales networks. In 2019 new safety rules for sales networks and offices were drawn up and shared. These set out mandatory and recommended behaviors for employees in sales networks and offices, covering visits to industrial sites, handling samples, driving, working in warehouses and offices. In Australia, Tarkett local teams implemented a work health and safety (WHS) management system including policies and a WHS Committee which holds regular meetings and reporting.

3.10.3 Caring for the health and well-being of our workforce

Tarkett knows the successful execution of its Change to Win strategic plan depends on its teams, their talent, and their commitment. Tarkett values its employees and respects their needs for good, safe working conditions and fair compensation. Tarkett is committed to upholding local regulations on working conditions and meeting market practices on pay and benefits. Most critically, Tarkett puts employees' health and safety first and has continued in 2020 to demonstrate this through the company's response to the pandemic and Tarkett's continued focus on safety, every day, everywhere.

Putting people first: responding to the unprecedented COVID-19 pandemic

As the coronavirus began to spread, Tarkett's CEO quickly reiterated Tarkett's care, above all other considerations, for its employees' health and well-being. He confirmed that as a "corporate citizen", Tarkett supports the efforts to slowdown the spread of the virus and that as responsible individuals, employees should respect the guidance on social distancing and sanitary measures.

To increase the opportunity for employee development during the sanitary crisis and give people ways to invest some of their available time in quality developmental activities, a COVID-19 learning hub was created to share good practices globally amongst all entities. Online training was promoted with webinars and online training material on topics such as remote working, leadership, business ethics, safety, sustainability, and marketing.

Tarkett's local management and human resource teams relayed and regularly updated information from official sources on the pandemic, symptoms, the key sanitary measures to prevent the spreading of the virus, along with online company guidelines, messages from senior management and various other resources to help support our employees manage the stress and adapt to the new working conditions:

- In those locations where Tarkett needed the presence of team members, such as in plants and distribution centers Tarkett ensured continuous **rigorous cleaning, enforcement of social distancing and requiring masks** as part of our PPE (protective personal equipment). Where positive tests were reported, Tarkett ensured contact tracing of the infected individual and notified anyone who may have come into close contact so they could be tested and if necessary, shut down production lines to complete thorough cleaning.
- **Tarkett North America**, provided regular information and support services, including webinars and information resources on topics such as effectively organizing virtual meetings, tips on working effectively from home, managing stress and frequently asked questions. A task force was created to quickly address remote working capabilities, ensuring access to internet as well as access to other specific tools. In June, a specific employee feedback COVID-19 survey was organized to get input on efforts, to see what was working well, what could be done differently and how better to work together moving forward. The survey received a great response with 650 people sharing their thoughts and feedback on Tarkett's local response to the pandemic.
- Tarkett **Australia** developed an extensive COVID-19 management system with regular communication to employees.
- **Tarkett's eastern European division** organized support for employees with a coach / psychologist available to help with stress and anxiety, a virtual coffee room to help maintain contact and togetherness.
- **In Italy**, home working was facilitated to limit the number of staff in the offices where sanitary protocols were implemented with adjustments to shifts at the plant to ensure the respect of social distancing.
- In **Sweden**, our two plants acted to limit the spread of the virus, applying social distancing, sanitary protocols, adapting shifts, limiting visitors to plants, stopping travel, and applying temporary furlough especially for vulnerable employees.
- In **Luxemburg**, at our plant and at our innovation center measures were taken to apply social distancing and ensure the provision of masks, disinfection kits and the clear communication of hygiene measures. On the job training was organized to increase polyvalence of workers to maintain operations in the absence of certain key production line staff.
- In **France at Tarkett's La Défense** global headquarters, managers received specific training on providing support to employees during the unprecedented period, from the implementation of remote working, to the preparation of the return to the office, including the importance of maintaining daily contacts with teams and to being aware of nonverbal employee feedback. Webinar guidance was provided to present to employees the new office rules in the post-confinement period. A psychological hotline was made available to all employees.

> In our sports division, support teams adapted quickly taking office-based meetings and communication online. For example, all employees at our North American sports head office in **Montréal (Canada),** were remote working, apart from those needed to be onsite. A protocol was prepared with guidance for construction and installation workers as well as office workers. All Tarkett Sports team members were trained on the Tarkett Sports COVID-19 policies, prevention, and response measures.

Deploying Tarkett's Safety Net

Following a worldwide review of employee benefits in 2018, Tarkett decided to implement a global program to ensure minimum benefits globally on hospital costs and life insurance. The review confirmed that there were no breaches of local regulations, however identified an opportunity in certain countries to improve minimum benefits for employees related to hospital costs and compensation in case of death. This program, known as "**Tarkett's Safety Net**", began in 2019 and has been progressively implemented. The requested minimum level of one year of base salary in case of death was effective for 53% of total employees at the end of 2018. At the end of 2020, more than 90% of employees worldwide are now covered by this minimum, including countries with an important number of employees such as Serbia or Russia. The deployment for hospitalization coverage is also progressing well. Tarkett has presented and discussed the program with worker representatives, where relevant, in each country.

For example, our **Mytischi plant (Russia)** is mapping, benchmarking and progressively completing its employee assistance program. It includes medical and accident insurance, periodical medical check-ups, annual vaccinations along with coaching and initiatives on health and well-being, such as ergonomic audits for new workplaces, a weekly health day raising awareness on specific topics, shift-worker health management, subsidized fitness center, stress management and work-life balance training.

In **Germany at our Konz plant** actions included a health day focused on back health and first aid courses.

Working time

Tarkett complies with laws and local regulations concerning working hours, compensation for extra hours or atypical working hours and for leave. Tarkett develops frameworks in each country to adapt to local requirements and market practices for working hours and leave and where relevant negotiates them with worker representatives.

In the US, where paid holidays are not imposed by federal or state authorities Tarkett provides 10 days of paid holiday for national holiday dates as well as a flexible system of paid time off. The paid time-off (PTO) combines vacation, sick time, and personal time into a single bank of days for use when employees take paid time off from work. This gives employees the opportunity to enjoy time away from work to help balance their lives. It recognizes that employees have diverse needs for time off from work and provides for a flexible approach to time off. Employees are accountable and responsible for managing their own PTO hours, allowing for adequate reserves if there is a need to cover illness, appointments, emergencies, or other situations that require time off from work.

Occupational health and well-being

For example, **Tarkett Australia** continued to develop its wellness program, adding a series of wellness emails to its existing online program educating and encouraging employees to make behavioral changes around nutrition, physical activity, stress management and sleep, to improve their health and wellbeing. Online training on mental health awareness, prevention and management was provided to all employees with two managers receiving mental health first aid officer training and all managers receiving training in how to identify mental health issues and how to provide employee support.

Tarkett North America division developed a new employee assistance program with support services provided through Carebridge corporation. These included webinars on "stress relief: parenting during the pandemic and on "keeping your family emotionally healthy and resilient – COVID-19".

Example

Natural light, healthy indoor air quality and height-adjustable furniture for Tarkett's new German branch office

Tarkett moved its German branch office, with approximately 90 employees, to a new location in Ludwigshafen (Rhineland-Palatinate), Germany, in 2020. Sustainability, functionality, comfort, and design were particularly important aspects for the new offices. Indoor climate comfort is assured with an innovative heating, cooling and ventilation concept with temperature-controlled water flows in the ceilings and floors to provide pleasant radiant heat in winter and gentle coolness in summer. Lots of natural light, optimized LED lighting concepts, constant fresh air and a beautiful design along with high energy efficiency for more climate protection are combined in the innovative office building system which uses geothermal energy and green electricity. The building, where Tarkett occupies the top two floors, seeks certification according to the gold standard German Sustainable Building Council (DGNB). The offices are divided into modern open spaces with height-adjustable furniture, retreat niches, common rooms, a terrace, and meeting rooms, including a new showroom with changing exhibitions to give visitors an overview of our current product range. Tarkett flooring, such as Desso AirMaster carpet tiles, contribute to healthy indoor air quality.

Flexible working

In the face of the COVID-19 crisis, Tarkett responded quickly to implement further flexible working arrangements. Solutions were developed locally, building where relevant on existing practices, and taking into full consideration local authority guidance and rules. For example:

> **Tarkett Australia** continued to provide flexible working arrangements including working from home (remote working) and staggered working hours have been provided to help employees balance work and life. Remote and part-time work are also available for a transition period to employees unable to attend the office and to work full-time hours due to health restrictions. To facilitate remote working, Tarkett is transitioning product information resources and administrative activities online as well as providing new laptops and better connectivity for easy access/web base interface to improve productivity and provide flexibility for employees where possible.

> **In France,** Tarkett signed a collective agreement with worker representatives on remote working for employees at its La Défense global headquarters. The agreement, effective from the 1st of January 2020, allows for one day per week remote working and confirms that remote workers maintain the same benefits and working conditions and that where necessary they are equipped with a laptop computer and headset.

> At **Tarkett's Sedan plant (France),** a remote working collective agreement allowing up to 4 days of remote work per week or 1 to 2 weeks per month was signed in 2018. This enables all permanent employees to work remotely, where compatible with the nature of their work and with their manager's approval. This arrangement contributes to a better work life balance and less stress for employees as they manage their professional responsibilities and their domestic needs.

> At **Tarkett's La Défense office**, a flexible approach was taken at the end of the official lock-down period in mid-May, with workers not obliged to return to the office from day one. Offices opened to all employees from June 2nd, however only on a voluntary base and only after having received training on specific social distancing and sanitary rules. Other measures included introducing rotating calendars, with people being allocated presence on blue or green days to limit the density of people in the offices and applying flexible hours to help workers avoid peak hours in public transportation.

3.10.4 Encouraging diversity and inclusion

We believe that building diverse teams allows us to be more creative and comprehensive in the solutions we offer to our customers and partners around the world, more attractive to new generations who aspire to enrich themselves from this diversity, more open and inclusive in the way we work together for Tarkett's success. Our ambition is to create a more inclusive culture and build teams that reflect the diversity of our society and our customers all over the world (nationalities, origins, background, gender, generations), with everyone feeling empowered to bring a broad range of views and talents to work every day.

Diversity and Inclusion is one of the five pillars of Tarkett's global Talent Management Guiding principles. Defined as creating a diverse and inclusive environment where all perspectives are heard, respected, and valued.

The fundamental principles of non-discrimination and equality are an integral component of our Code of Ethics and our Human Resources policies, for daily use by all employees. These principles cover issues including equality between men and women, respect for the rights of disabled people, age diversity, maternity rights, and benefits, as well as non-discrimination on the basis of sexual orientation, ethnical background, nationality or religion.

Tarkett cares deeply about the principle of diversity and inclusion, and defends equal treatment for men and women. In 2020, in line with the revised AFEP-MEDEF governance code, Tarkett proposed to the Supervisory Board a new target of 30% of managers and executives to be women by 2025. The Nominations, Compensations and Governance Committee of the Supervisory Board approved the proposed objective which applies to a population of more than 1,700 managers, including Tarkett's executives.

Tarkett is deploying at all levels of the organization this objective as well as promoting locally the adoption of complementary diversity objectives that respond to local priorities.

Tarkett aims to achieve this new objective by strengthening its action plan on gender diversity, which includes benchmarking, setting local objectives, developing the female talent pool, increasing our attractiveness to female candidates, and raising awareness amongst our teams. These actions build on current initiatives to promote the role of women within the company, notably through internal mobility or during the external recruitment process where at least one female candidate is included in each recruitment shortlist. We track progress by monitoring the share of women among different categories of managers and the share of open management positions filled by female candidates.

In Germany, Tarkett participated to various events aimed at promoting women in industry, such as "Girls with MINTeresse" (Girls with interest in Mathematics Informatics Natural science Technology) an event organized with a job center for young women who are looking for training or retraining to get to know our professions at first hand by visiting our plant.

Zoom on key indicators

Parity between men and women

Several indicators allow us to monitor the share of women managers in the company.

Firstly, in the general population of managers, the share of women at the end of 2020 is 26% (i.e. 449 women among 1,737 managers), very slightly down compared to previous years (27% in 2019, 2018 & 2017). Tarkett aims to increase the share to 30% by 2025 with a greater focus on the deployment of specific actions and monitoring new metrics, such as tracking the share of open management positions filled by female candidates, which began in 2020 (31%).

Secondly, the share of women among top senior executives, corresponding to the Executive Management Committee and those reporting to them was stable in 2020 (25% in 2020, or 18 women out of 72 top senior executives, compared to 25%[1] in 2019, 27% in 2018, 24% in 2017 and 18% in 2016).

Following changes in 2020 in the Executive Management Committee, two females and one male joined (respectively the new Group Research and Development and Operations Executive Vice President, Group General Counsel and Group Sustainability Officer), bringing the share of women to 30% (compared to 18% in 2019 and 27% in 2018). Lastly, the share of women in the Supervisory Board is stable with 44% (in compliance with French regulations and AFEP-MEDEF Code). In November 2020, a female employee representative was nominated to the Supervisory Board joining the existing male employee representative.

[1] Restated in 2020, the previously stated 30% for 2019 included managers who were temporarily reporting to members of Executive Management Committee, however who are not considered in the category "top senior executives".

In France, Tarkett calculated and published, in accordance with the legislation on gender equality (French "Act for the freedom to choose one's future career"), the "**Gender Equality Index**" for its three legal entities. The index is comprised of five indicators covering gender pay gaps, differences in individual salary rises, promotion differences, the percentage of female employees with salary rise following maternity leave and female representation in the top 10 salaries. In 2020, Tarkett (corporate teams in France) scored 92/100 (vs 90 in 2019), Tarkett France (teams from flooring activities in France) scored 87/100 (vs 82 in 2019) and FieldTurf France maintained its score of 92/100. These results demonstrate Tarkett's commitment and continuing efforts on gender equality and notably gender pay equality in France. For several years, part of the pay rise budget in France has been allocated to reducing the pay gap between men and women.

Over and above gender diversity Tarkett is also attentive to other aspects of diversity and inclusion. For example, in some locations Tarkett has an aging workforce and so is locally focused on recruiting young candidates. In that respect, in **France, our Sedan plant** has developed partnerships with local universities to help increase the visibility and awareness of opportunities at Tarkett for internships and apprentices as the plant looks to increase the generational diversity with young employees. In 2020 the plant welcomed 10 apprentices. In addition, the local human resources team takes this opportunity to try to bring other sources of diversity to the production. For example, taking advantage of the peak of activity during the summer period, it hired 4 people over 50 years old, 3 women and several people receiving work welfare benefits. In some cases, the plant is able to retain these workers in more permanent roles, which was the case for 2 previous senior workers who received fixed term contracts and a female worker who is still present today.

Tarkett North America partnered with Korn Ferry to develop an integrated Equity, Diversity, and Inclusion (EDI) program, a comprehensive approach involving and interviewing experts, organizing focus groups, data analytics, a process/policy review and employee feedback. Specific actions included an EDI survey among employees and hosting a three-part webinar series intended to help staff to listen, learn and understand to become advocates for change around equity, diversity, and inclusion. Two employee resource groups (ERGs) were created led by members of senior management. These groups are voluntary, employee-led groups which aim to foster a diverse, inclusive workplace by bringing together individuals based on common interests, backgrounds, or demographic factors such as gender, race or ethnicity. In addition, an EDI pilot program was launched in 2020 at an Ohio based production facility to enhance internal understanding.

In **Australia**, Tarkett developed and published to all employees an anti-violence, anti-harassment and anti-bullying policy.

Depending on the country, the local regulations permit or not the identification and tracking of **people with disabilities** within the company. For this reason, it is difficult to determine a unique global indicator to track progress in this area. In 2020, the share of Tarkett's disabled employees identified as such was 1%.

Tarkett is working to facilitate the integration of disabled employees in the work environment, through the implementation of concrete measures at the local level. For example, at **Clervaux (Luxembourg)**, we work with a state agency to help adapt the workstations for disabled employees. At Sedan (France), we have a partnership with CapEmploi, an unemployment agency specialized around the employment of disabled professionals. In November 2020, the Sedan plant participated in the European Disability Employment week with a Duo Day. The Duo day, an event promoted by French government, provides an opportunity for a person with a disability to discover a company by spending time with an employee, learning about their role and the company. Both the employee and the disabled person come away richer, the employee with a different perspective on inclusion and the disabled person a step further in their professional project.

At our **Hanaskog plant in Sweden** we have cooperated with government initiatives to facilitate the integration of long-term unemployed people, notably immigrants. Faced with an aging workforce the plant has been looking for opportunities to integrate younger generation workers. This was achieved through the government initiative which involved taking on individuals to gain practical work experience and training over a two-month period, before providing short- or long-term employment opportunities. During 2019, 18 individuals benefited from the program, with 8 being hired on a short-term contract and 2 immigrants coming from war zones being hired permanently. In 2020, 2 more employees, who were on short-term contracts, were hired permanently. In a similar manner our **Ronneby plant in Sweden** has provided opportunities to immigrant workers with the assistance of a staffing and training company which is participating in the same government initiative to facilitate the integration of long-term unemployed people.

In 2020, Tarkett completed a **global job grading project** with the support of a leading consulting firm. By establishing broad equivalences in roles and contributions across organizational and geographic boundaries we aim to promote internal consistency aligning pay to performance and market practices in a consistent, fair, and competitive way.

Together with the new Tarkett Global Job Catalog, backbone of Workday, developed and fed with the global grading project outputs, this will contribute to our company's goals on internal mobility and diversé.

3.10.5 Applying our Talent Management Guiding Principles

3.10.5.1 Identifying and promoting talents

Tarkett's more than 12,000 employees are an essential asset and the leading actors in achieving our goals, making the Human Resources function highly strategic. While Tarkett has grown as a result of many acquisitions, the sense of belonging to the Group is very strong. This is the result of a Human Resources policy that has both preserved entrepreneurial spirit in the field, and the advantages of an international group.

To further support Tarkett's growth and talent development, we have strengthened our Human Resources management and talent development by clearly establishing global **Talent Management Guiding Principles**, which are based on five main pillars:

1. **Diversity and inclusion** : Create a diverse and inclusive environment where all perspectives are heard, respected, and valued
2. **Empowerment** : Drive ownership and deliver results
3. **Engagement** : Create a positive Employee experience that exemplifies Tarkett values
4. **Excellence** : Expect and enable sustainable high performan
5. **Growth mindset** : Focus on continuous learning and growth

These principles, which build on the previously developed Talent Philosophy, focus on how to nurture talent, for example by, systematically promoting internal mobility, recruiting outside high potential candidates, always fostering talent diversity; developing our people, expecting and enabling high performance with ambitious goals and regular feedback; promoting continuous learning and anticipating developmental career moves.

The global talent team, created in 2019 by the Group with talent directors in our **EMEA, Eastern Europe and North American divisions**, continued to exchange regularly in 2020. The team discussed and aligned on Talent Management processes, tools, and principles; shared divisions' initiatives and reviewed internal mobility desires and openings with the aim of generating more opportunities and more cross-division and cross-function movements. As one of its outputs, this team has co-built, developed, and proposed to the Group HR Core Team the Talent Management ambition and detailed guidelines for each area of Talent Management function. These Talent Management Guiding Principles have been declined into new rules and processes and implemented into our new HRIS Workday. The presence of the team has reinforced the one-Tarkett approach, the identification of synergies between Divisions and with the Group and generated savings.

In order to leverage the One-Tarkett approach in Talent Management, each Division Talent Director (together with Group HR Development team) has taken a Global Functional lead, in addition to their Division Talent Management responsibilities. These cover Operations, Supply Chain and R&D; Sales, Marketing, Innovation and Digital; Finance, IT, Legal and HR. The Global functional lead's missions are to support the development of career opportunities within the function at international level, and to capitalize on division good practices to build global development initiatives for their respective function, in partnership with the Group and Division leaders, and the HR community.

Another priority action of our "One Tarkett, Agile and Performance-driven" strategy is to promote and develop **Tarkett's seven entrepreneurial leadership traits:** Think business, Accountable, Risk for results, Kind to customers, Empowers collaboration, Talent developer and Thorough. These seven traits are included in the annual performance appraisal tool (for all non-blue-collar employees), with examples provided of the corresponding behaviors expected at each level in the organization. In addition a guide for the human resources network is available to help the understanding and the application of the traits along with another specific guide to help managers and HR professionals better identify the seven traits in the recruitment process.

The **360°-feedback survey,** launched in 2019, provides another opportunity to analyze the way managers embody the leadership traits and to accompany them to identify areas for development and to initiate action plans with the support of a neutral HR Coach. The feedback process includes feedback from colleagues, team members, managers, and other relevant people. To date 178 managers have benefited from this process collectively receiving feedback from over 2 500 people. Each manager is debriefed by an HR coach to help identify the main areas for development and draft the first action plans. Based on the 360°-feedback to date, the importance of diversity and safety at work have come out as the highest rated qualities of these managers. Finally, various training programs were updated, integrating the leadership traits.

Example

Our compelling employee value proposition

To promote the expertise of its teams, the career development opportunities, and the work experience within the Group, Tarkett decided to launch in 2017 a plan to promote its employer brand, both internally and externally. The objective is to attract the best talents and to value the teams within the Group. A specific career website (https://careers.tarkett.com/) was created with employee testimony videos to inform about company's jobs and culture. Three Tarkett promises as an employer were defined for this new policy:

> « *Expand your horizons. Together.* - Because Tarkett offers a rich working environment through the diversity of its clients, its range of jobs and its geographic coverage, creating development opportunities for its teams.

> « *Change the game. Together.* – In line with our entrepreneurial roots, we expect our employees to actively take initiative and we create a trust-based, empowering environment so that they can fully express their talents and personalities, directly contributing to the success of the Group.

> « *Design the future of society. Together.* – By having a long-term vision, Tarkett invites its employees to make CSR and sustainable development issues a part of their decisions, their operations, and activities, to design sustainable economic models.

In Australia in 2020, our HR teams have capitalized on Tarkett's employee branding, sustainability commitments and initiatives in recruitment with Tarkett's commitment to improve the well-being and health of customers by focusing on manufacturing sustainable products a key value to attract and retain the talent inside the business. Tarkett recognizes that work-life balance and flexible working options are becoming more important to engagement, attraction, and retention. Tarkett Australia has become much more digitally focused to streamline communications and availability of information and improve employee and candidate experience through implementing Workday, utilizing video conferencing for meetings and interviews, online training programs and online training presentations.

Tarkett has developed several successful internship and recruitment programs with top engineering schools such as its partnership with the 'Ecole des Mines de Nancy' in Clervaux (Luxembourg) which includes Tarkett's participation to job days and conferences organized by the school as well hosting plant visits for the students. Narni (Italy) has also established partnerships in recent years with 4 universities, a specialized academy and 5 secondary schools, offering regular work experience placements. Local managers give lessons on quality, safety, environment and human resources strategy at the schools and students have the opportunity to visit the plant (350 attending the Narni Green tours in 2019). Wiltz (Luxembourg) has a program for taking Ph.D students on specific research topics such as the resistance of different surface treatments to use or the interaction of flooring and light. Other Tarkett plants have developed similar programs such as Sedan (France), Konz (Germany) and Lenham (UK) in EMEA and Bačka Palanka (Serbia) in Eastern Europe. In the United States, Tarkett has a national internship program which works with a number of universities and schools in different states providing opportunities to interns in both corporate and technical/manufacturing functions at its sites (in Georgia, Alabama and Ohio) and head office in Solon (Ohio).

Tarkett organizes ongoing talent review and development with the following key processes:

- **The Performance and Development Review:** this annual interview is the foundation of our performance management system. It is an opportunity for managers and their teams to spend valuable time together to engage in a constructive, attentive dialogue. From the company's perspective, this allows us to understand the career goals of our employees and to assess their progress.
- **The Talent Review** is a structured process which aims to assess career opportunities against the company's long-term needs and the mobility options for our employees. It involves people from the management and Human Resources team during regular meetings where anticipated organizational changes are examined in accordance with the needs and business environment of the company and considering the skills, potential and career development goals of employees. The Talent Review, which mainly concerns managers, experts, and critical positions essential for the Group's operations and expertise, makes it possible to define succession planning and internal mobility.
- **The WCM program development plan** has the objective to identify key skills for implementation of the WCM program and achievement of industrial objectives. Structured WCM training programs are implemented in factories in the light of the priorities there, with the aim of developing the growth potential of all employees, whether they are senior executives or workers.

Zoom on key indicators

Performance and Development Review

50% of Tarkett permanent employees had a Performance and Development Review (or equivalent) in 2020, compared to 55% in 2019 and 53% in 2018..

3.10.5.2 Facilitating learning & development programs

We are convinced that training programs are key to helping our employees develop and deliver on our ability to accelerate our development and to strengthen our customer centric capability. In 2020, Tarkett's ability to deliver its training and development program was severely impacted by the global COVID-19 pandemic. Tarkett worked to facilitate online training more adapted to the remote working conditions as well as ensuring training on essential topics such as product knowledge, sustainability, health and safety, remote working and compliance:

- Various **trainings on health, safety and environmental topics** are delivered on the plants as part of the WCM program.
- We have developed **targeted training programs on sustainability**, mainly for our sales force and marketing teams, to leverage our approach and the sustainability features of our products. In the **EMEA division**, Tarkett provides support and training to marketing and sales teams to help them communicate on Tarkett's commitment to transparency and sustainability, and to value it as a key differentiator. Training modules and webinars exist on specific topics such as Cradle to Cradle® principles, circular economy, product transparency and Tarkett products' sustainability benefits. **Tarkett North America** implemented a Sustainability Leaders program, training 10 regional Sustainability Leaders to become LEED associates (LEED credentials are delivered by the US Green Building Council – USGBC and denote proficiency in sustainable design, construction, and operations standards). These sales professionals are trained on sustainability in general and on Tarkett's approach to sustainability with regular training and monthly webinars. They will be focused on the 10 top major markets for sustainability driven projects. In 2020, Tarkett developed a second training program for our North American showroom managers. They are trained and support our field team and customers who are looking for sustainability information. In **Australia,** in addition to sustainability and well-being presentations for new employees, Tarkett partnered with a certified consultant for the WELL™ standard, to deliver a training program for the senior sales team to understand how our products comply with the WELL™ standard for healthier buildings. Tarkett is engaged in raising awareness and sharing knowledge with employees on sustainability topics notably through regular newsletters, webinars, and events. For example, Tarkett North America extended the recognition of Earth Day throughout the month of April, highlighting best practices, goals, and actions, including supporting a clean water program 'Fill it Forward'. This initiative promoted the use of reusable drinking containers, with a donation made to a clean water project each time participants refilled their container. Tarkett's Nordic sales region (**Sweden, Finland, Norway, and Denmark**) organized internal sustainability webinars for Tarkett employees covering topics on recycling, circular economy, sustainability characteristics of modern vinyl flooring and Environmental Product Declarations (EPDs). The sales teams in **Germany, Austria, Switzerland, and Spain** also received training on product certification and transparency tools (C2C & MHS) and on indoor air quality.

> Continued **compliance training** focusing on fair competition and anti-corruption, consisting of customized e-learning modules (see section 3.2.4 Our commitment to high ethical standards) as well as in-person training for staff most exposed to corruption and competition risks.

> We moreover train our employees and **develop their competences through experience**, by having them participate in cross-functional initiatives and multidisciplinary projects, and by encouraging best practice sharing and knowledge transfer (for more details see section 3.10.4.4 Sharing expertise and recognizing achievements).

Promoting online training during the COVID-19 remote working period

The Group HR team set up a global COVID-19 learning hub to increase the opportunity for development during the sanitary crisis and give people ways to invest some of their available time in selected developmental activities. Online training was promoted with webinars and online training material on topics such as remote working, leadership, business ethics, safety, compliance, sustainability.

In Europe, our training teams developed new content and provided online training for our Marketing / Communications teams and Sales Networks, especially during the COVID-19 remote working period. Sustainability topics, such as indoor air quality, circular economy, Cradle to Cradle eco-design and ReStart collection and recycling were covered as well as detailed content on product portfolios.

In Australia, our sales team completed a product and segment refresher online training during the COVID-19 work from home period, with other employees completing computer and soft-skill trainings.

The learning and development team in Tarkett's North America division developed a comprehensive solution selling development program for our integrated sales teams.

In Tarkett's Eastern European division our HR teams organized training during the COVID-19 period for 280 employees covering topics from finance, to WCM and sales. allant de la finance, au WCM et aux ventes.

Example

A complete Operations Leadership Training program for plant managers was implemented in 2018 and 2019

29 plant managers from 12 different countries (France, Spain, Belgium, the Netherlands, Luxembourg, Poland, Russia, Serbia, Ukraine, China, Brazil & US) participated in 2018 and 2019 in the Operations Leadership Program, consisting of three sessions of training organized at three different Tarkett production sites. The first session was dedicated to the challenges of developing a World Class Manufacturing culture and to the role of management beyond the WCM methodological and technical aspects. The safety dimension was of course included in this program. The second session was based on essential features from the Manager@Tarkett training and from project management techniques, adapted to the role of plant manager. The third session enabled the managers to put the training in practice through workshops, notably on project management, problem-solving methodology, leadership role, performance evaluation, and action plans resulting from internal employee feedback surveys. No new training occurred in 2020 due to the COVID-19 pandemic.

Zoom on key indicators

Training

34% of Tarkett employees were trained (at least 1 day) in 2020, compared to 58% in 2019, 60% in 2018 and 56% in 2017. This reduction comes as training programs were severely impacted by the COVID-19 pandemic and the associated social distancing measures, reduced activity and widespread furlough. Furthermore, this number does not capture all the online learning which was promoted and followed during the remote working period.

3.10.5.3 Fostering career mobility

The growing international dimension of the Group makes career mobility of great importance and offers employees motivating career perspectives. To foster career mobility opportunities, Tarkett has set up appropriate processes and tools:

- **Tarkett Careers**, a platform for international mobility and recruitment is now powered by Workday: all non-confidential open positions will be accessible worldwide to every employee through the Workday interface. With all Tarkett HR processes now centralized in one place it will be easier for employees to consult Tarkett open positions more often. The Workday recruitment module also allows employees to share their background and career interest and to subscribe to receive recommended job opportunities based on preferences and profiles. Managers and Human Resources teams will also be able to exploit Workday to identify profiles and to manage and follow-up associated recruitment processes.
- **The Talent Review process** focuses on internal career mobility, taking into account international mobility opportunities .
- **Orientation documents** are available, such as the Internal Mobility Charter available to all employees via intranet, and the Mobility Guide, a reference document used by the Human Resources network.

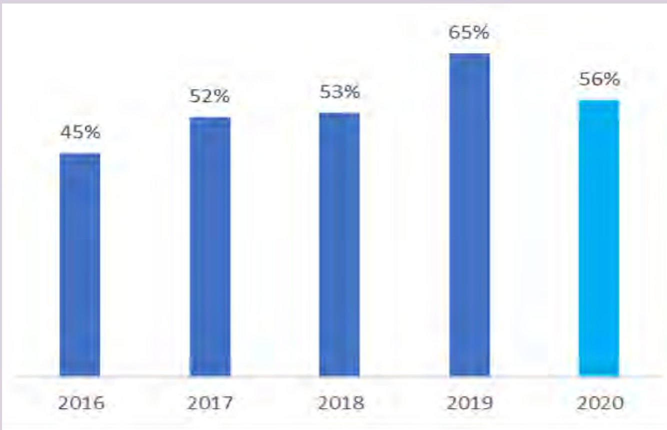
All international mobility packages are aligned with Tarkett's international mobility policy, which includes preparation on new assignment, support on immigration, relocation, compensation, social benefits (medical and life insurance), tax advice, language lessons, cultural orientation, and facilitating return to home country. In addition to group action, local teams also facilitate and organize international moves.

Zoom on key indicators

Internal mobility

Tarkett set a new target of 70% internal mobility by 2025 which represents more than 2 out of 3 open management positions filled by internal candidates. In 2020, 56% of open management positions were filled by internal candidates, a decrease versus 2019, however still above the results of the preceding years (65% in 2019, 53% in 2018, 52% in 2017 and 45% in 2016). It can be noted that this drop comes in a specific context where overall the number of open management positions filled was down 19%, no doubt impacted by the sanitary crisis. In 2020, the sanitary context and lockdowns implemented worldwide have limited opportunities for international mobility, especially as we put our people's health, safety, and well-being first. When arriving in a new country, meeting new colleagues and getting adapted to a new host country culture are important criteria which could not be so easily assured. Current immigration restrictions in the US also limited possibilities for mobility to the US.

Share of open management positions filled with an internal candidate



3.10.5.4 Sharing expertise and recognizing achievements

The development of "collective expertise" is a key element to anticipate the changes needed in order to fulfil the company strategy. It involves sharing of expertise which also allows employees to improve their know-how, their employability, and their mobility. The company can thus value its talent pool and improve results.

Many initiatives and networks promote **expertise sharing and competency development**, for example:

- We strongly encourage multidisciplinary teamwork, by bringing together employees from diverse backgrounds on projects taking place at the Group or division scale.
- We also encourage networking, best practice sharing, internal benchmark forums (comparative analysis), as well as knowledge transfer.
- Within the scope of the WCM program, we organize every year a series of specific meetings on one of the Tarkett manufacturing sites. The objective is to develop the skills of our experts in manufacturing processes and share knowledge in terms of operational excellence. These benchmark initiatives have been organized within the Group's plants since 2012.
- The WCM program also encourages plant operators to get involved and propose ideas for improvement, hence becoming actors in the development and improvement of their working environment.
- The **Tarkett Expert Program**, launched in 2015, capitalizes on the technical expertise of our Research & Development and Operations teams. Our objective is to use the know-how of our technical experts, and to help them develop their long-term career development, via tutoring, training and knowledge sharing. This network is supported by a dedicated IT platform where each Tarkett Technical Expert is present with a clear mention of their expertise, thus facilitating their identification by other technical experts and the connection between them, as well the use of their expertise by other "Technical Expertise consumers". Additionally, they can identify and contact, through the platform, some external key Technical Experts, if expertise is not present at Tarkett. In order to boost the Tarkett Expert Program, an audit was made at the end of 2019. It has led to a new review of critical expertise with a gap analysis, the strengthening of industry 4.0[1] aspects, the review and update of participants to the program, and to the building and deployment of new action plans with greater emphasis on the animation and development of the Expert networks.
- Regular internal communication, through emails, podcasts, newsletters, and events to share local and group news and information.
- **Dedicated support for our new Global Innovation program managers.** Tarkett organized tailor-made training programs for the 7 new Global Innovation program managers at Tarkett's innovation center in Wiltz, Luxemburg. With the support of the HR function, the training programs were co-developed by our Group Innovation Director, our Group Director of Prospective & Opportunity Exploration and with the external collaboration of the House of Training of Luxembourg. In addition to the training, they have also gone through some psychometric assessments and been debriefed so they can improve their self-awareness, identify behavioral areas for development in link with their new function and benefit from adapted development plans. To round it off they received the 360° feedback survey.

Tarkett also recognizes its teams, successful initiatives and best practices through its renowned **Tarkett Awards** program initiated in 2010. The goal of the awards is to encourage exceptional achievements, collaboration, and teamwork.

The 2019 edition rewarded 7 projects out of more than 300 submitted. One project was recognized by the CEO ("President Award"), one selected by employees and five others selected by divisions. Among the winning projects, several were related to safety and the circular economy such as:

- a Family Safety Day at Bačka Palanka (Serbia) where family and friends participated in activities organized on site to develop safety awareness, applicable both at home and at work;
- the carpet recycling center in Waalwijk (the Netherlands) – see section 3.6.2.1 Working collectively towards a circular economy;
- ProMax HydroFlex infill using recycled end-of-life artificial turf produced on a new line at our MET plant at Abtsteinach (Germany).

The 2020 edition was cancelled due to the COVID-19 crisis.

1 *Also known as 4th industrial revolution, related to the ongoing automation and use of smart technology in manufacturing*

3.10.6 Promoting social dialogue

3.10.6.1 Listening to employee feedback

To efficiently organize on-going dialogue with all employees, across all our sites, we conduct an internal employee feedback survey every two years. The survey covers all the Group's divisions and functions and includes all employees worldwide. It is translated into 17 languages, is totally anonymous and entirely overseen by an independent third party to prevent any bias. It consists of 69 questions organized in 15 different categories: employee engagement, employee enablement, loyalty and engagement, empowerment and accountability, performance management, communication, management, training and development, entrepreneurial leadership, teamwork and collaboration, work organization, ethics and integrity, leadership, company image, World Class Manufacturing.

Exceptionally this year Tarkett decided to delay the feedback survey until 2021, concentrating instead on supporting employees with the response and adaptation to the COVID-19 pandemic. In the last feedback in 2018, 88% of employees, representing 10,635 people, participated in the survey (vs. 89% in 2016). The high participation rate reflects employee commitment and confidence in the independent nature of the survey, and in the fact that results are acted upon.

For the 2018 edition of the internal employee feedback survey, while some results may significantly differ depending on the divisions, functions, or countries of operation, Tarkett's employees generally appear to be rather satisfied with their work situation, which is demonstrated by some significant progress:

> Out of 54 comparable questions between 2016 and 2018, 26 have improved significantly, primarily around management (notably regarding the ability by managers to develop and empower their teams, the care and concern they demonstrate for their teams, and how they provide feedback), communication of the Group's strategy and commitment to the success of Tarkett.

> Results are moreover generally higher than the industrial benchmark: out of 44 questions having a benchmark, 29 are above the industrial norm, especially on the topics of safety, environmental responsibility, interest in work, ability to make good use of skills, understanding of how performance is evaluated, belief in the success of the company and intention to stay a long time.

At both the scale of the Group and locally, the Tarkett employee satisfaction survey is an invaluable and used management tool. Based on the analysis of the survey results, each site / entity develops a customized action plan to be implemented at the local level. These local plans are reinforced by action plans determined at the Group and division levels, and consistently implemented.

In 2018 and 2019, our teams developed more than 400 action plans across the globe based on the results of the 2018 survey.

In 2020 Tarkett's North American division continued to measure progress on its follow-up to the biennial employee engagement survey. Tarkett worked with a third party, ensuring anonymity, to deploy a short survey to track progress on key metrics, to measure results of action plans and initiatives, to adjust initiatives where they were not having the intended impact and to gain employee feedback on recent events. More than 90% of surveyed employees agreed that Tarkett North America had taken appropriate action in response to the COVID-19 pandemic and that the organization had provided clear, effective communication regarding the COVID-19 pandemic.

3.10.6.2 Maintaining social dialogue

The regulatory scope of dialogue between employers and employee representatives varies from one country to another. However, in addition to respecting local labor legislation, Tarkett applies in all the countries in which it operates the same respect for its fundamental values and principles of freedom of association, and in particular respect for trade unions.

The Tarkett Forum, the Group's European works council, provides a platform for social dialogue in Europe. Several times per year, this council brings together trade union representatives of our main European sites to dialogue with Group Management, including our CEO. This council strengthens cooperation and social dialogue and focusses on issues pertaining to the general functioning of the company and discusses HR issues common to different sites and countries in Europe. In 2020, the Tarkett Forum held four meetings, some virtual, to discuss among the other topics, the COVID-19 pandemic, its repercussions on the business and financial situation as well as Tarkett's response to safeguard employee health. Other topics discussed include safety, the global Workday HRIS implementation and Division strategic projects.

During the COVID-19 crisis Tarkett increased dialogue and concertation with worker representatives to co-elaborate and define measures adapted to the local context. For example, in France the sanitary crisis and related adaptations towards working arrangements were fully discussed with worker representatives.

At Tarkett's 2020 annual general meeting in April, shareholders voted to amend Tarkett's articles of association to comply with the French PACTE law (Action Plan for Business Growth and Transformation) regarding employee representation in its governing body. Subsequently, Tarkett's Social and Economic Committee engaged procedures to identify a female candidate to ensure gender parity amongst the two members of Tarkett's Supervisory Board representing employees. This new female employee representative started her mandate with the Supervisory Board in December 2020.

3.10.6.3 Establishing collective agreements

Tarkett is committed to respecting, in addition to the legal obligations specific to each country, employee freedom of association, collective bargaining and representation. We apply these principles without exception and in the same way in all countries where the Group operates.

In line with this policy, 153 collective agreements are in place at Tarkett, and 18% of which cover issues related to occupational health or safety. The agreements cover a wide range of topics such as compensation and benefits, overall work time, work organization, remote working, and employment classification. They apply in 16 countries where Tarkett engages in sales and / or industrial activity. In December 2019 a new collective agreement on remote working was signed for Tarkett's global headquarters La Défense site for corporate and EMEA division teams. This remote working arrangement meets a dual objective of performance and better work-life balance, while maintaining team spirit and social ties with the company and the working community. In 2020 a new profit-sharing agreement was signed for the period 2020-2022 covering the employees at Tarkett's La Défense site. This agreement carries on from the previous one, which already granted profit sharing allowances to employees.

3.10.6.4 Accompanying the changes and adjustments of the workforce

Tarkett has a mid and long-term vision of its development plan and strives to ensure profitable, sustainable growth. The Group is committed to growing the skills and employability of its employees, not only to allow each individual to contribute and to grow within the company, but also to anticipate and support the evolution of the organization. Whenever possible, the Group strives to anticipate the consequences of variations in activity. In case of reduction in activity, the Group may be called to occasionally or structurally downsize. Adapting work organization to the activity level, downsizing or restructuring plans are carried out in compliance with local regulations and the principles of the Tarkett Code of Ethics, in consultation with employee representatives. Within the scope of measures to adjust to reduced activity, Tarkett seeks above all to adapt work organization (taking paid vacation, reorganization of work time, partial unemployment, etc.), reduce temporary employees (interim and fixed term contracts), favor internal re-employment solutions, and include social criteria for people leaving the company (retirement, age, career, or personal projects).

2020 was marked by the COVID-19 pandemic, where Tarkett's first concern was to ensure the health and safety of its teams. The pandemic also created significant economic disruption, which led Tarkett to reduce its activity in response to lockdown measures which impacted its activities and that of its customers. During the COVID-19 period, Tarkett implemented a vigorous set of measures, covering all levels of employees in the organization, including: temporary lay-offs, furlough and reduction in working time in all locations concerned, including for support functions, in compliance with schemes proposed by local governments.

Following Tarkett's decision in 2019 to optimize its industrial footprint as part of its Change to Win strategy, the final closure, taking place during 2020, concerned the site at Goirle (Netherlands) which employed less than 40 people. Half of the employees were able to be transferred to the nearby warehouse facility at Waalwijk (Netherlands). The other employees received enhanced severance allowances as well as outplacement services.

In the US, Tarkett's artificial turf activity Easy Turf was reorganized. Redundancies were limited with some internal transfer to FieldTurf and through normal attrition. Lastly, Easy Turf facilitated interviews and ensured equivalent compensation and benefits for employment opportunities with its local contractor partner. About 80% of the 44 departed employees thus secured new employment.

Overall, the number of involuntary and voluntary departures dropped considerably in 2020 (more than 25% fewer departures compared to 2019). This reflects Tarkett's effort to maintain employment despite the downturn in activity due to the sanitary crisis, helped in part by local government measures to support furlough. Furthermore, it attests to our endeavors to put people first, focusing on the health, well-being, and safety of our employees with a humane management of the sanitary crisis. It probably also reflects the employees' needs for stability in this uncertain period. As a result permanent turnover is down to 13% in 2020 compared to 17% in 2019, 16% in 2018 and 13% in 2017.

3.11 Social and Environmental Report

3.11.1 CSR indicators dashboard

Social Indicators

GRI	Indicator	Variation 2020 vs. 2019	Variation 2020 vs. base year	2020	2019	2018
	Workforce					
102-7a	Total number of employees (as of 31/12)	-3,4 %	-	12 160	12 592	13 255
102-8a	Total number of permanent contract female employees	-4,1 %	-	3 245	3 385	3 520
102-8a	Total number of permanent contract male employees	-2.6 %	-	8 123	8 338	8 855
102-8a	Share of permanent employees	=	-	93 %	93 %	93 %
102-8a	Total number of fixed-term contract female employees	-0,9 %	-	233	235	215
102-8a	Total number of fixed-term contract male employees	-11,8 %	-	559	634	665
102-8a	Share of fixed-term employees	=	-	7 %	7 %	7 %
102-8b	Total number of permanent contract employees	-3,0 %	-	11 368	11 723	12 375
102-8b	Total number of fixed-term contract employees	-8,9 %	-	792	869	880
102-8d	Number of external workers (FTE)	-12,4 %	-	427	488	572
102-8d	Share of external workers (% of total FTE)	-0,3 %	-	3,5 %	3,8 %	4,3 %
-	Total wages and salaries (€m)	-6,9 %	-	669	718	669
	New Employee Hires and Employee Turnover					
401-1a	Number of employee hires	-25,3 %	-	1 834	2 454	2 690
401-1a	Rate of employee hires	-4,4 %	-	15 %	19 %	21 %
-	Number of permanent contracts ended by employee (e.g. resignation, retirement)	-20,8 %	-	900	1 136	1 311
-	Number of permanent contracts ended by employer (e.g. lay-off)	-32,2 %	-	601	886	624
-	Permanent employee turnover rate	-4,0 %	-	13 %	17 %	16 %
401-1b	Total number of employee departures	-25,9 %	-	2 155	2 910	2 873
401-1b	Total employee turnover rate	-5,4 %	-	18 %	23 %	22 %

GRI	Indicator	Variation 2020 vs. 2019	Variation 2020 vs. base year	2020	2019	2018
	Diversity					
405-1a	Percentage of female administrators in Tarkett Supervisory Board	=	-	44 %	44 %	44 %
405-1a	Percentage of administrators in Tarkett Supervisory Board below 30 years	=	-	0 %	0 %	0 %
405-1a	Percentage of administrators in Tarkett Supervisory Board between 30 to 50 years	=	-	22 %	22 %	22 %
405-1a	Percentage of administrators in Tarkett Supervisory Board above 50 years	=	-	78 %	78 %	78 %
405-1b	Percentage of females in Executive Management Committee (EC)	12 %	-	30 %	18 %	27 %
405-1b	Percentage of female top senior executives (EC to EC-1)	=	-	25 %	25 %[1]	27 %
405-1b	Percentage of female senior executives (EC to EC-2)	2 %	-	26 %	24 %	25 %
405-1b	Percentage of female managers	-0,7 %	-	26 %	27 %	27 %
405-1b	Percentage of female other employees	=	-	29 %	29 %	28 %
405-1b	Percentage of female employees	=	-	29 %	29 %	28 %
405-1b	Percentage of employees below 30 years	-1 %	-	12 %	13 %	14 %
405-1b	Percentage of employees between 30 to 49 years	=	-	57 %	57 %	56 %
405-1b	Percentage of employees above 50 years	1 %	-	31 %	30 %	30 %
405-1b	Percentage of employees with disabilities	=	-	1,1 %	0,9 %	1,2 %
	Training and Development					
-	Share of employees having received training [base year 2011]	-23,5 %	-2,5 %	34 %	58 %	60 %
-	Training hours (thousand hours) [base year 2013]	-35,4 %	-17,3 %	165	256	268
412-2a	Total number of hours of employee training on Business Ethics	-3,2 %	-	14 326	14 806	11 422
412-2b	% of employees who have received training on Business Ethics in last 2 years	=	-	59 %	59 %	-
404-1	Average number of training hours per employee	-33,1 %	-	14	20	21
404-3	% of employees who had a PDR, Polyvalence Matrix or equivalent appraisal	-5,7 %	-	48 %	53 %	52 %
-	% of permanent contract employees who had a PDR, Polyvalence Matrix or equivalent appraisal	-5,5 %	-	50 %	55 %	53 %
-	% of open management positions filled with an internal candidate	-9,4 %	-	56 %	65 %	53 %
203-2	Number of external people who received Tarkett Academy training	-37,1 %	-	5 176	8 229	3 669

1 *Retraité - voir la note méthodologique pour plus de détails*

GRI	Indicator	Variation 2020 vs. 2019	Variation 2020 vs. base year	2020	2019	2018
	Proactive Internal Communication and Social Dialogue					
-	Progress on "Listen to employees and engage in social dialogue" in employee feedback survey [base year 2010]	-	-	-	-	54,0
-	Progress on "Communicate proactively towards all employees" in employee feedback survey [base year 2010]	-	-	-	-	66,0
	Occupational Safety & Health					
403-9a	Injury frequency rate – LTA only [FR0t] – employees	-22 %	-	1,28	1,64	1,46
403-9a	Injury frequency rate – LTA and lost time < 24 hours [FR1t] – employees	20 %	-	2,62	2,19	2,18
403-9a	Lost day rate due to LTA – accident severity rate [TG0t] – employees	29 %	-	0,100	0,077	0,055
403-10a	Occupational illnesses (OI) frequency rate – employees	-62 %	-	0,10	0,27	0,13
403-9a	Absentee rate % – employees	1,3 %	-	3.9 %	2,6 %	2,7 %
403-9a	Number of fatal accidents	-	-	0	0	1
403-9b	Injury frequency rate – LTA only [FR0t] – external workers	5 %	-	8,73	8,28	7,90
-	% of formal agreements covering health & safety topics	-	-	18	-	-
-	Progress on "Ensure respect and integrity through adhesion to Tarkett values" in employee feedback survey [base year 2010]	-	-			68,0
	Tarkett Cares					
203-1	Number of community initiatives supported through time, flooring, other material or funding contributions	-26 %	-	135	182	168
203-1	Number of employees involved in community initiatives	-48 %	-	730	1 401	1 288
203-1	Number of days of donated time through volunteering (based on 7 hours per day)	-25 %	-	692	921	978
203-1	Quantity of flooring products donated to community initiatives (m²)	2 %	-	20 187	19 864	17 560
203-1	Total value of contributions to community initiatives (in k€)	-37 %	-	445	710	808

Indicateurs Environnementaux

GRI	Indicator	Variation 2020 vs. 2019	Variation 2020 vs. base year	2020	2019	2018
	Good Materials					
416-1	Share of raw materials third-party assessed for their impact on people's health and the environment based on Cradle to Cradle® criteria (% of purchase volume) [base year 2011]	=	90 %	98 %	98 %	98 %
-	Share of raw materials not contributing to resource scarcity (% of raw materials in mass) [base year 2011]	-2,8 %	1,4 %	68 %	67 %	70 %
301-1	Share of renewable and recycled materials (% of raw materials in mass)	=	-	30 %	30 %	38 %
301-2	Share of recycled raw materials (secondary raw materials) (% of raw materials in mass)	1,3 %	-	13%	12 %	10 %
	Resource Stewardship					
303-5	Water consumption (liters/m²) [base year 2010]	-8,0 %	-54 %	2,4	2,6	2,9
303-5	Water consumption (million cubic meters)	-13,0 %	-	0,63	0,73	0,86
-	Share of manufacturing sites that have implemented closed- loop water circuits (or do not use water in their process) [base year 2010]	4.9 %	10 %	71 %	66 %	68 %
302-3	Energy intensity (kWh/m²) [base year 2010]	-2,1 %	-2,1 %	4,00	4,09	4,05
302-1a	Non-renewable fuel energy consumption (GWh)	-8,3 %	-	472	514	565
302-1b	Renewable fuel energy consumption (GWh)	-15,8 %	-	80	95	96
302-1c	Purchased electricity and steam consumption (GWh)	-5,0 %	-	500	527	532
302-1d	Generated electricity sold (GWh)	-	-	-	-	5
302-1e	Total energy consumption (GWh)	-7,4 %	-	1 052	1 136	1 188
305-4a	GHG market-based emissions intensity (Scope 1 & Scope 2) ($kgCO_2e/m^2$) [base year 2010]	-13,5 %	-26,8 %	0,76	0,87	0,92
305-1a	Gross direct (Scope 1) GHG emissions (tCO_2equivalent)	-8,8 %	-	89 196	97 805	108 743
305-1c	Biogenic CO_2 emissions (tCO_2)	-16,2 %	-	27 655	32 982	32 739
305-2a	Gross location-based indirect (Scope 2) GHG emissions (tCO_2equivalent)	-10,4 %	-	170 512	190 387	202 401
305-2b	Gross market- based indirect (Scope 2) GHG emissions (tCO_2equivalent)	-24,6 %	-	109 293	144 873	161 761
	People-friendly Spaces					
416-1	Share of phthalate-free products (% of m² produced) [base year 2010]	23 %	97 %	97 %	74 %	65 %
416-1	Share of low Volatile Organic Compound (VOC) emission products (% of m² produced) [base year 2010]	=	77 %	98 %	98 %	97 %

GRI	Indicator	Variation 2020 vs. 2019	Variation 2020 vs. base year	2020	2019	2018
	Recycling and Reuse					
-	Non-recycled waste intensity (g/m²) [base year 2015]	7 %	25 %	154	143	104
306-2a	Hazardous waste (thousand metric tons)	18 %	-	5,0	4,2	7,4
306-2b	Non-hazardous waste (thousand metric tons)	=	-	35,4	35,5	23,2
306-2	Total waste to landfill (thousand metric tons) [base year 2015]	1 %	40 %	27,6	27,3	16,4
306-2	Share of total waste sent to landfill	=	-	28 %	28 %	17 %
306-2	Share of total waste sent to external recycling	=	-	59 %	59 %	67 %
306-2	Share of total waste sent for energy recovery	=	-	9 %	9 %	7 %
306-2	Share of non-recycled waste sent to landfill [base year 2015]	=	15 %	68 %	69 %	54 %
301-3	ReStart® - Post-installation or post-consumer products collected (metric tons) [base year 2010]	-9 %	-84 %	3 000	3 300	3 300
	Responsible sourcing Indicators					
-	Share of raw materials purchased with suppliers committing to UN Global Compact (% of purchase value) [base year 2011]	-1 %	26 %	68 %	69 %	76 %
	Share (in spend) of priority* suppliers who have adhered to Tarkett's Responsible sourcing Code of Conduct for Suppliers * Priority suppliers are those suppliers considered to represent greater CSR risks due to Tarkett spend and product category	-	-	75 %	-	-
	Share (in number) of priority* suppliers who have adhered to Tarkett's Responsible sourcing Code of Conduct for Suppliers * Priority suppliers are those suppliers considered to represent greater CSR risks due to Tarkett spend and product category	-58 %		23 %[1]	81%	

1 12% more suppliers have adhered to Tarkett's Code of conduct in 2020 compared to 2019, however as the base has increased following the roll-out of Tarkett's responsible sourcing program the actual share is lower..

Social Indicators by Region

GRI	Indicator	2020	Europe [1]	North America[2]	Rest of World[3]
	Workforce				
102-7a	Total number of employees (as of 31/12)	12 160	36,7 %	31,3 %	32,1 %
102-8b	Total number of permanent contract employees	11 368	4 223	3 547	3 598
102-8b	Total number of fixed-term contract employees	792	236	255	301
	New Employee Hires and Employee Turnover				
401-1a	Number of employee hires	1 834	466	878	490
401-1a	Rate of employee hires	15 %	10 %	23 %	13 %
401-1b	Total number of employee departures	2 155	543	1 108	504
401-1b	Total employee turnover rate	18 %	12 %	29 %	13 %
	Occupational Safety & Health				
403-2a	Injury frequency rate – LTA and lost time < 24 hours [FR1t] – employees	2,62	2,71	4,47	1,16
403-2a	Lost day rate due to LTA – accident severity rate [TG0t] – employees	0,100	0,113	0,152	0,044
403-2a	Occupational illnesses (OI) frequency rate – employees	0,10	0,29	0,00	0,00
403-2a	Absentee rate (%) – employees	3,9 %	4,3 %	3,7 %	3,3 %
403-2b	Injury frequency rate – LTA only [FR0t] – external workers	8,73	9,79	0,00	21,40

(1) Europe: Corporate, EMEA & Tarkett Sports EMEA
(2) North America: Tarkett North America & Tarkett Sports North America
(3) Rest of World: Tarkett Eastern Europe, LATAM, Asia, Australia & New Zealand, & Tarkett Sports Australia

3

3.11.2 CSR methodological note

Since becoming a listed company in 2013 Tarkett publishes, as required by French regulatory requirements, information on the social, environmental, and societal aspects of its activities in its annual management report (Universal Registration Document). This information includes Tarkett's Corporate Social Responsibility (CSR) Key Performance Indicators (KPIs) taken from Tarkett's Sustainability Dashboard. The Dashboard is an essential tool for monitoring and guiding performance. Its principal objective is to provide the Group with relevant indicators to evaluate the deployment of its strategy and fulfil its regulatory obligations. Progress is measured against a base year set for certain key performance indicators.

In accordance with French regulatory requirements, the corporate environmental and social information has been verified by an independent third-party organization (the report on corporate, environmental, and social information by one of the statutory auditors, appointed as an independent third-party organization).

Guiding frameworks

Tarkett's CSR reporting and sustainability dashboard have been developed based on the following frameworks:

- The Group's Change to Win strategy and its historical commitment to CSR, where each strategic initiative relies on one or more quantified indicators, certain of which are the subject of long-term objectives (2020 objectives set in 2011 and 2025 / 2030 objectives set in 2019 and 2020).
- The European Union Non-Financial Reporting Directive 2014/95/EC and the French regulations on non-financial statement, known as the extra-financial performance declaration: the social, environmental, and societal information required by Article L.225-102-1 of the French Commercial Code is included in the form of indicators or quantified statistics in the dashboard (the qualitative information is presented in other sections of the management report).
- The UN Global Compact: in connection with the Group's voluntary commitment, the dashboard is a tool for managing performance in every dimension of the Global Compact.
- The Global Reporting Initiative (GRI) Standards 2016: this report discloses as far is currently possible the GRI Standards: Core option. A GRI content table (see section 3.11.3 GRI and DPEF concordance table) indicates where the relevant standard disclosures can be found in this report.
- The recommendations of the Task force on Climate-related Financial Disclosures (TCFD).
- The Greenhouse Gas Protocol: Greenhouse emissions are quantified and reported according to the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol.
- Cradle to Cradle® (C2C) principles for the design of our products, from material selection and product manufacturing, to installation, use, maintenance, end of use and product recovery.

The sustainability dashboard is built around three dimensions: social responsibility, environmental responsibility, and corporate governance.

Methodological procedures

Tarkett's CSR reporting procedures are documented in a comprehensive CSR Reporting Handbook which was established, in consultation with the different internal CSR topic owners, in 2017. These procedures further aligned Tarkett's reporting with the 2016 GRI Standards: core option. The Handbook was presented to and approved by the Executive Management Committee and is reviewed and updated each year taking into account feedback and any changes in reporting requirements or objectives. The CSR Reporting Handbook sets out:

- the aims of Tarkett's CSR reporting and the Change to Win strategy "People and Planet" pillar objectives for 2025 and 2030 ;
- the reporting principles, reporting scope, reporting tools, internal controls and consolidation rules;
- the reporting organization, responsibilities, and planning; and
- the detailed definitions, specific guidelines, and control points of all reported indicators.

The following is a summary from the CSR Reporting Handbook:

Reporting principles

Stakeholder Inclusiveness

Tarkett is committed to meeting the expectations of its stakeholders by investing in long-term relations. Tarkett engages with stakeholders through diverse means to ensure that its strategies and reporting account for their expectations.

Sustainability Context

Tarkett is determined to contribute, wherever its business activities allow, to addressing several of the most important and pressing challenges that face society in the 21st century (combating climate change, managing scarce natural resources sustainably and promoting people's well-being and the development of healthy living spaces)

Materiality

Tarkett conducted a stakeholder survey in 2016 to identify Tarkett material topics and ensure that its Sustainability policies are aligned with stakeholder expectations

Completeness

Tarkett's CSR report covers the same scope as the consolidated financial report. Topics covered in the report reflect the organization's significant economic, environmental, and social impacts. Material CSR topics are not omitted. Furthermore, Tarkett strives to explore new and upcoming topics in appropriate detail.

Accuracy

Tarkett strives to ensure the accuracy of reported data, with clearly documented definitions and procedures in its CSR Reporting Handbook and with multiple controls.

Balance

Tarkett tracks its performance in order to report on progress as well as challenges, thus reflecting in a transparent manner both positive and negative aspects of its CSR performance.

Clarity

CSR information is presented by Tarkett in a clear, detailed manner, in order to be easily understood by stakeholders.

Comparability

Tarkett promotes consistent reporting through well documented procedures and presents indicators with comparisons to previous periods and base years

Reliability

Reported data is documented and verified during internal and third-party external audits in order to provide additional confidence in the veracity of published content.

Timeliness

Tarkett publishes CSR information annually with financial reports in March / April.

Reporting period

The annual reporting period is aligned with the financial year which is the calendar year from 1st January to 31st December. This report concerns the period 1st January 2020 to 31st December 2020.

Reporting frequency

CSR reporting for external publication needs is conducted annually. Intermediary reporting for internal purposes is conducted for certain topics (e.g. monthly reporting of WCM industrial KPI).

Scope of reporting

The scope of reporting is Group-wide, covering all activities over which the Group has operational control, as follows:

Social reporting covers:

- The workers (employees and external workers, depending on the indicators) at all entities in the consolidated financial scope. Other specific limitations for certain indicators are detailed under the paragraph "Specific limits to scope of reporting" in this methodological note.
- This scope includes all manufacturing plants, sales network, and administrative offices for Tarkett payroll employees (except where specific limits to scope of reporting are given) and external workers for certain indicators.
- Environmental reporting covers:
- The manufacturing activities at all plants in the consolidated financial scope, except for our new Tuzla plant in Turkey which is not yet fully operational. Other specific limitations for certain indicators are detailed under the paragraph "Specific limits to scope of reporting" in this methodological note.
- The flooring and sports surface finished goods produced at all plants in the consolidated financial scope.

Restatement of the share of female top senior executives (EC to EC-1)

Restated in 2020, the previously stated 30% for 2019 included managers who were temporarily reporting to members of Executive Management Committee, however who are not considered in the category "top senior executives".

Reporting organization

The reporting process of CSR / sustainability indicators is managed and consolidated since 2018 by the Financial department with the support from the different concerned functions (including R&D and Operations/WCM, HR, Legal, …), divisions and sites. Each CSR topic and its relevant indicators are owned by a member of the Tarkett Executive Management Committee (EMC). The clear ownership and responsibility ensure accurate, reliable, and timely reporting of CSR data and indicators.

Reporting tools

HR CSR scorecard: data on workforce, headcount, diversity, etc. topics collected in a specific reporting Excel scorecard and consolidated by the Group.

Tarkett Cares scorecard: data compiled in a specific reporting Excel scorecard and consolidated by the Group.

Employee satisfaction: measured every two years through the internal employee satisfaction survey.

Academy: data on Tarkett Academy training collected in a specific reporting Excel scorecard and consolidated by the Group.

WCM environmental, safety and absence indicators: data reported in a dedicated scorecard for each manufacturing plant with data uploaded monthly to a Group data repository.

Indoor air quality and safe, healthy spaces: phthalate-free, low VOC emission and production volume data collected from plants in a specific reporting Excel scorecard and consolidated by the Group.

Good materials: indicators on resource scarcity and Cradle to Cradle assessment compiled from raw material purchase data and material assessment database and consolidated by Group in a specific reporting Excel scorecard.

ReStart®: data on post-installation and post-consumer waste collection collected in a specific reporting Excel scorecard and consolidated by the Group.

UN Global Compact supplier commitment: data compiled from raw material supplier purchase data.

Supplier commitment to Tarkett supplier Code of conduct: data compiled from purchasing databases. The purchase amounts are based on the previous year (01/01/Y-1 to 31/12/Y-1).

Specific limits to scope of reporting

Safety: the following entities are excluded from safety indicators since hours worked are not reported: FieldTurf North America & Sales Network (1 first aid in 2020), FieldTurf USA Sales Network, Beynon Sales Network and Tarkett USA Sales Network (Solon – 11 first aids in 2020) (these entities represent approximately 8% of Tarkett's headcount).

Absence: excluding the following entities in the US, where hours lost for unplanned absence are not tracked according to Group rules: FieldTurf North America & Sales Network, FieldTurf USA Sales Network, Beynon Sales Network and Tarkett USA Sales Network (these entities represent approximately 8% of Tarkett's headcount). Hours of absence reported in Tarkett North America include COVID-19 related furlough.

Raw material assessment & resource scarcity: All raw materials for the production of finished and semi-finished flooring and sports surface products, excluding the three entities acquired in 2018 (Lexmark in Dalton, US; Thermagreen in Toronto, Canada and Grassman in Botany, Australia representing together 2% of all finished goods production) for which reporting is still being established; outsourced finished goods; process chemicals (except for carpet) and packaging. Any post-installation or post-use materials collected and effectively recycled by FieldTurf or Beynon Sports Surfaces are not included, with the exception of recycled post-use artificial turf recycled at Abtsteinach, Germany.

ReStart®: Any post-installation or post-use materials collected and effectively recycled by FieldTurf or Beynon Sports Surfaces are not included.

Environmental manufacturing indicators: Water, energy, greenhouse gas emissions and waste indicators are reported for all industrial sites excluding the plants which closed during 2020 (Goirle in the Netherlands).

Indoor air quality and safe, healthy spaces indicators: Share of phthalate-free, share of low VOC emission and share of non-quantifiable VOC emission products exclude all semi-finished production volume, the production volume for automotive industry at Clervaux (Luxembourg) and other non-relevant production volumes (e.g. outdoor sports surfaces). Production volume at plants which closed in 2020 (Goirle in the Netherlands) is excluded. The production volume for Lexmark in Dalton (US), which was acquired in 2018 and for which reporting is still being established, was also excluded.

Supplier commitment to UN Global Compact: All raw materials purchased for the production of finished and semi-finished flooring products, including packaging materials limited to those included in the Bill of Materials. We include main outsourced finished goods (LVT) and exclude: sports surface products, Lexmark purchases and inter-company spends of semi-finished goods.

Supplier commitment to Tarkett supplier Code of conduct: All direct purchases (raw materials and finished goods suppliers) and indirect purchases (local suppliers and service providers for production operations, excluding energy) from manufacturing sites (with the exception of purchases for Lexmark), excluding inter-company spends of semi-finished goods and indirect head office purchases.

CSR indicator definitions (extract from Tarkett CSR Reporting Handbook)

Social

Full time equivalent (FTE): used to measure the effective workforce during the reporting period as opposed to the headcount which is the number of employees present at the end of the reporting period. Reported for both Tarkett payroll employees and external workers.

Headcount: number of Tarkett payroll employees at the last day of the month of reporting period.

Tarkett payroll employees: All workers who are engaged by Tarkett and are on the Tarkett payroll, including interns / trainees and apprentices if on payroll. Excluding non-active staff (employees on leave greater than 6 months).

Permanent contract: Employee engaged by Tarkett for no specified duration (i.e. indefinite contract for an indeterminate period). Exception for China where employees on 2 or more years fixed-term contract are considered as permanent.

Fixed-term contract: Employee on Tarkett payroll engaged for a specified limited duration (i.e. employee temporary contract), including Tarkett Sports seasonal workers.

Geographical zones: EMEA comprises Tarkett EMEA, Tarkett Sports EMEA & corporate; North America comprises Tarkett North America & Tarkett Sports North America; Rest of World comprises Tarkett Eastern Europe, Asia, Australia & New Zealand, Latin America and Tarkett Sports Australia.

External workers: Any worker who does not have an employment contract with Tarkett / is not on Tarkett payroll (e.g. external workers on contract with a temporary staff employment or leasing agency hired to support regular operations).

Manager: A manager is an employee with at least one direct report at the date of reporting (e.g. 31.12), including blue collar workers (e.g. shift leaders, group leaders, extension supervisors and team managers are considered as managers).

Other employees: All employees other than managers at the date of reporting.

Disabled employees: Reported according to local labor laws where permitted.

Top senior executives (EC to EC-1): CEO, members of Executive Management Committee (EC) and the senior executives reporting to them (with or without direct report).

Senior executives (EC to EC-2): Top senior executives and the senior executives directly reporting to them (with or without direct report).

Employees hired: Number of employees (with permanent or fixed-term contracts) added to the payroll including employees hired on the final day of reporting period.

Rate of employee hires: employees hired / headcount

Total number of employee departures: Number of employees (with permanent or fixed-term contracts) removed from the payroll.

Total employee turnover rate: employee departures / headcount.

Permanent employee turnover rate: permanent contract employee departures / permanent employee headcount.

Share of employees having received training: Share of employees in headcount at end of year, where an employee is considered as "having received training" if the cumulative number of training hours received over the full year exceeds 1 full day (8 hours).

Training hours: Training in Tarkett is considered as development activity, with specific support, and confirmation of attendance. For e-learning, the training hours reported correspond, where possible, to the real time spent by employees following online e-learning courses as recorded by the e-learning systems (for both "in progress" and "completed" courses). If real time is not available, the theoretical duration of the online training is taken into account.

PDD, Polyvalence Matrix or equivalent appraisal: The annual appraisal ("Performance and Development Dialogue" and "Polyvalence Matrix") is an annual exchange between the employee and his/her manager to discuss achievements, skills, opportunity for improvement and development program.

Open management positions filled with internal candidate: A management position is a position (manager) with at least one direct report. An open position is a vacancy for which a person has been hired or transferred. An internal candidate is a candidate already a Tarkett employee.

Open management positions filled with a female candidate: A management position filled with an internal or an external female candidate.

Number of external people who received Tarkett Academy training: Number of people (excluding employees and external workers) having completed a Tarkett Academy technical training session / program in the Tarkett Academy network.

Tarkett Academy network: The Tarkett Academy organizes and provides specific technical training programs (amongst others, in flooring installation and maintenance) at dedicated training centers and at other locations.

Dedicated Tarkett Academy technical training center: A Tarkett facility that is dedicated to giving technical training (including training to external people).

Number of injuries - employees: Includes work-related accidents according to the local legal definition for all employees (according to Tarkett's definition of employee). It therefore does not include commuting accidents or accidents of visitors or external workers, which are tracked separately.

LTA: A Lost Time Accident (including fatality) where the individual is more seriously injured and as a result, they are unavailable to attend work for a period greater than 24 hours.

Injuries with lost time <24hours: A workplace injury which is sufficiently serious to mean that the injured person is unable to attend work for the remainder of the day, however are available to return to work the next day.

Injuries with first aid: A workplace minor injury where the injured party is able to return to work following a brief period of minor treatment from an occupational nurse or trained staff member.

Injury frequency rate - LTA only [FR0t]: # LTA x 1 000 000 / worked hours, where the number of LTA include fatal accidents.

Injury frequency rate - LTA and lost time <24 hours [FR1t]: # LTA + # Injuries with lost time <24 hours x 1 000 000 / worked hours, where the number of LTA include fatal accidents.

Lost day rate due to LTA - accident severity rate [TG0t]: # of working days lost for LTA x 1000 / worked hours.

Occupational illnesses: An occupational illness (or disease) is defined as, "any abnormal condition or disorder, other than one resulting from an occupational injury, caused by exposure to factors associated with employment."

Occupational illnesses frequency rate: # Occupational illnesses / worked hours x 1 000 000.

Hours lost for absence: Worked hours lost for unplanned absence (i.e. illness, worked-related accidents, strikes or other unexcused absence) of all employees during the reporting period up to 30 days. Excluding "planned sick leave" absence (e.g. in North America where certain categories of workers, such as office workers, have pre-determined quota of "paid sick days" that they can take without justification and where actual sick days are not tracked) and excluding COVID-19 furlough. Where an employee returns to work, but only part-time (e.g. therapeutic phased return to work), after an absence, then the employee is no longer considered absent.

Absentee rate %: # hours lost for absence / # total scheduled hours.

Progress on "Ensure respect and integrity through adhesion to Tarkett values": Average score to 2 questions in the biennial (every two years) employee feedback survey: "Tarkett has clearly communicated its standards of business conduct and operates in an ethical manner" and "Senior leader's actions and behaviors are consistent with Tarkett's values, including standards of business conduct and ethics".

Progress on "Listen to employees": Score to the following question in the biennial employee feedback survey: "Sufficient effort is made to get the opinions and thinking of people who work in Tarkett". This replaces the previous indicator based on the average of 2 questions.

Progress on "Communicate proactively towards all employees": Average score to 2 questions in the biennial employee feedback survey: "My manager does a good job of keeping me informed about matters that affect me" and "I am kept informed about matters that affect me". In previous editions this was the average of 3 questions.

Total compensation and benefits: Total of short-term employee benefits (as per Group Accounting Manual): wages, salaries and social security contributions; paid annual leave and paid sick leave; profit-sharing and bonuses payable within twelve months of the end of the period; non-monetary benefits, such as medical care, housing, cars and free or subsidized goods or services.

Tarkett Cares

Community initiatives: The Tarkett Cares program promotes the participation of Tarkett employees and Tarkett entities in local community initiatives which help the community for better living and contributes to local community's needs. As per Tarkett Cares guidelines the initiative should be connected to Tarkett's values, core business or sustainability commitment and carried out with an officially recognized non-profit organization (including public services such as schools).

Employees involved: The total number of employees who have volunteered 1 or more hours to community initiatives.

Hours volunteered: The total number of hours volunteered during working hours. As per Tarkett Cares rules, each employee can volunteer (share time and talent) between 1 hour and 2 days per year during working hours. Hours volunteered outside of working hours (e.g. evenings, weekends, holidays) are not included.

Flooring products donated: Total square meters of flooring products donated to community initiatives.

Total value of contributions to community initiatives: Value of flooring products donated based on standard factory price (cost of production) + value of other in-kind contributions (cost of purchased materials) + cash donations + value of volunteered hours (calculated using total employee wages and salaries and FTE).

Business Ethics

% of employees who have received training on Business Ethics in the last 2 years: share of employees (total headcount) who have completed the Tarkett online e-learning, or who have received "in-person" / face to face training, on business ethics (Code of Ethics, Anticorruption, Fair competition, etc.) initiated by the Group or Division legal teams, in the last 2 years.

Total number of hours of employee training on Business Ethics: based on a standard duration for online e-learning or in-person training on Tarkett's Business Ethics of 2 hours.

Environmental

Indicators on raw materials: purchases of raw materials only (excluding indirect purchases and finished products). Most raw material purchase data comes from Tarkett's global SAP data warehouse. The remaining (5%) is reported by plants.

Share of raw materials third-party assessed for their impact on people's health and the environment based on Cradle to Cradle® criteria (% of purchase volume): Share of materials purchased (in metric tons), for which an impact study was carried out pursuant to Cradle-to-Cradle principles "Product Standard Material Health Methodology Nov. 2013" available at www.c2certified.com. Tarkett uses ABC-X classification, which evaluates risks related to the impact of chemical substances on the environment and human health. For raw materials in SAP the ratings A, B, C, [], X and [X] are considered as assessed at a SKU level. For other raw materials the ratings A, B, C, [], X, [X] and Grey are considered as assessed by raw materials family. For PVC materials, an evaluation has been performed among the supply chain to verify use of BAT (Best Available Techniques) technology on chloralkali process as well as additives involved. PVC has been rated according to specific EPEA criteria. For those PVC suppliers that have not yet provided information or have provided incomplete information a precautionary approach is taken and pre-assessed [X] until information will be provided.

Share of materials at the start of supply chain which do not contribute to resource scarcity (% of raw materials in mass): Materials characterized based on resources used in their production process (fossil, limited minerals, abundant minerals, renewable, recycled). The 3 categories not contributing to resource scarcity are: mineral abundant, renewable and recycled. This includes purchased raw materials as well as recycled materials used in production.

Fossil origin: Every resource synthetized from fossil fuel, especially oil, but also sulphates. The category excludes fossil minerals like Calcium carbonate. Polyvinyl Chloride (PVC) is considered as 43% fossil (petrol) and 57% mineral abundant (sea salt).

Mineral origin: A chemical element or inorganic combination of chemical elements occurring naturally, extracted from the ground or water and used in economic activities. The category includes fossil-formed minerals like charcoal or limestone. Mineral abundant resource - that is not threatened by scarcity. It can have important reserve (sea salt – sodium chloride, limestone – calcium carbonate…), very good recycling process (like Aluminium) or be virtually inexhaustible (chlorine in sea water). Mineral limited resource - that is threatened by exhaustion in a short term (as defined by selected models) and that is to be substituted in priority.

Renewable origin: A resource of which reserves can be replenished in the same or less time than the one needed for its consumption.

Recycled origin: Materials that would otherwise have been sent for waste disposal, used in lieu of primary raw materials, including post-consumer and post-installation flooring waste collected by Tarkett (e.g. ReStart®) and effectively recycled and used in Tarkett products; post-manufacturing waste from Tarkett that is reprocessed into secondary raw material and recycled in Tarkett production; recycled (post-consumer and/or post-manufacturing) waste procured by Tarkett from other organizations for Tarkett production and recycled content of other procured raw materials.

Manufacturing environmental intensity indicators: Tarkett tracks and reports its environmental performance per square meter of floor covering and sports surface. These intensity ratios are calculated by dividing the (numerator) environmental manufacturing indicators (water, energy, greenhouse gas emissions and non-recycled waste) by the (denominator) volume of finished goods – floor covering and sports surfaces in square meters. The volume of semi-finished goods is not included.

Water consumption: All water consumed in the production / technical process, including for cooling as well as water not consumed in the production process, but consumed on site (e.g. in sanitary, in canteens). Water sources are groundwater, surface water and municipal water. Excluding rainwater consumption, which is not tracked. Reported groundwater consumption at Bačka Palanka corresponds to the water consumed as measured by on-site meters rather than water pumped from ground.

Share of manufacturing plants that have implemented closed-loop water circuits (or do not use water in their process): Closed-loop water circuit considered as when water is recycled and reused in a closed loop. The only make-up normally required is that needed to replace small water losses. Each plant calculates % of reused water using flow data and formula A / A+B+C where A = volume of water re-used or recycled; B = volume of water consumed and discharged directly and C = volume of water consumed to refill the loop. Plants considered as having closed-loop water circuit when results >= 98%.

Non-renewable fuel consumption: Includes the consumption of fuel oil, natural gas, liquefied petroleum gas, propane and/or butane, other petroleum gas (e.g. ethane).

Renewable fuel consumption: Includes the consumption of biomass, biofuel, geothermal, solar thermal and solar photovoltaic energy. Excluding the purchase of renewable electricity reported separately as part of purchased electricity.

Purchased electricity consumption: Renewable and non-renewable purchased electricity and steam consumption.

- Non-renewable electricity: share of electricity purchased from a supplier using a non-renewable energy source to generate the electricity supplied during the reporting period. Including purchased steam for one plant and a small amount (<1%) of purchased heat from a district heating network for another plant.
- Renewable electricity: share of electricity purchased from a supplier using a renewable energy source to generate the electricity supplied during the reporting period.

Generated electricity sold: renewable electricity generated and sold to the grid (a negligible quantity in 2018 and so not reported in 2019 and 2020).

Total energy consumption: renewable fuel + non-renewable fuel + purchased electricity consumption + purchased steam consumption. NB. Purchased steam consumption is included in consolidated total energy consumption for the first time in 2020 (3.9 GWh). 2019 and 2018 figures have not been restated, and as such do not include the purchased steam corresponding to those years: 2019: 12.6 GWh and 2018: 15.0 GWh.

Greenhouse gas (GHG) emissions reporting: Since 2017 Tarkett aligned its inventory of GHG emissions with the GHG Protocol and GRI 2016 standards. As such it includes the CH_4 and N_20 biomass Scope 1 emissions) as well as reporting separately the outside of scope biogenic CO_2 emissions. Furthermore, it reports both market-based and location-based Scope 2 GHG emissions (which also include CH_4 and N_20 as well as CO_2 emissions).

Gross direct (Scope 1) GHG emissions: Natural gas, fuel oil, LPG, propane, butane, other petroleum gas (e.g. ethane), biomass and biofuel consumption multiplied by their respective emission factors (for biomass consumption this relates only to Scope 1 CH_4 and N_20 emissions, out of scope biogenic CO_2 emissions are reported separately).

Biogenic CO_2 emissions (out of scope): CO_2 emissions arising from the combustion of biomass or biofuel are reported outside of Scope 1, Scope 2 and Scope 3 GHG emissions. These emissions are reported outside of the scope because the Scope 1 impact of these fuels has been determined to be a net ‘0’ (since the fuel source itself absorbs an equivalent amount of CO_2 during the growth phase as the amount of CO_2 released through combustion).

Gross location-based indirect (Scope 2) (GHG) emissions: Total electricity consumption multiplied by the location-based emission factors, where the location-based method reflects the average GHG emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data. GHG emissions related to purchased steam consumption is calculated by multiplying this consumption by an emission factor related to the consumption of electricity produced by coal combustion.

Gross market-based indirect (Scope 2) (GHG) emissions: Electricity consumption multiplied by a market-based emission factor which corresponds to the characteristics of the electricity purchased. For purchased renewable electricity the factor is 0 $kgCO_2e$/kWh. In other cases, the supplier specific emission factor communicated by the electricity provider or in the absence of a specific supplier factor the emission factor based on the regional electricity generation mix or finally the default location-based emission factor. For purchased steam consumption a supplier specific emission factor is used.

Source of emission factors: Scope 1 and out of scope biogenic emission factors ($kgCO_2e$ per kWh) are taken from Defra’s 2020 - UK Government GHG Conversion Factors for Company Reporting. Scope 2 location-based emission factors ($kgCO_2e$ per kWh) are taken from 3 sources: (i) Defra 2020 for UK purchased electricity and for Scope 2 emissions associated to purchased steam consumption (electricity generation based on coal combustion); (ii) US EPA: eGRID 2018v2 - Subregion Emissions – Greenhouse Gases for US regional purchased electricity and (iii) IEA "Emissions Factors (2020 edition considering 2018 results)" for all other countries’ purchased electricity.

Phthalate-free products: Products "without added phthalates" mean that no phthalate plasticizers (DOP or DINP) are contained in virgin raw material (not greater than 0.1% in mass) in the product composition, but recycled material content could contain some residual phthalates.

Share of phthalate-free: Share of finished goods production volume (m^2) potentially containing phthalates, i.e. all vinyl products (including LVT outsourced) and all other products containing PVC parts (e.g. certain carpets produced in North America).

VOC: volatile organic compounds.

Low VOC emission products: Products with TVOC emissions ≤ 100 µg/m³ according to ISO 16000-9 guidelines (emission chamber) and local test methods (wood floorings: excluding natural emissions coming from wood itself).

Non-quantifiable VOC emissions products: Products with TVOC, SVOC and formaldehyde emissions ≤ 10 µg/m³ according to ISO 16000-9 guidelines (emission chamber) and local test methods.

Share of low VOC emission: Share of finished goods production volume (m²) of indoor flooring and indoor sports surface products potentially releasing VOCs, i.e.: all products excluding outdoor grass and outdoor track surfaces.

Waste: All waste removed from the manufacturing plants, (e.g. industrial waste, office waste, waste from canteens, …) removed by a contracted service provider (this may exclude certain non-industrial waste removed by municipal authorities who do not provide any tracking information such as quantity and type of waste removed). Tarkett splits waste by hazardous and non-hazardous and by destination: landfill, incineration with energy recovery, incineration without energy recovery, other treatment and recycling. Non-hazardous waste-water is excluded.

Hazardous waste: Hazardous waste as defined by national legislation at the point of generation.

Non-hazardous waste: Waste not classified as hazardous as defined by national legislation at the point of generation.

Non-recycled waste: All waste excluding waste sent for external recycling or / and sent to other Tarkett plants for internal recycling.

Waste to landfill: All waste sent to landfill.

Waste sent for external recycling: Waste sent for external recycling. Also including carpet waste sent to cement industry as a source of calcium carbonate as well as a replacement to fossil fuel.

ReStart® post-installation or post-consumer products collected: Post-consumer waste includes flooring and sports surface products that have been used and are removed for disposal (e.g. old products retrieved from the floor during a renovation project, potentially with remaining concrete and/or glue). Post-installation flooring waste incurred during the installation of flooring and sports surface products (e.g. not used pieces of clean flooring, reclaimed from installers during installation). Collected through Tarkett organized collection of post-consumer or post-installation waste (i.e. through ReStart® program) in order to be recycled and reintegrated into production whenever possible.

Other CSR indicators:

Supplier commitment to UN Global Compact: Share of direct purchases made with suppliers who have committed to UN Global Compact. Tarkett started in 2011 to integrate in all its supplier agreements a clause requiring suppliers to "maintain a corporate policy that will respect the commitments of the United Nation Global Compact by applying in their company and to their own suppliers the ten principles of the Global Compact which the Supplier undertakes to abide by". Therefore, the suppliers who have signed a formal supply agreement, even if it does not mention UNGC directly but contains same similar clauses, or UN Global Compact clauses with Tarkett are accounted as committing to UN Global Compact principles.

Supplier commitment to Tarkett supplier Code of conduct: Following the launch of our Supplier Code of conduct in 2019, we monitor the share of priority* suppliers (in spend) who have adhered to Tarkett's Responsible sourcing Code of Conduct for Suppliers or equivalent. The indicator is calculated based on suppliers who have adhered in the current year, using purchasing data from the previous year. * Priority suppliers are those suppliers considered to represent greater CSR risks due to Tarkett spend and product category. Accepted equivalents include: a supplier's Code of conduct if validated by Tarkett as being equivalent to Tarkett's Code of Conduct; SA8000 and ISO 14001 certification; B Corp certification and Cradle to Cradle certification of products with all pillars in at least silver level.

3.11.3 GRI and DPEF concordance table

Tarkett has developed a reporting system that follows and goes beyond the French extra-financial performance declaration (DPEF), based on challenging frameworks and guidelines published by international bodies such as the Global Reporting Initiative (GRI).

GRI Standard Disclosure / Description		Universal Registration Document Sections	Correspondence DPEF
102	**General Disclosures**		
	Organisational Profile		
102-1	Name of the organization	3.1.2	
102-2	Activities, brands, products, and services	1.4, 1.6, 3.1.2	
102-3	Location of headquarters	7.1.1	
102-4	Location of operations	1.5, 1.6, 3.1.2	
102-5	Ownership and legal form	7	
102-6	Markets served	1.5, 3.1.2	
102-7	Scale of the organization	1, 3.1.2	
102-8	Information on employees and other workers	3.11.1	Art. R225-105 II. A. 1° a)
102-9	Supply chain	3.9.1	Art. R225-105 II. A. 3° b)
102-10	Significant changes to the organization and its supply chain	1	
102-12	External initiatives	3.5	
102-13	Membership of associations	3.2.3, 3.5	
	Strategy		
102-14	Statement from senior decision-maker	3.1.1	
102-15	Key impacts, risks, and opportunities	3.3, 6.1	Art. R225-105 I. 1°
	Ethics and Intégrity		
102-16	Values, principles, standards, and norms of behavior	3.2.4	
102-17	Mechanisms for advice and concerns about ethics	3.2.4	
	Governance		
102-18	Governance structure	2.1, 2.2, 3.2.1	
102-19	Delegating authority	2.1, 2.2, 3.2.1	
102-20	Executive-level responsibility for economic, environmental, and social topics	3.2.1	
102-21	Consulting stakeholders on economic, environmental, and social topics	3.5	
102-22	Composition of the highest governance body and its committees	2.1	
102-23	Chairman of the highest governance body	2.1	

GRI Standard Disclosure / Description		Universal Registration Document Sections	Correspondence DPEF
102-24	Nominating and selecting the highest governance body	2.2	
102-25	Conflicts of interest	2.1.2.1	
102-26	Role of highest governance body in setting purpose, values, and strategy	2.2	
102-27	Collective knowledge of highest governance body	2.1	
102-28	Evaluating the highest governance body's performance	2.2	
102-29	Identifying and managing economic, environmental, and social impacts	3.3, 6.1	
102-30	Effectiveness of risk management processes	3.3, 6.2	
102-31	Review of economic, environmental, and social topics	3.2.1	
102-32	Highest governance body's role in sustainability reporting	3.2.2	
102-35	Remuneration policies	2.3, 2.6	
102-36	Process for determining remunerati	2.2, 2.6	
102-37	Stakeholders' involvement in remuneration	2.6	
	Stakeholder Engagement		**Art. R225-105 II. A. 3° a)**
102-40	List of stakeholder groups	3.5	
102-41	Collective bargaining agreements	3.10.5.3, 3.11.1	Art. L225-102-1 III.
102-42	Identifying and selecting stakeholders	3.5	
102-43	Approach to stakeholder engagement	3.5	
102-44	Key topics and concerns raised	3.5	
	Reporting Practice		
102-45	Entities included in the consolidated financial statements	3.11.2, 5	Art. L225-102-1 III.
102-46	Defining report content and topic boundaries	3.11.2	
102-47	List of material topics	3.3.4	
102-48	Restatements of information	3.11.1, 3.11.2	
102-49	Changes in reporting	3.2.2, 3.11.2	
102-50	Reporting period	3.11.2	
102-51	Date of most recent report	3.11.2	
102-52	Reporting cycle	3.11.2	
102-53	Contact point for questions regarding the report	3.11.2	
102-55	GRI content index	3.11.3	
102-56	External assurance	3.11.4	Art. L225-102-1 V.
103	**Management Approach**	**3.1, 3.2, 3.6, 3.7, 3.8, 3.9, 3.10**	**Art. R225-105 I. 2° & 3°**

GRI Standard Disclosure / Description		Universal Registration Document Sections	Correspondence DPEF
200	**Economic**		
201	**Economic Performance**		
201-1	Direct economic value generated and distributed	3.1.2, 4, 5	
201-2	Financial implications and other risks and opportunities due to climate change	3.3, 6.1	Art. L225-102-1 III.
203	Indirect Economic Impact		
203-1	Infrastructure investments and services supported	3.9.2	
203-2	Significant indirect economic impacts	3.9.2	Art. R225-105 II. A. 3° a)
205	Anti-Corruption		Art. L225-102-1 III. Art. R225-105 II. B. 1°
205-1	Operations assessed for risks related to corruption	3.2.4.2, 3.3	
205-2	Communication and training about anti-corruption policies and procedures	3.2.4.2	
300	**Environmental**		**Art. L225-102-1 III.** **Art. R225-105 II. A. 2° a)**
301	**Materials**		**Art. R225-105 II. A. 2° c) ii)**
301-1	Materials used by weight or volume	3.6.1.1, 3.11.1	
301-2	Recycled input materials used	3.7.2.3, 3.11.1	
301-3	Reclaimed products and their packaging material	3.7.2.2, 3.11.1	
302	**Energy**		**Art. R225-105 II. A. 2° c) ii)**
302-1	Energy consumption within the organization	3.7.1.1, 3.11.1	
302-3	Energy intensity	3.7.1.1, 3.11.1	
302-4	Reduction of energy consumption	3.7.1.1	
302-5	Reductions in energy requirements of products and services	3.7.1.1	
303	**Water and Effluents**		
303-5	Water Consumption	3.7.1.3, 3.11.1.	Art. R225-105 II. A. 2° c) ii)
305	**Emissions**		**Art. R225-105 II. A. 2° b) & d)**
305-1	Direct (Scope 1) GHG emissions)	3.7.1, 3.11.1	
305-2	Energy indirect (Scope 2) GHG emissions	3.7.1, 3.11.1	
305-3	Other indirect (Scope 3) GHG emissions	3.7.2, 3.11.1	
305-4	GHG emissions intensity	3.7.1, 3.11.1	

GRI Standard Disclosure / Description		Universal Registration Document Sections	Correspondence DPEF
305-5	Reduction of GHG emissions	3.7	
306	**Waste**		**Art. R225-105 II. A. 2° c) i)**
306-2	Waste by type and disposal method	3.6.4.1, 3.9.1	
308	Supplier Environmental Assessment		Art. R225-105 II. A. 3° b)
308-1	New suppliers that were screened using environmental criteria	3.9.1	
308-2	Negative environmental impacts in the supply chain and actions taken	3.9.1	
400	**Social**		**Art. L225-102-1 III.**
401	Employment		
401-1	New employee hires and employee turnover	3.11.1	Art. R225-105 II. A. 1° a)
402	Labor / Management Relations		
402-1	Minimum notice periods regarding operational changes	3.10.5.4	
403	Occupational Health & Safety		Art. R225-105 II. A. 1° c)
403-1	Occupational health and safety management system	3.10.1	
403-2	Hazard identification, risk assessment, and incident investigation	3.3, 3.10.1	
403-3	Occupational health services	3.10.2	
403-5	Worker training on occupational health and safety	3.10.1, 3.10.4.2	
403-6	Promotion of worker health	3.10.2	
403-8	Workers covered by an occupational health and safety management system	3.10.1	
403-9	Work-related injuries	3.10.1, 3.11.1	Art. R225-105 II. A. 1° c)
403-10	Work-related ill health	3.10.2, 3.11.1	Art. R225-105 II. A. 1° c)
404	Training and Education		Art. R225-105 II. A. 1° e)
404-1	Average hours of training per year per employee	3.11.1	
404-2	Programs for upgrading employee skills and transition assistance programs	3.10.4.2	
404-3	Percentage of employees receiving regular performance and career development reviews	3.10.4.1, 3.11.1	
405	Diversity and Equal Opportunity		Art. L225-102-1 III. Art. R225-105 II. A. 1° f)
405-1	Diversity of governance bodies and employees	3.10.3, 3.11.1	
407	Freedom of Association and collective bargaining		Art. R225-105 II. A. 1° d)

GRI Standard Disclosure / Description		Universal Registration Document Sections	Correspondence DPEF
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.10.5.3	
412	Human Rights Assessment		Art. L225-102-1 III. Art. R225-105 II. B. 2°
412-2	Employee training on human rights policies or procedures	3.2.4, 3.11.1	
413	Local Communities		Art. R225-105 II. A. 3° a)
413-1	Operations with local community engagement, impact assessments, and development programs	3.9.2, 3.11.1	Art. L225-102-1 III.
414	Supplier Social Assessment		Art. R225-105 II. A. 3° b)
414-1	New suppliers that were screened using social criteria	3.9.1.1	
414-2	Negative social impacts in the supply chain and actions takens	3.9.1.1	
416	Customer Health and Safety		Art. R225-105 II. A. 3° c)
416-1	Assessment of the health and safety impacts of product and service categories	3.6.1, 3.8, 3.11.1	
417	Marketing and Labeling		
417-1	Requirements for product and service information and labeling	3.6.1.2	

3.11.4 Report of Independent Third-Party Organization

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation or COFRAC*[1]) under number 3-1049 , we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2020 (hereinafter the "Statement"), included in the entity's Management Report pursuant to the requirements of articles L. 225-102-1, L. 22-10-36, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Responsibility of the entity

The Board of Directors' is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditors appointed as independent third party,

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux* comptes or CNCC) applicable to such engagements and with ISAE 3000[2]:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation set out in article L. 22-10-36;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

1 Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr
2 ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information

- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks[1], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[2].
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[4] and covers between 17% and 100% of the consolidated data selected for these tests;

We assessed the overall consistency of the Statement based on our knowledge of the consolidated entities. We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of six people between September 2020 and February 2021 and took a total of ten weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around twenty interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on February 19th, 2021, KPMG S.A.

Fanny Houlliot, Partner, Sustainability Services

Renaud Laggiard, Partner

1 Downtime, disruptions, damage on site; Ethics and integrity in business conduct; Flooring market changes; Evolution, complexity and interpretation of tax regulations; IT & Cybersecurity; Supplier dependency.
2 Tarkett GDL SA; Morton Extrusionstechnik GmbH; Tarkett North America; Tarkett Holding GmbH; Tarkett AB; Tarkett DOO Bačka Palanka .

Appendix

Qualitative information (actions and results) considered most important
Measures taken in favour of employee safety
Actions to combat discrimination
Talent and skills management policy
Principles and procedures to ensure business ethics and integrity
Collective agreements put in place
Objectives and commitments to reduce the environmental impact of the activity
Actions for the reduction of harmful chemicals in products
Measures taken in favour of the circular economy
Actions in favour of transparency on the composition of products
Commitment and solidarity actions in the context of the health crisis
Measures for the fight against computer threats
Promotion of best practices throughout the supply chain

Key performance indicators and other quantitative results considered most important
Total number of employees (as of 31/12) split by gender
Permanent employee turnover rate
Percentage of employees trained at least 1 day during the year
Absentee rate (employees)
Percentage of open management positions filled by internal candidates
Injury frequency rate - Recordable Lost Time Accident Frequency Rate FR1t – employees
Lost day rate due to LTA – accident severity rate [TG0t] – employees
Share of female managers
Water intensity measured as water consumption per m² of manufactured product
Percentage of production sites certified to ISO 14001
Percentage of raw materials not contributing to resource scarcity (abundant, rapidly renewable or recycled)
Percentage of recycled content of raw materials
Energy consumption per m² of manufactured product
Percentage of energy consumption coming from renewable energies
Greenhouse gases emissions due to the energy consumption
Percentage reduction of Scope 1 & 2 GHG emissions per m² of manufactured product compared to 2010
Tons of collected post-installation and post-consumer flooring through the ReStart® program
Percentage of flooring with low VOC emission levels
Percentage of phthalate-free flooring
Percentage of raw materials third-party assessed for their impact on people's health and the environment based on Cradle to Cradle® criteria
Percentage (in spend) of priority suppliers who have adhered to Tarkett's Responsible sourcing Code of Conduct for Suppliers or equivalent
Share (in number) of priority* suppliers who have adhered to Tarkett's Responsible sourcing Code of Conduct for Suppliers

Appendix

List of *Cradle to Cradle*® (C2C) certifications

Product Categories	Product References	Certification Level
Carpet	Desso EcoBase® PA6 Solution Dyed Carpet Tiles Gold	Gold
	Desso EcoBase® Carpet Tile Backing	Gold
	Desso EcoBase® PA 6 Continuous Dyed Carpet Tiles	Silver
	Desso EcoBase® PA 6 Solution Dyed Carpet Tiles	Silver
	ethos® Modular Tile with Omnicoat Technology	Silver
	Solution Dyed Broadloom	Bronze
	Continuous Dyed Broadloom	Bronze
	Desso EcoBase® PA 6.6 Continuous Dyed Carpet Tiles	Bronze
	Desso® PA 6 Solution Dyed Carpet Tiles	Bronze
	Desso® PA 6 Continuous Dyed Carpet Tiles	Bronze
	Desso® PA 6.6 Continuous Dyed Carpet Tiles	Bronze
Resilient flooring	iQOne	Gold
	iD Revolution	Gold
Linoleum	Tarkett Linoleum Flooring	Gold
	Tarkett Linoleum Flooring and Wall Covering Silver	Silver
	Tarkett Linoleum Flooring and Wall Covering Bronze	Bronze
Rubber	BaseWorks® Thermoset Rubber Wall Base	Silver
	Tarkett Rubber Tile Collection	Bronze
Artificial turf	FieldTurf, EasyTurf and Desso product ranges	Bronze
Wood	Parquet	Silver

C2C Material Health Certificates

Product Categories	Product References	Certification Level
Anti-soil	Eco-Ensure	Platinum
Adhesifs	Tandus B-19 Adhesive	Platinum
	Tandus C-56 Floor Primer	Platinum
	Tarkett 959 Vinyl Tile and Plank Adhesive	Platinum
	Tarkett 901 Resilient Flooring Spray Adhesive and Sports HS Spray Adhesive	Silver
	Tarkett Resilient Flooring Adhesives	Platinum
	Tandus Centiva C-12e Pressure Sensitive Adhesive	Silver
	Tandus Centiva C-14e Pressure Sensitive Adhesive	Silver
	Tandus Centiva C-TR Adhesive	Silver
	Tarkett C-EX Pressure Sensitive Adhesive	Silver
	Tarkett RollSmart Adhesive	Bronze
Resilient flooring	iQOne	Platinum
Rubber	BaseWorks® Thermoset Rubber Wall Base	Silver
	Tarkett Rubber Tile Collection	Bronze

List of plant ISO certifications

Site	Products	ISO 9001	ISO 45001/ OHSAS 18000	ISO 14001	ISO 50001
Clervaux, Luxembourg	Resilient flooring	x	x	x	x
Konz, Germany	Resilient flooring	x	x	x	x
Ronneby, Sweden	Resilient flooring	x	x	x	x
Sedan, France	Resilient flooring	x	x	x	x
Jaslo, Poland	Resilient flooring	x		x	x
Lenham, UK	Resilient flooring	x	x	x	
Tuzla[1], Turkey	Resilient flooring				
Narni[2], Italy	Resilient flooring (linoleum)	x	x	x	x
Orzechowo, Poland	Wood flooring	x	x	x	x
Hanaskog, Sweden	Wood flooring	x	x	x	
Waalwijk, Netherlands	Carpet	x		x	
Dendermonde, Belgium	Carpet	x	x	x	x
Otradny, Russia	Resilient flooring	x	x	x	
Mytishchi, Russia	Laminate flooring	x	x	x	
Kalush, Ukraine	Resilient & wood flooring	x	x	x	
Bačka Palanka, Serbia	Resilient & wood flooring, carpet and rugs	x	x	x	x
Farnham, Canada	Resilient flooring	x	x	x	
Florence West, USA	Resilient flooring		x		
Florence East, USA	Premium vinyl tiles (LVT)	x	x	x	
Middlefield, USA	Resilient flooring	x	x	x	
Chagrin Falls, USA	Resilient flooring	x	x	x	
Dalton (Smith), USA	Carpet			x	
Dalton (Kraft), USA	Carpet				
Calhoun, USA	Carpet			x	
Jacareí, Brazil	Resilient flooring	x	x	x	
Suzhou, China	Carpet	x	x	x	
Beijing, China	Resilient flooring	x		x	
Calhoun (FieldTurf), USA	Artificial turf	x	x	x	
Auchel, France	Artificial turf	x			
Toronto, Canada	Shockpads				
Botany, Australia	Artificial turf	x	x	x	
Abtsteinach, Germany	Fibres for artificial turf	x			x
Hunt Valley, USA	Athletic tracks	x			

1 *The site at Tuzla (Turkey) was not yet operational at end of 2020*
2 *The site at Narni (Italy) also has ISO 37001 certification (Anti-Bribery Management Systems) and a Social Responsibility SA 8000 certification.*

ICPE Production Sites in France (Classified Installations for Environmental Protection) – Sedan and Auchel sites

In France, ICPE refers to '*Installations Classées pour la Protection de l'Environnement*' – Classified Installations for Environmental Protection.

The vinyl production facility in Sedan, France is ranked as an Authorization-level Classified Installation by a Prefectural Decree of July 2008 in particular for sections with regard to the processing and storage of plastic materials. Hence the site is subject to "Authorization" for sections:

> 2450-A-a – Rotogravure printing

The Sedan site has entrusted its regulatory surveillance to a specialized firm which enables it to identify evolutions in ICPE regulations. In particular, the site communicated all elements to the authorities concerning the new 3000 and 4000 ICPE sections. The site is organized in case of a major fire or pollution disaster thanks to an Internal Operation Plan (POI) and an internal team of firemen capable of intervening 24 hours a day and 7 days a week.

The site organization complies with the highest standards. Hence, the site is certified for the following standards: ISO 9001 (Quality), ISO 14001 (Environment), ISO 50001 (Energy) and ISO 45001 (Health & Safety), and has maintained the bronze WCM level in July 2019.

Thanks to a proactive policy, the site has considerably reduced its environmental impact. In 2020 the site recycled 99,7% of its waste, with no waste sent to landfill. In 2018 and 2019, the plant recorded less than 5 tons of industrial VOC (Volatile Organic Compounds) emissions (compared to a prefectural decree authorizing up to 30 tons, 2020 results not available at time of publication). Water consumption has been reduced by 40% in 2020 compared to 2015 and wastewater discharges eliminated since the beginning of 2020.

To achieve this, the site uses a structured method for analyzing and reducing environmental impacts.

Finally, to protect the environment from accidental pollution, the site has set up oil separators on storm water discharges and a system that continually analyzes the pollution level on industrial water outputs.

Artificial turf production facility in Auchel

The authorization request to operate the Auchel site (France) was validated by the Préfecture (territorial authorities) on 17/03/2017. The Auchel site factory installations are subject to the registration scheme. The nomenclature version considered to carry out this classification is version 27.01 (October 2015). Accordingly, the site is now subject to registration for sections 2661.1.b and 2661.2.a – Transformation of polymers. The following sections were moreover classified as being subject to declaration (the regulatory level below Registration):

> 2662.3 – Storage of polymers;

> 2663.2.b – Storage of tires and products of which a minimum of 50% of the total unit weight is composed of polymers;

> 4719.2 – Acetylene storage;

> 4719.2 - Stockage d'Acétylène.

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List and justification of non-material CSR topics

The CSR topics listed in the below table are not highly material for Tarkett and were therefore not developed in the CSR report.

CSR Topic	Justification of low materiality for Tarkett
Biodiversity	Tarkett does not operate in areas of high biodiversity value such as natural protected areas and does not develop new activities in pristine areas. As such, our activities do not have a direct impact on sensitive biodiversity features. We can however have an indirect impact on biodiversity, e.g. through natural resources consumption, air emissions or waste generation – topics which are duly addressed in the CSR report.
Air emissions (other than greenhouse gases)	Our main focus concerning air emissions is on greenhouse gases (GHG) due to their global impact on climate change. Some actions implemented to reduce GHG emissions (such as improvement of energy efficiency, development of renewable energies, etc.) in turn reduce emissions of other air pollutants such as nitrogen oxides (NO_x), sulphur oxides (SO_x) or particulate matters (PM). Most of our direct emission sources (e.g. boilers) at our manufacturing sites use natural gas as fuel, thus leading to minimal SO_x and PM emissions. We monitor our air emissions as per regulatory requirements to confirm compliance with applicable emissions standards for other pollutants such as NO_x.
Wastewater discharges	Our main focus is to reduce water consumption, by implementing closed-loop water systems or manufacturing processes which do not consume any water (topic addressed in the CSR report). This in turn minimizes the volume of wastewater discharges at our manufacturing sites. Concerning pollutants, we monitor our wastewater discharges as per regulatory requirements to confirm compliance with applicable standards.
Noise and other nuisances	At our manufacturing sites, we measure boundary noise as per regulatory requirements to confirm compliance with applicable standards and to ensure that we minimize the nuisances for our neighbors. Complaints regarding noise or other nuisances (e.g. odors, lighting, smoke), which very rarely occur, are discussed with the complainant, investigated and subject to appropriate corrective actions as relevant.
Food wastage	Food waste is limited to restaurant services and is managed by external suppliers with their own action plan.
Environmental incidents	Our activities are not likely to generate catastrophic environmental incidents such as a significant oil or chemical spill. We however have emergency response plans in place at our manufacturing sites, which include environmental emergencies. We systematically report and investigate environmental incidents.ence, qui incluent les urgences environnementales, en place sur nos sites de production. Tout incident environnemental est systématiquement reporté et analysé.
Child labor	Tarkett does not operate in countries with a high risk of child labor. Our internal policies and our Code of Ethics completely prohibit child labor.
Rights of indigenous people	Tarkett activities do not involve direct impact or relationship with indigenous people (such as resettlement, land acquisition, etc.).
Combat against food insecurity, respect of animal welfare, responsible, fair and sustainable food supply	These topics are not applicable to Tarkett activities (topics included in the French regulations on non-financial statement – DPEF further to the publication in October 2018 of law n° 2018-938 on balanced trade relations in the agricultural and food sectors and on healthy and sustainable food supply accessible to all).

3

4 ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

4.1 Key figures

The following information concerning the Group's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements as of and for the year ended December 31, 2020 and the notes thereto, free English language translations of which are included in Sections 5.1 and 5.2.

The Consolidated Financial Statements were prepared in accordance with IFRS as adopted by the European Union for the fiscal years in question. The Consolidated Financial Statements as of and for the year ended December 31, 2020 have been audited by the Company's Statutory Auditors. The related report of the Company's Statutory Auditors is included in Section 5.9 "Statutory Auditors' Report on the Consolidated Financial Statements".

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

Key figures

(in millions of euros)	December 31, 2020	December 31, 2019
Consolidated results of operations		
Net revenue	**2,632.9**	**2,991.9**
Organic growth [(1)]	-9.5%	0.7%
Adjusted EBITDA before IFRS 16 [(1)]	**247,0**	**249.5**
% of net revenue	9.4%	*8.3%*
Adjusted EBITDA [(1)]	**277.9**	**280.0**
% of net revenue	10.6%	*9.4%*
Adjusted EBIT before IFRS 16 [(1)]	**118.0**	**120.6**
% of net revenue	*4.5%*	*4.0%*
Adjusted EBIT [(1)]	**119.4**	**121.8**
% of net revenue	*4.5%*	*4.1%*
Result from operating activities (EBIT)	**47.4**	**96.6**
% of net revenue	1.8%	*3.2%*
Net result for the period - Group Share	**(19.1)**	**39.6**
Dividends per share (in euros) [(3)]	-	-
Consolidated financial position		
Shareholders' Equity	770.3	834.2
Net debt before IFRS 16 [(2)]	364.9	547.5
Net debt [(2)]	473.8	636.8
Total Balance Sheet	**2,337.0**	**2,433.8**
Consolidated cash flows		
Cash generated from operations	313.1	448.6
Investments	(74.1)	(124.6)
Free cash flow[(1)]	163.5	231.4
Market capitalization	**944.0**	**943.9**
Headcount at December 31[(4)]	**12,106**	**12,638**

(1) See Section 4.7.
(2) See Section 4.3.3 and Note 7 in Section 5.2.
(3) Will be subject to the approval of the General Shareholders' Meeting on April 30, 2021.
(4) Excluding Laminate Park employees

Key figures

The tables below show the breakdown of the Group's principal performance indicators by segment. Changes in these indicators as compared with the previous year are discussed in Section 4.1.2:

2020 *(in millions of euros)*	**Flooring**			**Sports Surfaces**	**Central**	**Group**
	EMEA	**North America**	**CIS, APAC and Latin America**			
Net revenue	**823,6**	**694,5**	**527,9**	**586,9**	**-**	**2,632.9**
Gross profit	**213,3**	**137,1**	**120,5**	**107,9**	**(0,0)**	**578,8**
% of net revenue	*25.9%*	*19.7%*	*22.8%*	*18.4%*	*0,0%*	*22,0%*
Adjusted EBITDA	**108,9**	**58,9**	**97,4**	**60,5**	**(47,8)**	**277,9**
% of net revenue	*13.2%*	*8.5%*	*18.4%*	*10.3%*	*0.0%*	*10.6%*
Adjustments	**(7.2)**	**(2.3)**	**(0.5)**	**(2.3)**	**(5.3)**	**(17.6)**
EBITDA	**101.7**	**56.5**	**96.8**	**58.1**	**(53.0)**	**260.2**
% of net revenue	*12.4%*	*8.1%*	*18.3%*	*9.9%*	*0.0%*	*9.9%*
Result from operating activities (EBIT)	**48.2**	**(66.1)**	**52.2**	**34.9**	**(21.8)**	**47.4**
% of net revenue	*5.8%*	*-9.5%*	*9.9%*	*5.9%*	*0.0%*	*1.8%*
Capital expenditures	**30.4**	**10.4**	**14.5**	**11.0**	**7.8**	**74.1**

2019 *(in millions of euros)*	**Flooring**			**Sports Surfaces**	**Central**	**Group**
	EMEA	**North America**	**CIS, APAC and Latin America**			
Net revenue	**910.4**	**825.9**	**587.4**	**668.1**	**-**	**2,991.9**
Gross profit	**240.6**	**187.9**	**114.1**	**127.5**	**0.1**	**670.2**
% of net revenue	*26.4%*	*22.7%*	*19.4%*	*19.1%*		*22.4%*
Adjusted EBITDA	**105.3**	**59.9**	**85.9**	**75.2**	**(46.1)**	**280.0**
% of net revenue	*11.6%*	*7.3%*	*14.6%*	*11.2%*		*9.4%*
Adjustments	**(7.2)**	**(12.3)**	**(0.2)**	**(0.1)**	**(5.6)**	**(25.3)**
EBITDA	**98.1**	**47.6**	**85.8**	**75.1**	**(51.7)**	**254.7**
% of net revenue	*10.8%*	5.8%	14.6%	11.2%		8.5%
Result from operating activities (EBIT)	**52.5**	**(28.3)**	**37.7**	**51.1**	**(16.3)**	**96.6**
% of net revenue	5.8%	-3.4%	6.4%	7.6%		3.2%
Capital expenditures	**48.9**	**29.4**	**19.9**	**14.6**	**11.2**	**124.1**

4.1.1 Key indicators and segment information

4.1.1.1 Key figures

Revenue Recognition

Consolidated net revenues are equal to revenues, excluding taxes on sales, of the Group's products and services, as well as transportation costs and customs duties that are invoiced to customers, net of rebates, discounts, returns and intragroup sales. They depend primarily on the growth factors described in Section 1.5.

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

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

The Group's organic revenue growth (see Section 4.7) (i.e. the positive and negative variation of sales due to changes in sales volumes and prices, excluding the effects of changes in scope of consolidation and exchange rates) depends mainly on the following factors, the details of which per segment are described in Section 1.5:

> Competitive advantage;
> The growth potential and structure of each of the Group's markets;
> The Group's product-promotion strategy;
> The economic climate.

Cost of sales

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

> Raw materials used in the Group's manufacturing processes. The Group primarily uses PVC and plasticizers, the cost of which is related in part to the price of crude oil. Wood is another raw material that the Group uses. In 2020, the Group's raw materials costs consisted mostly of PVC and plasticizers (approximately 30%), wood (approximately 8%), fiberglass (approximately 4%) and packaging (approximately 4%). For developments about recent trends in the prices of raw materials used by the Group, see Section 1.6.2.1, "Raw Materials and Suppliers";
> Labor costs, consisting principally of salaries and benefits of production personnel. These costs vary depending on the number of employees and average level of salaries and benefits. In order to control labor costs, the Group uses temporary workers in certain factories to handle the seasonality of some of its activities. Labor costs were stable;
> Transportation and logistics costs, which depend on fuel prices and the Group's operational efficiency (including, for example, its ability to ship products in fully loaded trucks, the location of production sites and the distance from the points of delivery to final customers);
> Other costs, including energy costs such as electricity and gas, maintenance costs associated with the Group's various factories and depreciation and amortization of production and logistics assets.

Purchases of raw materials and similar products, labor costs and transportation and logistics costs represented 52%, 17% and 10%, respectively, of the Group's 2020 cost of sales.

As described in Section 1.6.2.2, over the past several years the Group has implemented a WCM (World Class Manufacturing) programme.

The Group believes that this program has enabled it to realise cumulative savings of €465 million over the 2011-2020 period (more than 2% of cost of sales).

Selling, General and Administrative Expenses

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

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

Research and development

Innovation is critical to the Group's success, ensuring product quality, compliance with regulatory standards and reduced environmental impact. The Group seeks to maintain the highest level of excellence while controlling Research and Development costs, which are small as compared with other operational expenses. These costs include compensation of Research and Development personnel as well as amortization and depreciation of patent-related expenses. Research and development costs represented 1% of the Group's consolidated net revenue in 2020.

SG&A

SG&A includes sales and administrative expenses, as well as the research and development costs described above.

Adjusted EBITDA

To evaluate its business performance, the Group uses an indicator that it calls "adjusted EBITDA" (see Section 4.7), which is equal to operating income before depreciation, amortization and before certain revenues or expenses considered as unusual or non-recurring, such as:

- Restructuring costs intended to grow the Group's future profits;
- Gains or losses on significant asset sales;
- Costs relating to corporate and legal restructuring, including legal fees and acquisition costs, and other post-acquisition adjustments;
- Management fees invoiced by the shareholders of the Company; and
- Expenses relating to share-based payments without any related cash payment.

Management believes that adjusted EBITDA is a useful indicator because it measures the performance of the Group's activities without taking into effect past expenditures (depreciation and amortization) or unusual costs that are not representative of trends in the Group's results of operations. EBITDA and adjusted EBITDA are not standardized accounting terms with generally accepted definitions. They should not be taken as a substitute for operating income, net income or cash flows, nor should they be treated as a measure of liquidity. Other issuers may calculate EBITDA and adjusted EBITDA differently.

Financial income and expense

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

Total income tax

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

4.1.1.2 Segment information

The Group monitors and analyzes its performance by product type (flooring and sports surfaces) and by geographic region.

The Group's four segments are as follows:

- EMEA, a market that is described in Section 1.5.1.1;
- North America, a market that is described in Section 1.5.1.2;
- CIS, APAC, and Latin America, markets that are described in Sections 1.5.1.3 and 1.5.1.4;
- Sports Surfaces, described in Section 1.5.2

4.1.1.3 Foreign exchange differences

Exchange rate fluctuations have a direct impact on the Group's Consolidated Financial Statements, due to the conversion into euros of income statement and balance sheet items of the Group's foreign subsidiaries located outside the euro zone. The principal currencies for which the Group bears this risk are the U.S. dollar (43.4% of consolidated net revenues in 2020), the Swedish krona (7.6%), the pound sterling (2.2%), the Canadian dollar (1.6%), the Brazilian real (1.6%) and the Australian dollar (1.3%).

The Group seeks to develop production capacity in the geographic regions where it distributes its products, thereby creating a natural hedge for a significant portion (although not all) of its gross margin and operating income against exchange rate fluctuations. It enters into derivative contracts to manage the remaining exchange rate risk (especially the risk related to the lag between the time customers are invoiced and the time the Group is paid) with respect to certain currencies (see Note 7.6, "Financial Risks and Financial Instruments," in Section 5.2).

The functional currency of the Group's entities in Russia and the other CIS countries is the euro. Products are sold in rubles, but the Group's policy is to reflect exchange rate fluctuations between the ruble and the euro in its product prices. Only the impact of the lag between the exchange rate fluctuation and the price increase is treated as an exchange rate effect in the analysis below. Although a significant portion of the Group's Russian operating expenses are in euros (since PVC and plasticisers are for the most part imported from the European Union), labor, logistics and transportation costs, as well as other production costs such as energy and maintenance, are almost entirely in rubles.

4.1.1.4 Seasonality

The Group's activities are to some extent seasonal, with an increase in sales generally occurring in the second and third quarters of the year, whereas its working capital requirements are generally higher in the first two quarters of the year. Sales of sports surfaces are particularly influenced by seasonality, as installation work is mainly done between May and October, with a peak in activity during the summer.

Moreover, in certain geographic regions, winter climate conditions can affect work sites and, therefore, flooring installation. In the educational sector, demand is generally higher during school vacation.

In 2020, 53% of the Group's consolidated net revenues were generated in the second and third quarters, as compared with 47% in the first and fourth quarters.

4.1.1.5 Acquisitions

The Group has completed 27 acquisitions since 2007 in connection with its growth strategy. Most of the companies the Group acquired were of moderate-size or mid-size and had product lines or activities in markets that complement those of the Group. For more information, see Section 4.2.1 "Principal investments in 2020 and 2019".

In 2020, the Group concentrated on reducing its indebtedness, and therefore paused its external growth strategy. No acquisitions were made during the year.

4.1.1.6 Presentation of Accounting and Financial Information

The following table reconciles the Group's adjusted EBITDA to operating income for the 2019 and 2020 fiscal years.

Adjusted EBITDA *(in millions of euros)*	**Fiscal year ended December 31**		
	2020	**2019**	**Change**
Result from operating activities (EBIT)	**47.4**	**96.6**	**-50.9%**
Depreciation and amortisation	212.9	158.2	
EBITDA	**260.2**	**254.7**	**+ 2.2%**
Adjustments			
Restructuring costs (1)	13.3	19.7	
Costs related to acquisitions and business combinations	2.4	(0.1)	
Costs related to share-based payments	2.9	4.1	
Other	(0.9)	1.5	
Adjusted EBITDA	**277.9**	**280.0**	**- 0.8%**

(1) In 2020 and 2019 restructuring costs are related to the optimization of production as well as savings initiatives with respect to general costs

The adjustments used in determining adjusted EBITDA for each fiscal year are described in the comparative analyses of the Group's results of operations presented below.

Estimates and assumptions used in preparing financial statements

The preparation of the Group's Consolidated Financial Statements in accordance with IFRS requires it to make a number of estimates and assumptions that have an effect on the amounts of its assets and liabilities, as well as on its income and expenses. Management continually revisits these estimates and assumptions based on its experience and other reasonable factors used in its evaluation. Actual results may differ significantly from these estimates.

These estimates and assumptions relate primarily to the following:

- Impairment of goodwill;
- Provisions for retirement and other employee benefit obligations;
- Other provisions for litigation, warranties and potential liabilities;
- Deferred tax assets (tax loss carryforwards, in particular);
- The fair value of consideration paid, acquisitions of minority interests, and acquired assets and liabilities; and
- Accounting treatment of Financial Instruments.

The management estimates used in connection with the preparation of the Group's financial statements, particularly those relating to the application of accounting techniques and the inclusion of uncertainties, are described in more detail in Note 1.2, "Significant Accounting Principles" to the Group's consolidated financial statements included in Section 5.2.

Goodwill

Goodwill represents the difference between the cost of a business combination and the Group's share of the fair value of the identifiable assets acquired and liabilities assumed on the date control is transferred, corresponding, for example, to the value that the Group assigns to expected synergies and profits. Therefore, evaluation of goodwill may rely on assumptions relating to future cash flows (see Notes 5.1 and 5.2 to the Group's Consolidated Financial Statements included in Section 5.2).

Goodwill is allocated to cash-generating units ("CGUs"), whose accounting value is tested for impairment annually or whenever there is any indication of an impairment loss. Impairment tests seek to determine whether the net recoverable value of an asset or CGU is less than its net book value. If the net recoverable value is lower than the net book value, an impairment charge is recorded in the income statement in the amount of the difference, allocated first to reduce goodwill of such CGU.

The recoverable value of an asset or a CGU is equal to the higher of the market value minus cost to sell, or the value in use. Value in use is determined by discounting estimated future cash flows for each CGU using certain assumptions and estimates of management. Market value is the price that could be obtained under normal competitive conditions from an informed buyer minus the cost to sell.

The calculations used to determine value in use are subject to management's judgment. Cash flows used to calculate value in use are derived from the Group's budgets and business plans, which are in turn based on assumptions relating to revenues, adjusted EBITDA, working capital requirements and investments. If other assumptions or projections were to be used, impairment testing would produce different values in use.

Management conducts impairment testing using its best estimate of the future activity of the CGU in question over the next four years, discounted to present value. After-tax discount rates vary depending on the risk premium used for each geographic market, which were 8.3% for EMEA, 8.7% for North America, 8.5% for APAC, 10.6% for Latin America and 10.3% for the CIS. The primary assumptions for sales growth through 2024 range from 1%

(for certain CGUs in Europe) to 8% (essentially in emerging markets). The value in use calculation also includes the CGU's end value, which projects standard cash flows to infinity with an annual growth rate of between 2% and 4%, depending on the geographic market.

For more information, see Note 5.3 "Impairment of assets" to the Group's Consolidated Financial Statements, included in Section 5.2.

Provisions for retirement and similar obligations

In accordance with the laws and practices of each country where the Group operates, it maintains retirement, health and disability plans and retirement packages for eligible employees and former employees, as well as for their beneficiaries who meet required conditions. As of December 31, 2020 the Group had such retirement commitments in the United States, Canada, the United Kingdom and Germany, as well as in France, Italy, Sweden, Belgium,, Serbia and Russia.

In accordance with IAS 19R, these commitments are valued or updated every six months by independent actuaries. Accounting for actuarial values is based on predicted changes in salaries, medical costs, long-term interest rates, average seniority and life expectancy. An expected rate of return on funds invested is calculated for each plan in accordance with its composition and the projected return of comparable markets. Actuarial values and rates of return are sensitive to changes in predictions and estimates, which are based on assumptions. As of December 31, 2020, the Group had €228.7 million in liabilities relating to employee benefit commitments, of which €93.6 million are covered by funds invested pursuant to the Group' various plans, and the remaining €135.1 million relate to unfunded or partially funded plans for which provisions have been recorded. The most significant of these liabilities are in the United States, Germany, Sweden, Canada, the United Kingdom, and Russia; the entities in these countries maintain sufficient externally-managed investments to cover more than 50% of their liabilities.

For more information on provisions for retirement and similar obligations, see Note 4.1 "Retirement benefits" to the Group's Consolidated Financial Statements included in Section 5.2.

Provisions for Litigation, Product Warranties and Restructuring Costs

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions for litigation, warranties and other potential liabilities are recorded when, at the close of the fiscal year, there exists a legal or implicit obligation resulting from a past event that is more likely than not to result in a cash outflow to a third party, and whose amount can be reliably estimated. The amount recorded as a provision is management's best estimate of the expenditure required to settle the current obligation as of the closing date. Where the time value of money has a significant effect, future outflows are discounted to present value. These provisions relate to environmental, legal, tax and other risks.

The probability of an outflow is calculated based on management's analysis and assumptions and estimates that depend, in turn, on the nature of the risk. For example, in determining the amount of provisions for litigation, the Group's management must evaluate the probability of an unfavorable decision, as well as the amount of potential damages. These items are by their nature uncertain. On the other hand, a warranty provision is recorded at the time a given product is sold, with the amount based on historical data on warranty payments. An additional provision is recorded when an event occurs that may give rise to warranty claims for greater amounts than the hypothetical provision. A restructuring provision is recorded when management approves a detailed restructuring plan and the restructuring is announced publicly or implemented. The provision may prove higher or lower than the amount actually incurred. Provisions may also be reversed, if necessary.

As of December 31, 2020, the Group had €50.7 million in provisions for warranties, restructurings, claims and litigation. For more information on estimation of and accounting for provisions or their impact on the Group's results of operations, see Note 6.1 to the Group's Consolidated Financial Statements, included in Section 5.2.

Deferred tax assets

In accordance with IAS 12 "Income Taxes", the Group recognises deferred tax assets and liabilities on its balance sheet. A deferred tax asset must be recognized for all temporary differences deductible in the future, unused tax loss carryforwards or income tax credits if it is probable that the Group will have future taxable profits that will allow these future tax savings to be utilised.

A deferred tax asset is recognised when it is probable that the Group will use it in the future. Management must use its judgment in determining the amount of the net tax asset to recognise. Projected net taxable profits are estimated on the basis of Management's budget and assumptions, as well as models relating to market conditions. These assumptions and models may have a significant impact on the amounts of deferred tax assets recognised on the Group's balance sheet.

The Group had €27.6 million in deferred tax assets relating to tax loss carryforwards and unused tax credits, of which €12.3 million related to Luxembourg and €12.5 million related to the Group's North American (United States) tax consolidation group.

For more information, see Note 8.2 to the Group's Consolidated Financial Statements, included in Section 5.2.

4.1.2 Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019

The analysis below discusses the Group's results of operations for the fiscal year ended December 31, 2020.

4.1.2.1 Overview

The key figures of the consolidated financial statement are presented in Section 4.1.1.

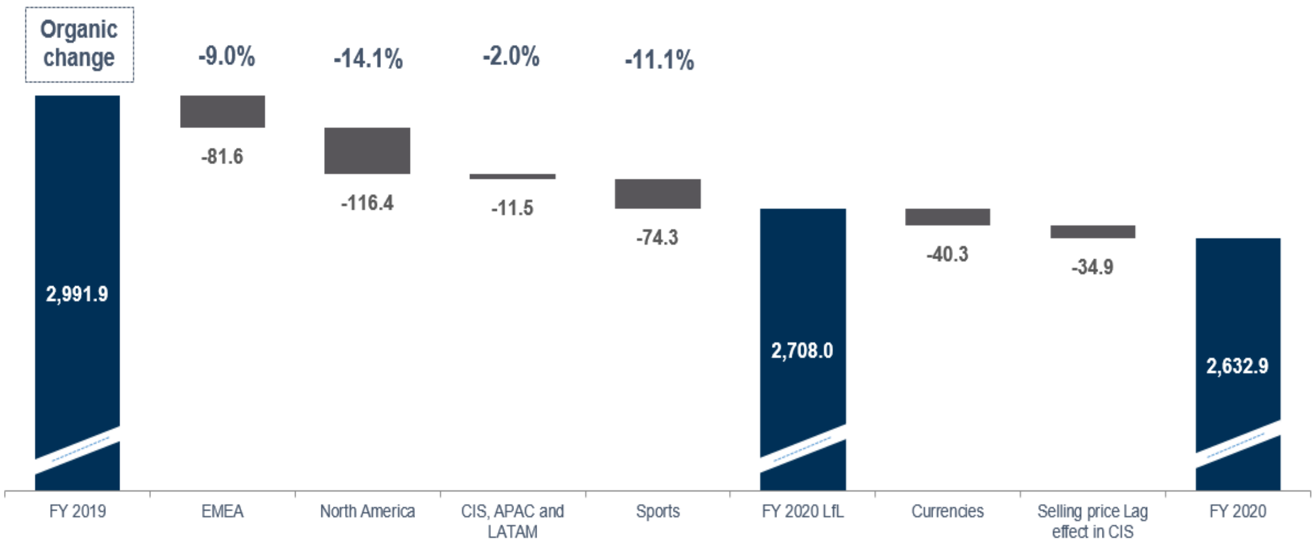
4.1.2.2 Net revenue

In 2020, the **Group's net revenue was €2,632.9 million,** as compared with €2,991.9 million in 2019, an decrease of-12.0%.

The Group recorded **organic growth of -9.5%**, excluding the €(75.2) million of fluctuations in exchange rates, of which €(34.9) million resulted from the lag between changes in exchange rates and the corresponding price increases in Russia. The negative exchange rate effect was generated primarily by the U.S. dollar and the Russian ruble over the course of the second half of the year. At constant exchange rates and scope of consolidation, sales were affected throughout 2020 by the Covid-19 pandemic.

In the second half in particular, the restrictions made necessary by the pandemic resulted in a strong decline in the flooring business, while the Sport segment showed more resilience. Business was also disrupted by a cyber attack in May. In the second half, revenue benefited from a worldwide rebound in Residential as well as sustained activity in Health and Education, while Hotels and Offices were burdened by the delay in implementing investment decisions. The decrease at constant exchange rates and scope improved in the second half as compared with the first half (-12.6% in the first half as compared with -6.7% in the second half). However, sales continued to be affected by the pandemic and the related restrictive measures.

The chart below presents the key factors explaining the evolution of net revenue between 2019 and 2020:



EMEA

The EMEA segment reported net revenues of €823.6 million, down -9.5% compared to 2019 and mainly reflected an organic decline. Organic trends progressively improved in the second semester thanks to sustained growth in residential business. In Commercial, resilient products have also progressively recovered and are supported by a sound level of activity in Healthcare and Education. Commercial carpet remained weak until year end as the Workplace segment was still penalized by the pandemic and restrictions. France and Germany were at the forefront of the sequential improvement in the second semester.

North America

The North American segment reported net revenues of €694.5 million, down -15.9% compared to 2019, reflecting an organic change of -14.1% and a negative forex impact related to the depreciation of the dollar versus the euro over the period. After a good start of the year, the level of activity was significantly down in the second quarter of 2020 with the deployment of shelter-in-place measures and travel restrictions. Sales trends sequentially improved in the third and fourth quarters. This improvement was led by growth in Residential resulting from increased home renovation and some commercial success at key distributors. The recovery of commercial activities was slow and muted in the second quarter and the level of activity remained weak. Workplace and Hospitality were still penalized by the high level of uncertainties over the second semester.

CIS, APAC and Latin America

Net revenues in the CIS, APAC and Latin America segment amounted to €527.9 million, down -10.1% in 2020, largely driven by unfavorable exchange rate fluctuations. The organic change was limited to -2.0% in 2020. After a steep decline in activity in the second quarter, sales recovered in H2 in CIS countries. Volumes increased driven by a dynamic demand and some replenishment of inventories at distributors. This good performance was, however, partially offset by a negative lag effect (net effect of currency and selling price adjustments) in the second quarter. The level of activity in APAC remained disrupted all along 2020 as some countries were affected by second waves of Covid-19 and lockdown. Revenue trends were, however, improving toward year end, in particular in Australia. After a severe drop during the second quarter, sales recovered in Latin America in the second semester and recorded solid growth, mainly driven by price increases.

Sports Surfaces

Net revenues of the Sports segment amounted to €586.9 million, down -12.1% mostly reflecting the revenue decline on a like-for-like basis. After showing strong resilience in the first semester thanks to the sustained level of business in North America despite shelter-in-place measures, sales were slowed down in the second quarter. The business has been affected by projects being delayed, postponed or cancelled. This mostly affected the thrid quarter, which is the peak season quarter. Sales trends sequentially improved in the last quarter but activity remained weaker than 2019. The slowdown mostly affected the artificial turf business, which had been particularly buoyant over the past few years. Conversely, running tracks activity was solid and up compared to 2019.

4.1.2.3 Gross profit

The Group's gross profit decreased from €670.2 million in 2019 to €578.8 million in 2020, a decrease of €91.4 million. It represented 22.0% of revenue in 2020, a 0.4 point decrease as compared with 2019. This decrease was due primarily to:

- An unfavorable volume/mix effect mainly due to the pandemic;
- An unfavorable forex effect, in particular with respect to the ruble.

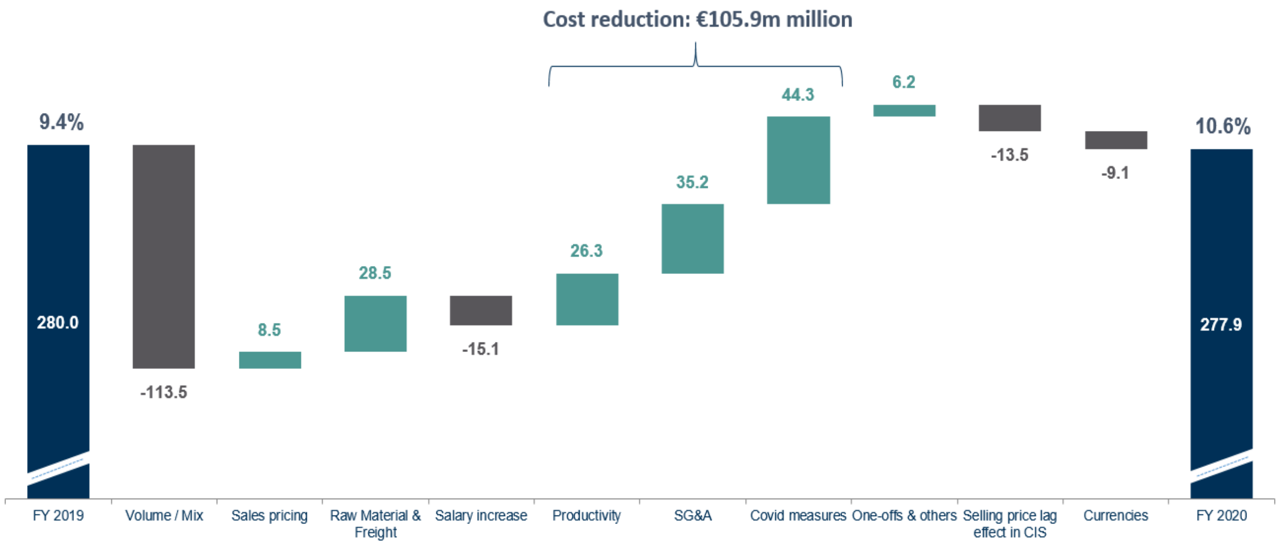
And mitigated by:

- Continued industrial productivity actions in connection with the WCM program, as well as the restructuring of the manufacturing facilities, resulting in savings in production costs;
- The improvement in raw materials costs over the course of the year, in all segments; and
- One-off measures taken in response to the downturn, such as the use of partial furlough.

4.1.2.4 Adjusted EBITDA

Adjusted EBITDA was €277.9 million in 2020, as compared with €280.0 million in 2019. It represented 10.6% of revenue in 2020 and 9.4% in 2019. The first semester decline caused by the outburst of the pandemic and the first waves of strict lockdown were fully offset by the profit recovery in the second semester. Earnings in the second semester were positively impacted by the structural cost reduction measures and the decrease in raw material prices. In addition, the second semester Adjusted EBITDA benefited from the aforementioned cyber insurance indemnities.

The main factors explaining the change in the Group's adjusted EBITDA are the same factors described with respect to gross profit and operating income. These factors are shown in the graph below.



The main factors in the per-segment changes in adjusted EBITDA margin are as follows:

- **EMEA**: the EMEA segment recorded an Adjusted EBITDA margin of 13.2%, up 160 basis point compared to 2019. The volume decrease was fully offset by cost reduction and lower purchasing costs. On top of the structural actions at the SG&A level and further footprint optimization, a vigorous mitigation plan was deployed at the end of March and various measures are still in place;
- **North America**: the Adjusted EBITDA margin amounted to 8.5% in 2020 compared to 7.3% in 2019. The significant decline in activity was largely offset by strong cost reduction and lower purchasing costs. The strategic initiatives to restore the profitability were topped by drastic cut in discretionary spending and furlough schemes, mostly in second and third quarters. As part of the recovery plan, a simplified organization has been implemented and additional cost saving actions are being deployed;
- **CIS, APAC, and Latin America**: the CIS, APAC and Latin America segment recorded an Adjusted EBITDA margin of 18.4%, up 380 basis points. Profitability increased thanks to a strong productivity level and significant SG&A cost reduction. These savings are both structural and related to specific Covid-19 measures, including temporary wage cost reduction. Purchasing costs also decreased while their localization in CIS increased. The return to growth in CIS countries also supported this rocket margin increase;
- **Sports Surfaces**: the Sports recorded an Adjusted EBITDA margin of 10.3%, down 90 basis point compared to last year. However, 2019 margin included a positive IP settlement. Restated from this one-off, the Adjusted EBITDA margin was roughly stable year-on-year thanks to significant cost reduction and a higher level of efficiency;
- **Centralised costs, which are not allocated by segment**, totalled €47.8 million in 2020, a moderate increase (3.5%) as compared with 2019, reflecting the usual salary increases, and investments in digital marketing, CSR and cyber-security.

4.1.2.5 Result from operating activities (EBIT)

The Group's 2020 result from operating activities totaled €47.4 million, or 1.8% of revenue. Result from operating activities decreased by 50.9% in 2020 as compared with 2019. In addition to the items described in the change in gross profit, the decrease in result from operating activities is mainly explained by €53.1 million of non-cash asset impairment booked during the first semester mostly related to the impact of the pandemic on the Hospitality business (see Note 5.3 in Section 5.2).

4.1.2.6 Financial income and expense

The Group's financial result was €(33.7) million in 2020, as compared with €(38.8) million in 2019. This decrease is the result of lower interest-bearing financial debt and decrease of US dollar interest rates

4.1.2.7 Income tax expense

Income tax expense for 2020 was €(31.5) million, a 121.8% increase as compared with an expense of €(14.2) million in 2019. This is mainly due to foreign exchange effects on deferred tax assets in CIS countries, the Beat Tax in the United States and the depreciation of deferred tax assets in France.

4.1.2.8 Net profit

The Group's net profit was €(19.1) million in 2020, as compared with €39.6 million in 2019.

As a result, net profit attributable to owners of the Company was €(19.1) million in 2020 and €39.6 million in 2019.

4.2 Investments

4.2.1 Principal investments in 2020 and 2019

Cash used in investing activities was €(68.9) million in 2020 and €(123.4) million in 2019.

Investment in property, plant and equipement and intangible property significantly decreased in 2020 (2.8% of revenue in 2020 as compared with 4.2% in 2019). Investments in property, plant and equipment include acquiring and constucting new factories as well as purchasing new equipment following the acquisition or creation of new entities. They also include 'ongoing investments," which consist of all investments in property, plant and equipment other than those relating to new factories and acquisitions. They do not include the increase in assets relating to the application of IFRS 16.

To illustrate the Group's commitment to its long-term growth strategy and the continual optimization of its activities, investment expense is expected to amount to between 3% and 5% of revenues in the next two to three years.

The table below shows the Group's main investments in 2020 and 2019.

(in millions of euros)	**For the year ended December 31**	
	2020	**2019**
Acquisition of subsidiaries net of cash acquired	-	(2.5)
Acquisitions of intangible assets and property, plant and equipment	(74.1)	(124.6)
Proceeds of disposals and dividends received	5.2	3.7
Effect of changes in the scope of consolidation	-	0.0
Net cash from (used in) investment activities	**(68.9)**	**(123.4)**

4.2.1.1 Principal investments in 2020

In addition to the acquisitions of subsidiaries described in Section 4.1.1.5 “Acquisitions” the principal investments carried out in 2020 include:

- **EMEA**: Strengthening capacity to produce LVT (Luxury Vinyl Tiles) in Luxembourg and Poland, and finalizing of the construction of a new factory in Turkey;
- **North America**: Continued actions to improve productivity and finalizing deployment of the Group’s ERP;
- **CIS**: Finalizing of capacity for wood products in Russia and actions to improve productivity;
- **Group**: Finalizing deployment of the Group’s ERP and IT investments in particular on the Web platform.

4.2.1.2 Principal investments in 2019

In addition to the acquisitions of subsidiaries described in Section 4.1.1.5 “Acquisitions” the principal investments carried out in 2019 include:

- **EMEA**: strengthening capacity to produce LVT (Luxury Vinyl Tiles) in Luxembourg, ongoing construction of a new factory in Turkey;
- **North America**: continued actions to improve productivity and deployment of the Group’s ERP;
- **CIS**: reinforcement of capacity for wood products in Russia;
- **Group**: continued deployment of the Group’s ERP and IT investments.

4.2.2 Principal Investments Underway

Principal investments underway in 2020 included continuing projects from the previous year, in particular projects aimed at strengthening production of luxury vinyl tiles (LVT) , while at the same time improving the efficiency and ecological footprint of their manufacture.

In Europe, since 2018 an investment of more than €20 million over three years has been allocated to the European production sites, in particular in Luxembourg, Poland, and Turkey.

4.2.3 Principal Future Investments

The Group continually seeks new investment opportunities, rigorously analyzing the potential for a attractive return on its investment. With respect to investments, the Group’s main objectives are to continually improve competitiveness, reinforce operational excellence, and acquire and modernize equipment in order to support the Group’s expected growth. The Group is planning an internal investment strategy to achieve those goals.

The Group’s planned external growth strategy is based on three main objectives: geographical development, the expansion of its product lines, and industry consolidation. For more information, see Section 1.3 “Strategy”.

4.3 Liquidity and Capital Resources

For a description of the Company's share capital and financial structure, see Notes 7.3 “Net Debt”, 7.4.2 “Other Financial Liabilities” and 9.1 “Share Capital” to the Group's Consolidated Financial Statements included in Section 5.2.

4.3.1 Overview

The Group's objective is for ongoing investments to total approximately 3% of net consolidated revenue in 2021. "Ongoing investments" consist of all investments in property, plant and equipment and intangible assets other than those relating to new factories and acquisitions.

Investments in the Group's growth (primarily factory construction and acquisitions) are financed through debt and the Group's own financial resources, in line with its policy of maintaining a sound financial structure.

As of December 31, 2020, the Group's net debt before application of IFRS 16 was €365.0 million, a decrease of €182.5 million from net debt of €547.5 million as of December 31, 2019. The ratio of net debt to adjusted EBITDA is of 1.5x (as compared with 2.2x as of December 31, 2019).

As of December 31, 2020 and December 31, 2019, cash and cash equivalents totaled €328.6 million and €137.7 million, respectively. In addition, the total amount available under the Group's credit facilities as of December 31, 2020 was €954.9 million.

In 2020, in view of the health and economic context related to the Covid-19 virus, the Group has decided not to distribute a dividend to its shareholders in respect of fiscal year 2019.

4.3.2 Cash flows

(in millions of euros)	**December 31, 2020**	**December 31, 2019**
Cash flows from operating activities		
Net profit before tax	12.4	53.8
Adjustments for:		
Impairment, depreciation and amortization	211.1	158.1
(Gain) loss on sale of fixed assets	(4.2)	(2.7)
Net finance costs	33.7	38.8
Change in provisions and other non-cash items	(5.7)	6.2
Share of profit of equity accounted investees (net of tax)	1.2	4.0
Operating cash flow before working capital changes	**248.6**	**258.2**
Changes in working capital	64.5	190.4
Cash generated from operations	**313.1**	**448.6**
Other operating items (tax and financial items)	**(49.0)**	**(64.3)**
Net cash from (used in) operating activities	**264.1**	**384.3**
Net cash from (used in) investment activities	**(68.9)**	**(123.4)**
Net cash from (used in) financing activities	**(1.2)**	**(219.5)**
Net increase (decrease) in cash and cash equivalents	**194.0**	**41.4**
Cash and cash equivalents, beginning of period	137.7	95.7
Effect of exchange rate fluctuations on cash held	(3.1)	0.6
Cash and cash equivalents, end of period	**328.6**	**137.7**

4.3.2.1 Cash flows from operating activities

Net cash from operating activities before changes in working capital was €248.6 million in 2020, a decrease of €9.6 million as compared with 2019. This change is primarily explained by the decrease in profit before tax for €41.4 million offset by asset impairments for €53.1 million.

Changes in the Company's working capital requirements had a positive effect of €64.5 million on cash flow from operating activities in 2020, as compared with a positive effect of €190.4 million in 2019 due primarily to the implementation of trade receivables assigments for €126.3 million. The change in 2020 is mainly explained by inventory reduction for €46.5 million.

4.3.2.2 Cash flows from (used in) investment activities

Cash used in investment activities decreased from €(123.4) million in 2019 to €(68.9) million in 2020, primarily due to the adaptation of projects in the context of the health and economic crisis related to the Covid-19 virus.

4.3.2.3 Cash from (used in) financing activities

Net cash relating to financing activities were negative, going from €(219.5) million in 2019 to €(1.2) million in 2020, primarily due to significant repayments of loans and other borrowings.

4.3.3 Financial debt

4.3.3.1 Summary of net financial debt

As of December 31, 2020, the Group's net financial debt was €473.8 million, before application of IFRS 16 was €365.0 million. The Group's gross debt on the same date totaled €802.4 million and €693.6 million before application of IFRS 16. Net financial debt decreased in 2020, as cash flow from operating and financial activities were positive.

4.3.3.2 Cash and cash equivalents

As of December 31, 2020 and December 31, 2019, cash and cash equivalents totaled €328.6 million and €137.7 million, respectively. As of December 31, 2020, available cash was located primarily in the Group's holding company (€256.0 million) and in Serbia (€16.5 million). As of December 31, 2019, available cash was located primarily in the Group's holding company (€58.8 million) and in Serbia (€22.9 million).

4.3.3.3 Gross financial debt

As of December 31, 2020, the Group's gross financial debt was composed principally of German private placements (known as "Schuldscheins"), with a total balance of €606.3 million at year-end. The table below presents the Group's gross financial debt as of the dates indicated.

(in millions of euros)	December 31, 2020		December 31, 2019	
	Long-term	Short-term	Long-term	Short-term
Bank loans	2.3	73.6	57.2	3.6
Private placements	549.8	56.5	612.1	-
Other loans	1.3	-	1.8	-
Bank overdrafts	-	6.8	-	7.2
Lease agreements [(1)]	2.5	0.8	2.5	0.8
Interest bearing loans and borrowings	**555.9**	**137.7**	**673.6**	**11.6**
Total interest bearing loans and borrowings	**693.6**			**685.2**
Leases [(2)]	85.8	23.0	66.6	22.7
Total interest bearing loans and borrowings	**802.4**			**774.5**

(1) Leases recorded in accordance with former IAS 17 - Finance leases.
(2) Leases recorded in accordance with IFRS 16 (excluding leases previously recorded in accordance with IAS 17).

As of December 31, 2020, the Group's principal sources of debt were the following:

- **Revolving syndicated credit facility (RCF)**: the RCF is a €700 million floating rate multi-currency Revolving Credit Facility entered into in May 2019 for an initial term of five years with options to extend for one or two additional years, the first of which was granted in May 2020 by the bank syndicate. It had not been drawn down as of December 31, 2020. Under this loan, the Group is required to comply with the financial covenants described in Section 4.3.4, "Revolving Syndicated Multi-Currency Credit Facility".
- **Schuldscheins**: These are three private placements entered into in June 2016, April 2017, and June 2019. These private placements, the purpose of which is to obtain additional liquidity and to diversify the Group's sources of financing, are described in Section 4.3.5 "German law private placements (Schuldscheins)".
- **Factoring agreement**: In 2019, Tarkett implemented non-recourse factoring lines of credit for certain European, U.S., and Asia-Pacific subsidiaries These lines of credit were entered into for deconsolidation purposes and had been used in the amount of €131.0 million (or the equivalent in foreign currency) as of December 31, 2020.
- **Security lines**: In order to prepare for the potential negative effects of the health and economic crisis on its liquidity, Tarkett entered into two short-term lines of credit in May 2020:
  - A revolving syndicated credit facility in the amount of €175 million, entered into for a term of one year and extendable for six months at Tarkett's option, and then for an additional six months with the consent of the banks. This line of credit had not been used as of December 31, 2020;
  - A loan guaranteed by the French government (*prêt garanti par l'Etat*, or "PGE") in the amount of €70 million, for a term of one year, with an option to extend at Tarkett'sinitiative for one to five additional years. This loan, which has been drawn down, was recorded in current financial liabilities.

The following table provides a summary of the maturities and interest rates applicable to the Group's debt as of December 31, 2020.

December 31, 2020 *(in millions of euros)*	**Currency of draw-down**	**Interest rate**	**TOTAL**	**12 months or less until 12/31/21**	**2 years until 12/31/22**	**3 to 5 years until 12/31/25**	**More than 5 years**
Bank loans							
Other bank loans	RMB	5.22%-5.70%	5.9	3.6	1.6	0.7	-
Other bank loans	EUR	0%	70.0	70.0	-	-	-
Subtotal bank loans			**75.9**	**703.6**	**1.6**	**0.7**	**-**
Private placements (Europe)	EUR	1.15% - 1.722%	544.0	56.5	102.0	334.5	51.0
Private placements (Europe)	USD	1.79%-1.82%	62.3	-	40.7	21.6	-
Other loans	EUR	1.17%	1.3	-	1.3	-	-
Bank overdrafts			6.8	6.8	-	-	-
Leases [(1)]			3.3	0.8	0.8	1.6	0.1
Interest bearing loans and borrowings			**693.6**	**137.7**	**146.4**	**358.4**	**51.1**
Leases [(2)]			108.8	23.0	18.3	39.9	27.6
Interest bearing loans and borrowings			**802.4**	**160.7**	**164.8**	**398.3**	**78.7**

(1) Leases recorded in accordance with former IAS 17 - Finance leases.
(2) Leases recorded in accordance with IFRS 16 (excluding leases previously recorded in accordance with IAS 17).

4.3.4 Revolving Syndicated Multi-Currency Credit Facility

The Group's principal reserve source of financing is the RCF, which is available for a term of five years as from May 24, 2019, with two extension options for one year each. This credit facility may be used jointly by Tarkett and its U.S. holding company, Tarkett Finance Inc. It was unused as of December 31, 2020, compared with a drawdown of €53.4 million as of December 31, 2019. It is composed of one €700 million floating-rate line of credit, which can be used in multiple currencies through drawdowns of two weeks to six months, and a "swingline" sub-line of credit for €60 million, which may be drawn down for periods of one to five days. The amount that may be drawn down in U.S. dollars is limited to the equivalent of €350 million.

Interest Rates under the RCF

The effective interest rate for each drawdown under the RCF is composed of a base rate plus an applicable margin. The base rate is Euribor for drawdowns in euros and Libor for drawdowns in US dollars. The transition to new base rates is described in Note 1.2.1 in Section 5.2 "Notes to the Consolidated Financial Statements." The applicable margin is determined based on the Group's leverage ratio (as defined below) at the end of the most recent half-year period. The relationship between the leverage ratio and the applicable margin is summarized in the table below.

Leverage Ratio	Applicable Margin
≤ 1.00x	0.35%
1.00x ≤ 1.50x	0.40%
1.50x ≤ 2.00x	0.50%
2.00x ≤ 2.50x	0.60%
2.50x ≤ 3.00x	0.70%
3.00x < 3.50x	0.95%
3.50x < 4.00x	1.20%

The last tranche, from 3.50 to 4.00, applies only under certain conditions, described below.

Restrictive financial covenants

The Revolving Credit Facilty includes only one financial covenant, the Leverage ratio.

Leverage ratio

The leverage ratio covenant limits the Group's indebtedness and leverage. Under this covenant, the Group's net debt as of the end of each half-year must be less than three and a half times its adjusted EBITDA (as defined in the loan agreement) as of June 30 of each year, and three times its adjusted EBITDA as of December 31 of each year, with EBITDA calculated over the 12 months preceding the end of the half year in question. In the event of an acquisition for more than €50 million, these new limits are increased by 0.5x of EBITDA for a period of 18 months. As of December 31, 2020 and December 31, 2019, the Group was in compliance with this ratio, having an average leverage ratio of 1.5x and 2.2x of adjusted EBITDA for the period, respectively. However, as a precaution, Tarkett obtained an exemption from its financial partners from compliance with the financial ratio as of December 31, 2020.

Change of Control Provisions

The RCF syndicated credit facility contains a change of control clause in the event that the Deconinck family ceases to control the Company. For this purpose, the Deconinck family is defined as "Ms. Catherine la Bonnardière (born Deconinck), Mr. Bernard-André Deconinck, Mr. Didier Deconinck, Mr. Eric Deconinck and their children and spouses, acting individually or collectively and directly or indirectly through a company held exclusively by them." The clause permits renegotiation of the terms of the credit facility, and if the Group were to fail to reach an agreement with its banks in such case, each lender would have the right to demand immediate repayment of its portion of the loan. The word "control" as used in this clause is defined by the French Commercial Code and includes actions "in concert", as defined in such Code.

4.3.5 German law private placements (Schuldscheins)

There are three such issuances:

A June 18, 2019, issuance, intended to refinance a portion of the June 2016 issuance, in the following tranches:

- €23.0 million at fixed rate for five, six, and seven years;
- €121.0 million at floating rate for five, six, and seven years;
- USD 26.5 million at floating rate for five years.

An April 19, 2017, issuance in the following tranches:

- €72.0 million at fixed rate for five years;
- €30.0 million at floating rate for five years;
- USD 50.0 million at floating rate for five years;
- €118.0 million at fixed rate for seven years;
- €32.5 million at floating rate for seven years.

A June 2016 issuance, which now includes only the following tranches:

- €56.6 million at fixed rate for five years;
- €91.0 million at fixed rate for seven years.

The principal legal and financial commitments under the 2019 Schuldschein are the same as those under the June 2019 revolving credit facility, but the Leverage ratio is test as at December 31st only.

The 2016 and 2017 Schuldschein agreements were the subject of bilateral negotiations in 2020, in order to align their legal provisions with those of the 2019 Schuldschein agreement. Following these discussions, the agreements retaining their original provisions represented only €68.9 million. The principal difference compared with the aligned agreements is that they include an acquisition increase that is exercisable for a shorter period of time, as well as a second financial covenant, Net Interest Cover, with which the Group was in compliance as of December 31, 2020.

4.3.6 Shareholders' Equity

The Group's shareholders' equity was €770.3 million as of December 31, 2020 and €834.2 million as of December 31, 2019. Changes in shareholders' equity in 2020 resulted primarily from changes in the Group's net profit, as described in Section 4.1.2.8 "Net profit" and the negative change in translation reserves.

4.3.7 Off-balance sheet commitments

Lease commitments

Off-balance sheet lease commitments are described in Section 5.2 "Notes to the Consolidated Financial Statements".

Guarantees and Off-Balance Sheet Commitments

The following table presents guarantees given by the Company as of December 31, 2020 (including those relating to debt already included on the balance sheet), as well as guarantees received from customers:

Group Off-Balance Sheet Commitments (in millions of euros)	December 31, 2020	December 31, 2019
Federal Insurance Company	(61.1)	(79.4)
Ester Finance Titrisation	(34.6)	(26.1)
Swedish retirement insurance company (Pri-Pensionsgaranti)	(20.6)	(19.3)
Other	(21.4)	(18.7)
Tarkett parent company guarantees	**(137.7)**	**(143.5)**
Other commitments given to subsidiaries	(77.4)	(14.8)
Commitments given	**(215.1)**	**(158.3)**
Corporate or personal guarantees from clients or other debtors	5.0	8.0
Commitments received	**5.0**	**8.0**

The principal commitments include the following:

- a counter guarantee provided to Federal Insurance Company ("FIC") pursuant to a general indemnity agreement for a maximum amount of USD 75.0 million to permit FIC to issue bonds on behalf of FieldTurf Tarkett Inc., which had been used in full as of December 31, 2020;
- a Joint and Several Guarantee for a maximum amount of USD 75.0 million for the benefit of Ester Finance Technologies, relating to the collections on its behalf in connection with the securitization line of credit set up with the U.S. subsidiary Tarkett Finance Inc.;
- a guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 206.9 million;
- a guarantee covering 50% of a credit line for a maximum amount of €10 million granted to the Group's Laminate Park GmbH & Co KG joint venture, which had been used in the amount of €9.7 million as of December 31, 2020;
- a guarantee for raw materials provided to a supplier of the Group's subsidiary Morton Extrusionstechnik (MET) raw materials deliveries of up to €7.0 million, of which €0.3 million was used as of December 31, 2020;
- guarantees provided by Tarkett S.A. to the banks of certain subsidiaries, including Tarkett Limited (United Kingdom), Tarkett BV (Netherlands), Tarkett Asia-Pacific (Shanghai) Management Co Ltd., Tarkett Industrial (Beijing) Co Ltd (China), and Tarkett SpA (Italy), in order to enable them to obtain short-term financing or letters of credit for a maximum total amount of €34.5 million, which had been used in the amount of €11.4 million, as of year-end 2020.

Other

One of the Group's subsidiaries is a co-defendant in a group of cases in the United States relating to injuries allegedly caused by asbestos. In addition to provisions recorded, the Group maintains three funds (for a total amount of USD 15.9 million as of December 31, 2020) as well as insurance policies in respect of this litigation and the possibility of additional cases being brought. For more information, see Section 4.5 "Legal and Administrative Proceedings".

4.4 Material contracts

See Section 4.3.4 "Revolving Syndicated Multi-Currency Credit Facility".

4.5 Legal and administrative proceedings

The Group may be involved in legal, administrative or regulatory proceedings in the ordinary course of its business. The Group sets aside a provision for the cases that it considers likely to result in financial loss for Tarkett or one of its subsidiaries.

The aggregate amount of provisions relating to legal proceedings was €19.9 million as of December 31, 2020.

As of the date of this Universal Registration Document, apart from the matters described below, the Group is not aware of any governmental, legal or arbitration proceedings (including any threatened or suspended proceedings) that could have or have had in the past twelve months a material effect on the Group's financial condition or the profitability of Tarkett or the Group.

France

Action filed by a group of installers

In November 2018, a group of installers filed a claim for damages in the Commercial Court of Paris relating to the potential harm caused by the anticompetitive practice sanctioned by the French Competition Authority's decision No. 17-D-20 of October 18, 2017. To date, the investigative phase of this case is still in an early stage, with respect to both the merits of the claim and the formal evidence produced, procedure is still on-going.

United States

Asbestos Litigation

Domco Products Texas Inc. ("Domco"), a subsidiary that Tarkett acquired in 1991 (then known as Azrock Industries Inc. ("Azrock")), is subject to several lawsuits related to its production of asphalt and vinyl floor tiles containing asbestos between 1932 and 1982. As of December 31, 2020, there were 693 pending lawsuits filed against Domco in multiple U.S. jurisdictions. Of the 693 lawsuits pending, 41 are cases involving both an identification of Azrock products and a diagnosis of mesothelioma. Of all of the claims filed against Domco over the last 17 years, three reached the verdict stage - two of which were granted in favor of Domco, and one of which was granted to a plaintiff in the State of Washington, requiring Domco to pay an amount of USD 1,071,705 (USD 371,705 after offsets).

As of December 31, 2020, Domco had succeeded in obtaining dismissal of 1,521 cases since 2015, and entered into 36 settlement agreements in 2020, for an amount of USD 2.6 million. Approximately 40 disputes have been settled per year since 2015, for an average annual amount of USD 2.8 million. Domco maintains cost-sharing policies with its insurance companies to cover the liabilities associated with these claims. Domco also covers a portion of these various expenses itself. For further information on the Group's management of these cases, see Section 4.3.7, "Off-Balance Sheet Commitments".

Action filed by two New Jersey customers relating to Duraspine fiber.

In December 2016, two customers filed lawsuits against FieldTurf in federal court in New Jersey concerning the quality of their sports fields made with Duraspine fiber. They sought to certify the class of all FieldTurf customers who had purchased Duraspine fields.

These lawsuits alleged that FieldTurf misled customers about the durability of their Duraspine fields, breached their warranties, and violated various consumer protection laws.

Since then, 15 other customers have asserted similar claims. The claims of all of these customers have been consolidated in the federal court in New Jersey before the same judge.

To date, only the discovery period has been completed.

In addition to the consolidated class action, there are, to the Company's knowledge, four other cases that were brought by individual customers in state courts in Texas. Two of the cases were settled in 2019. The two others resulted in judgments against FieldTurf. In the first case, the jury awarded USD 151,000 in damages to the plaintiff for breach of warranty. The plaintiff has appealed from the decision, and the proceedings remain ongoing. In the last case, the jury ordered FieldTurf to pay USD 171,000 in damages. The plaintiff appealed, and FieldTurf has filed a cross-appeal.

4.6 Future prospects

For purposes of preparing its internal budgets and planning its operations and investments, the Group makes estimations regarding outlook and sets certain objectives relating to its results of operations. These estimations and the Group's goals, summarized below, are based on information, assumptions and estimates that the Group's management considers to be reasonable as of the filing date of this Universal Registration Document. These estimations and objectives are not projections or profit forecasts, but result from the Group's strategic orientation and action plan.

4.6.1 Evolution of recent results

For a detailed analysis of the Group's results of operations in 2020 and 2019, see Section 4.1.2, "Comparison of results of operations for the years ended December 31, 2020 and December 31, 2019".

4.6.2 Medium-term outlook

4.6.2.1 Macro-Economic Climate

The Group expects its growth to depend to a certain extent on increases in gross domestic product ("GDP") in the main geographic regions in which it operates.

The Group uses the most recently released GDP growth forecasts by the International Monetary Fund (the "IMF") as a reference, *id est* January 2021. The IMF's forecasts changed significantly in 2020 following the beginning of the Covid-19 pandemic and the implementation of lockdown measures in most of the regions where the Group does business. In 2020, a year marked by the Covid-19 pandemic, gross domestic product contracted as compared with 2019 in all geographical regions. The IMF is predicting a degree of economic recovery in 2021. As a result, the IMF has forecast GDP growth in 2021 in each region or country in which the Group does business. These forecasts indicate, however, that pre-pandemic levels will not be achieved in 2021.

For the main geographic markets in which the Group does business, the January 2021 publication shows:

- In the United States, growth of 5.1% in 2021, as compared with a decrease of 3.4% in 2020;
- In the euro zone, growth of 4.2% in 2021, as compared with a decrease of 7.2% in 2020;
- Growth of 3.0% in 2021 for Russia (as compared with a decrease of 3.6% in 2020) and growth of 3.6% in Brazil in 2021 (as compared with a decrease of 4.6% in 2020).

GDP growth forecasts (1)	2020	2021	2022
United States	-3.4%	+5.1%	+2.5%
Euro Zone	-7.2%	+4.2%	+3.6%
Germany	-5.4%	+3.5%	+3.1%
France	-9.0%	+5.5%	+4.1%
UK	-10.0%	+4.5%	+5.0%
Russia	-3.6%	+3.0%	+3.9%
Brazil	-4.5%	+3.6%	+2.6%
China	+2.3%	+8.1%	+5.6%
World	-3.5%	+5.5%	+4.2%

(1) Source: IMF - World Economic Outlook - January 2021

4.6.2.2 Outlook for the Group

Thanks to the quality of the Group's products, its broad geographic footprint and its exposure to diversified markets, the Group believes that it is well positioned to continue to grow over the coming years.

In June 2019, the Group presented its new strategic plan "Change to Win". The plan covers the period 2019-2022 and gives the Group a clear roadmap for implementing its vision and achieving its goals.

The strategic plan rests on four cornerstones, which are described in detail in Section 1.3:

1. **Sustainable growth,** led by a stronger focus on **selecting promising commercial market segments**, develop a worldwide offer in Hospitality, and continuing to expand the Sports Surfaces business. The Group also plans to invest in digital distribution channels in order to capture future growth;
2. **An even more customer-centered approach** and a simpler, more agile, more reactive organizational structure;
3. **Ambitious deployment of efforts towards a circular economy**, including specific efforts to develop recycling solutions for our customers;
4. **A rigorous cost-reduction program,** seeking to achieve at least **€120 million in savings** between 2019 and 2022, and **a selective capital allocation policy** aligned with our strategic sustainable development initiatives.

Based on this new plan, Tarkett has announced new medium-term financial objectives, the achievement of which will depend on the succesful execution of the plan;

- **Pursuit of organic growth:** in each of the principal regions (North America, Europe, and CIS), the Group's objective is **organic growth greater than Gross Domestic Product (GDP)** on average over the 2019-2022 period.
- **Improved profitability**: the objective is to achieve **adjusted EBITDA** after application of IFRS 16 **of greater than 12%** in 2022.
- **Managing leverage,** as mesured by the ratio of net debt to adjusted EBITDA: **leverage of between 1.6x and 2.6x of adjusted EBITDA** after application of IFRS 16 at the end of each year throughout the plan.

Thanks to its Change to Win strategic initiatives, the Group's medium-term objectives remain in effect despite the more difficult economic environment created by the Covid-19 pandemic. Uncertainties regarding the pace of the recovery and the expected increases in procurement costs could slightly delay achievement of the profitability objective.

Tarkett began deploying the new plan in 2019 and made good progress in terms of both cost and debt reduction. In addition, adjusted EBITDA margins improved over all segments except for North America in the second half of 2019.

The Group encountered a number of difficulties in its flooring business in North America, as a result of which it deployed a specific action plan there beginning in the second half of 2019, made management changes by appointing Eric Dalière, who is also president of the Sports segment and whose assignment is to recapture market share while improving profitability. Preliminary results were encouraging in the first half of 2020. However, the arrival of the Covid-19 health crisis has made it impossible to see most of the progress already made.

The Group, along with everyone else, has been confronted with the impact of the pandemic and of the lockdown measures and travel restrictions implemented throughout 2020. These measures affected business in the APAC region from the beginning of the year, and by the end of the first quarter in the rest of the world.

In the context of this health crisis, Tarkett was able to demonstrate the resiliency of its model in 2020. Despite a significant decline in sales (-12%), the Group improved its profitability (adjusted EBITDA margin of 10.6%, an increase of 120 basis points), in particular through significant cost reductions. Tarkett also managed to generate solid cash flow, and was thus able to repay a significant amount of its liabilities, achieving a financial leverage ratio of 1.7x adjusted EBITDA as of December 31, 2020.

In the short term, the Group believes that growth prospects on the flooring market will continue to improve in 2021, although they will not reach pre-pandemic levels. The 2021 fiscal year has begun with a significant level of uncertainty, which continues to affect demand. The lack of visibility caused by the resurgence of the pandemic weighs on investment decisions in certain key market segments, such as hotels and sports surfaces.

Tarkett also expects inflation in the prices of raw materials beginning in the first half of 2021, due to the increase in oil prices in the second half of 2020, the resurgence of worldwide demand, and the closure of supplier capacities. The Group will continue to manage its sales prices proactively to offset that inflation.

In 2021, the Group will continue to accelerate the strategic initiatives defined in the Change to Win plan, in order to grow sales and increase profitability in the medium term. Tarkett has identified several actions to reduce costs, including continuing to optimize its industrial plant, rationalizing its transport and logistics costs, and setting up shared accounting services and actions to reduce general and administrative expenses. Tarkett will also continue its selective investment policy and its efforts to optimize its working capital requirement and its investment expense, with the goal of strengthening its financial flexibility.

4.7 Non-IFRS financial indicators

The Tarkett Group uses the following non-IFRS financial indicators:

- Organic growth;
- Adjusted EBITDA;
- Operating cash flow;
- Free cash flow (annual results only).

These indicators are calculated as follows:

4.7.1 Organic growth

- This indicator measures the evolution of net revenue as compared with the same period in the previous year, excluding foreign exchange effects and changes in the scope of consolidation;
- The foreign exchange effect is obtained by applying the previous year's exchange rates to the current year's sales and calculating the difference from the current year's sales. It also includes the effect of price adjustments in the CIS countries that are intended to offset local currency fluctuations against the euro;
- The consolidation effect consists of:
  - the current year's sales by entities that were not consolidated during the same period of the previous year, until the anniversary of their consolidation,
  - the reduction in sales relating to activities that have been sold, which are not consolidated in the current year but were included in sales for the same period during the previous year, until the anniversary of their disposal.
- The evolution of net sales for the year is broken down as follows:

(in millions of euros)	2020	2019	Change *(as a %)*	Of which exchange rate effect	Of which consolidation effect	Of which organic growth
Group Total	**2,632.9**	**2,991.9**	**-12.0%**	**-2.5%**	**-**	**-9.5%**

4.7.2 Adjusted EBITDA

Operating income before depreciation, amortization and the following adjustments:

- restructuring costs to improve the future profitability of the Group,
- gains or losses on disposals of significant assets,
- provisions and reversals of provisions for impairment,
- costs related to business combinations and legal reorganizations,
- expenses relating to share-based payments,
- other one-off expenses considered non-recurring by their nature.

The adjustments made in going from operating income (EBIT) to Adjusted EBITDA, and the distribution of adjustments by type, are as follows:

(in millions of euros)	2020 (A)	Adjustments [1] (B)					2020 adjusted (A+B)
		Restructuring	Gains/losses on asset sales/impairment	Acquisitions and business combinations	Share-based payments	Other	
Net revenue	**2,632.9**	**-**	**-**	**-**	**-**	**-**	**2,632.9**
Cost of sales	(2,054.1)	4.3	17.0	-	-	(0.2)	(2,033.0)
Gross profit	**578.8**	**4.3**	**17.0**	**-**	**-**	**(0.2)**	**599.9**
Selling and distribution expenses	(325.2)	2.4	36.1	-	-	0.3	(286.5)
Research and development	(25.0)	0.1	-	-	-	-	(24.9)
General and administrative expenses	(176.9)	8.2	-	2.4	2.9	1.7	(161.7)
Other operating income and expense	(4.3)	(0.5)	(3.5)	-	-	0.9	(7.3)
Result from operating activities (EBIT)	**47.4**	**14.5**	**49.6**	**2.4**	**2.9**	**2.7**	**119.4**
Depreciation and amortization	211.2	(1.2)	(53.1)	-	-	(0.2)	156.8
Other	1.7	-	-	-	-	-	1.7
EBITDA	**260.2**	**13.3**	**(3.5)**	**2.4**	**2.9**	**2.6**	**277.9**

(1) Adjustments are reported as follows:
- cancellation of an expense is presented with a positive sign;
- cancellation of income is presented with a negative sign

(in millions of euros)	2019 (A)	Adjustments [1] (B)					2019 adjusted (A+B)
		Restructuring	Gains/losses on asset sales/impairment	Acquisitions and business combinations	Share-based payments	Other	
Net revenue	**2,991.9**	**(0.0)**	**-**	**-**	**-**	**-**	**2,991.9**
Cost of sales	(2,321.7)	12.7	(0.5)	(0.2)	0.0	2.6	(2,307.1)
Gross profit	**670.2**	**12.7**	**(0.5)**	**(0.2)**	**0.0**	**2.6**	**684.8**
Selling and distribution expenses	(360.9)	1.5	0.1	-	0.0	(0.1)	(359.5)
Research and development	(32.8)	0.5	-	-	0.0	-	(32.3)
General and administrative expenses	(184.0)	1.6	0.4	0.1	4.1	1.2	(176.7)
Other operating income and expense	4.1	3.5	(2.2)	-	-	-	5.5
Result from operating activities (EBIT)	**96.6**	**19.7**	**(2.2)**	**(0.1)**	**4.1**	**3.6**	**121.8**
Depreciation and amortization	158.2	-	0.0	-	-	-	158.2
EBITDA	**254.7**	**19.7**	**(2.2)**	**(0.1)**	**4.1**	**3.6**	**280.0**

(1) Adjustments are reported as follows:
- cancellation of an expense is presented with a positive sign;
- cancellation of income is presented with a negative sign

4.7.3 Free cash flow

Free cash flow is presented only in the Company annual results of operations.

Free cash flow is calculated based on the items presented in the consolidated cash flow statement, and consists of the following items:

- operating cash flow before working capital changes
- changes in working capital
- net interest received (paid),
- net income taxes collected (paid),
- miscellaneous operating items received (paid),
- proceeds (losses) from sale of property, plant and equipment, and
- repayment of lease liabilities.

> *Free cash flow* is broken down as follows:

(in millions of euros)	**2020**	**2019**
Operating cash flow before working capital changes (A)	248.6	258.2
Repayment of lease liabilities (B)	(31.7)	(31.9)
Total (A+B)	**216.9**	**226.3**
Changes in working capital requirement	64.5	190.4
Net interest paid	(17.4)	(22.7)
Net income taxes paid	(25.1)	(30.5)
Miscellaneous operating items	(6.4)	(11.2)
Acquisitions of intangible assets and property, plant and equipment	(74.1)	(124.6)
Proceeds from sale of property, plant and equipment	5.2	3.7
Free cash flow	**163.5**	**231.4**

4

5 FINANCIAL STATEMENTS

5.1 Consolidated Financial Statements as of December 31, 2020

Consolidated income statement

(in millions of euros)	Note	2020	2019
Net Revenue	**(3)**	**2,632.9**	**2,991.9**
Cost of sales [1]		(2,054.1)	(2,321.7)
Gross profit	**(3)**	**578.8**	**670.2**
Other operating income	(3)	14.5	23.8
Selling and distribution expenses [1]		(325.2)	(360.9)
Research and development		(25.0)	(32.8)
General and administrative expenses		(176.9)	(184.0)
Other operating expenses	(3)	(18.8)	(19.7)
Result from operating activities	**(3)**	**47.4**	**96.6**
Financial income		0.6	1.3
Financial expenses		(34.2)	(40.1)
Financial income and expenses	**(7)**	**(33.7)**	**(38.8)**
Share of profit of equity accounted investees (net of income tax)		(1.2)	(4.0)
Profit before income tax		**12.4**	**53.8**
Total income tax	(8)	(31.5)	(14.2)
Profit from continuing operations		**(19.1)**	**39.6**
Net profit for the period		**(19.1)**	**39.6**
Attributable to:			
Owners of Tarkett		(19.1)	39.6
Non-controlling interests		-	-
Net profit for the period		**(19.1)**	**39.6**
Earnings per share:			
Basic earnings per share *(in euros)*	(9)	(0.29)	0.62
Diluted earnings per share *(in euros)*	(9)	(0.29)	0.61

(1) These items include asset impairment, see Note 3.1. and Note 5.3.

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Consolidated statement of comprehensive income

(in millions of euros)	Note	2020	2019
Net profit for the period		**(19.1)**	**39.6**
Other comprehensive income (OCI)			
Foreign currency translation differences for foreign operations		(47.8)	13.0
Changes in fair value of cash flow hedge instruments	(7)	2.7	(2.7)
Income tax		(0.6)	0.7
OCI to be reclassified to profit and loss in subsequent periods		**(45.7)**	**11.0**
Defined benefit plan actuarial gain (losses)	(4)	(1.8)	(10.6)
Income tax		1.0	2.9
OCI not to be reclassified to profit and loss in subsequent periods		**(0.7)**	**(7.7)**
Other comprehensive income, net of tax		**(46.4)**	**3.3**
Total comprehensive income for the period		**(65.5)**	**42.9**
Attributable to:			
Owners of Tarkett		(65.5)	42.9
Non-controlling interests		-	-
Total comprehensive income for the period		**(65.5)**	**42.9**

Consolidated statement of financial position

Assets

(in millions of euros)	Note	Dec. 31, 2020	Dec. 31, 2019
Goodwill	(5)	613.2	650.6
Intangible assets	(5)	91.9	155.6
Property, plant and equipment	(5)	554.9	607.3
Other financial assets	(7)	17.6	21.7
Deferred tax assets	(8)	74.1	91.1
Other intangible assets		0.1	-
Total non-current assets		**1,351.9**	**1,526.3**
Inventories	(3)	354.9	417.5
Trade receivables	(3)	214.6	258.5
Other receivables	(3)	87.0	93.8
Cash and cash equivalents	(7)	328.6	137.7
Total current assets		**985.1**	**907.5**
Total assets		**2,337.0**	**2,433.8**

Equity and liabilities

(in millions of euros)	Note	Dec. 31, 2020	Dec. 31, 2019
Share capital	(9)	327.8	327.8
Share premium and reserves		167.4	167.4
Retained earnings		294.3	299.5
Net profit for the period attributable to equity holders of the parents		(19.1)	39.6
Equity attributable to equity holders of the parent		**770.3**	**834.2**
Non-controlling interests		-	-
Total equity		**770.3**	**834.2**
Other non-current liabilities		5.4	5.5
Financial liabilities	(7)	641.4	740.2
Other financial liabilities	(7)	0.2	0.3
Deferred tax liabilities	(8)	8.7	26.4
Employee benefits	(4)	135.1	136.7
Provisions and other non-current liabilities	(6)	40.1	40.5
Total non-current liabilities		**830.9**	**949.7**
Trade payables	(3)	277.4	324.0
Other operating liabilities	(3)	243.8	234.2
Financial liabilities and bank overdrafts	(7)	160.9	34.2
Other financial liabilities	(7)	10.6	9.5
Provisions and other current liabilities	(6)	43.1	48.0
Total current liabilities		**735.8**	**649.8**
Total equity and liabilities		**2,337.0**	**2,433.8**

Consolidated statement of cash flows

(in millions of euros)	Note	2020	2019
Cash flows from operating activities			
Profit for the period before income tax		12.4	53.8
Adjustments for:			
Depreciation, amortization and impairment		211.1	158.1
(Gain) loss on sale of fixed assets	(3)	(4.2)	(2.7)
Net finance costs	(7)	33.7	38.8
Change in provisions and other non-cash items		(5.7)	6.2
Share of profit of equity accounted investees (net of tax)		1.2	4.0
Operating cash flow before working capital changes		**248.6**	**258.2**
(Increase) / Decrease in trade receivables		27.2	85.0
(Increase) / Decrease in other receivables		(4.6)	0.6
(Increase) / Decrease in inventories		46.5	33.1
Increase / (Decrease) in trade payables		(30.8)	38.9
Increase / (Decrease) in other payables		26.2	32.8
Changes in working capital		**64.5**	**190.4**
Net interest paid		(17.4)	(22.7)
Net income taxes paid		(25.1)	(30.5)
Other operating items		(6.4)	(11.2)
Net cash flows from operating activities		**264.1**	**384.3**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	-	(2.5)
Acquisitions of intangible assets and property, plant and equipment	(2)	(74.1)	(124.6)
Proceeds from sale of property, plant and equipment	(5)	5.2	3.7
Effect of changes in the scope of consolidation		-	-
Net cash flows from investing activities		**(68.9)**	**(123.4)**

(in millions of euros)	Note	2020	2019
Cash flows from financing activities			
Acquisition of NCI without a change in control	(2)	-	(5.5)
Proceeds from loans and borrowings [1]		76.1	155.0
Repayment of loans and borrowings [1]		(45.9)	(325.6)
Repayment of lease liabilities		(31.7)	(31.9)
Acquisitions/disposals of treasury shares		0.4	(4.1)
Dividends	(9)	-	(7.4)
Net cash flows from financing activities		**(1.2)**	**(219.5)**
Net increase / (decrease) in cash and cash equivalents		**194.0**	**41.4**
Cash and cash equivalents, beginning of period		137.7	95.7
Effect of exchange rate fluctuations on cash held		(3.1)	0.6
Cash and cash equivalents, end of period	**(7)**	**328.6**	**137.7**

(1) Compensation of RCF and CADIF drawings for € 328 million in 2019 not presented in the 2019 financial statements.

Consolidated statement of changes in equity

(in millions of euros)	Share Capital	Share premium and reserves	Translation reserves	Reserves	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of January 1, 2019	**318.6**	**145.8**	**(42.8)**	**378.7**	**800.3**	**2.4**	**802.7**
Capital increase	9.1	-	-	-	9.1	-	9.1
Share premium	-	21.5	-	-	21.5	-	21.5
Net profit for the period	-	-	-	39.6	39.6	-	39.6
Other comprehensive income, net of tax	-	-	13.0	(9.7)	3.3	-	3.3
Total comprehensive income for the period	**-**	**-**	**13.0**	**29.9**	**42.9**	**-**	**42.9**
Dividends	-	-	-	(38.1)	(38.1)	-	(38.1)
Own shares (acquired) / sold	-	-	-	(0.4)	(0.4)	-	(0.4)
Share-based payments	-	-	-	0.1	0.1	-	0.1
Acquisition of NCI without a change in control	-	-	-	(3.2)	(3.2)	(2.3)	(5.5)
Other	-	-	-	1.9	1.9	(0.1)	1.8
Total transactions with shareholders	**-**	**-**	**-**	**(39.7)**	**(39.7)**	**(2.4)**	**(42.1)**
As of December 31, 2019	**327.7**	**167.4**	**(29.8)**	**368.9**	**834.2**	**-**	**834.2**
As of January 1, 2020	327.7	167.4	(29.8)	368.9	834.2	-	834.2
Net profit for the period	-	-	-	(19.1)	(19.1)	-	(19.1)
Other comprehensive income, net of tax	-	-	(47.8)	1.4	(46.4)	-	(46.4)
Total comprehensive income for the period	**-**	**-**	**(47.8)**	**(17.7)**	**(65.5)**	**-**	**(65.5)**
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	3.0	3.0	-	3.0
Share-based payments	-	-	-	0.1	0.1	-	0.1
Acquisition of NCI without a change in control	-	-	-	-	-	-	-
Other	-	-	4.1	(5.7)	(1.7)	-	(1.7)
Total transactions with shareholders	**-**	**-**	**4.1**	**(2.6)**	**1.5**	**-**	**1.5**
As of December 31, 2020	**327.7**	**167.4**	**(73.5)**	**348.6**	**770.3**	**-**	**770.3**

5.2 Notes to the consolidated financial statements

Note 1 > Basis of preparation

1.1 General information

Tarkett's Consolidated Financial Statements as of and for the year ended December 31, 2020 comprise the Company and its subsidiaries (hereafter the "Group") as well as its interests in associates and joint ventures.

The Group is a leading global flooring company, providing a large range of flooring and sports surface solutions to business and residential end-users.

The Group completed its initial public offering on November 21, 2013, and is listed on Compartment B (Compartment A until January 31, 2020 and Compartment B since February 1, 2020) of Euronext Paris, ISIN code: FR0004188670 - Ticker Symbol: TKTT.

The Group's registered office is located at 1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense, France.

The Group's Consolidated Financial Statements as of and for the year ended December 31, 2020 were finalized by the Management Board on February 16, 2021 and reviewed by the Supervisory Board on February 18, 2021. They will be submitted for shareholder approval on April 30, 2021.

The Group's Consolidated Financial Statements are presented in millions of euros, with one decimal place. The sum of the rounded amounts may differ, albeit to an insignificant extent, from the reported total and subtotals in the tables.

1.2 Significant accounting principles

1.2.1 Statement of compliance and applicable standard

The Group's Consolidated Financial Statements as of and for the year ended December 31, 2020 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union as of such date, which are available at https://ec.europa.eu/info/index_en. These standards have been applied consistently for the fiscal years presented.

a) Amendments, new standards, or revisions to existing standards and interpretations applied during the period

The Group has applied the following amended standards since January 1, 2020:

- amendment to IAS 1 and IAS 8: "Definition of Material";
- amendment of references to the Conceptual Framework in the IFRS standards;
- amendment to IAS 7 and IAS 9: "Interest Rate Benchmark Reform";
- amendment to IFRS 16 on Covid-19-related rent concessions, approved by the European Union on October 9, 2020.

None of these amendments applicable as of January 1, 2020 had a material impact as of December 31, 2020.

b) Early adoption of new standards or interpretations during the period

None.

c) New standards and interpretations not adopted

The following published standards have not been applied by the Group:

> **IFRS 17: Insurance Contracts**

On May 18, 2017, the IASB published IFRS 17, "Insurance Contracts," relating to the recognition and valuation of insurance contracts, which will replace IFRS 4. As it has not been adopted to date by the European Union, and in light of the IASB's decision to delay by one year, the first application is expected to be as of January 1, 2023.

> **Amendments to IFRS 9, "Financial Instruments," and IFRS 7, "Financial Instruments: Disclosures" - Phase 2 of the interest rate benchmark reform**

On August 27, 2020, the IASB published "Interest Rate Benchmark Reform – Phase 2." The goal of Phase 2 is to address the accounting impacts of the actual replacement of interest rate benchmarks.

As a reminder, Tarkett had the option of early adoption, beginning in 2019, of the amendments to IFRS 9 and IFRS 7 relating to "Interest Rate Benchmark Reform – Phase 1." The adoption of these amendments relating to Phase 1 permits the Group to disregard uncertainties regarding interest rate benchmark reform in evaluating the effectiveness of its hedging relationships and/or in its assessment as to whether the hedged risk is highly probable, thus enabling it to secure its existing or future hedging relationships until those uncertainties are resolved.

The amendments relating to Phase 2 were adopted by the European Union and published in the Official Journal on January 13, 2021. Tarkett decided not to apply these new amendments early as of December 31, 2020. The early application of the amendments relating to Phase 2 would have no impact for Tarkett due to the lack of an actual modification of interest rate benchmarks in the Group's contracts as of December 31, 2020.

Tarkett has continued to work to identify affected agreements in order to ensure a smooth transition to the new benchmarks. The purpose of the project is to anticipate the impacts of the reform and to carry out the transition to the new benchmarks. Interest rate derivatives classified as hedges of liabilities indexed to a benchmark rate are discussed in Note 7.6.

1.2.2 Accounting estimates and judgments

The preparation of the Group's Consolidated Financial Statements requires it to make a number of estimates and assumptions that have an effect on the amounts recorded on its balance sheet and income statement.

These estimates and assumptions relate primarily to the following notes:

	Note
Measurement of the fair value of the consideration transferred, NCI and assets acquired and liabilities assumed	2
Impairment testing of assets	5.3
Accounting treatment of Financial Instruments	7.6
Provisions for employee benefits	4.1
Valuation of deferred tax assets	8.2
Determination of other provisions (warranties and disputes)	6

Management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and information deemed significant given the current environment. Actual results may differ significantly from these estimates.

The Group's consolidated financial statements have been prepared on the basis of historical cost with the exception of the following assets and liabilities, which have been measured at fair value: derivatives, investments held for trading, available-for-sale financial assets, pension plan assets and other assets when required. The carrying amount of assets and liabilities subject to fair value hedging has been adjusted in line with the changes in fair value attributable to the hedged risks.

1.3 Significant developments

> **Operational performance affected by the health crisis**

Tarkett was significantly impacted by the Covid-19 pandemic throughout 2020.

First-half sales were penalized over all segments according to the evolution of the pandemic and containment measures adopted in the differet regions where the Group operates.

The Sport segment, however, had been relatively spared thanks to the maintenance of activity in North America, where the facilities of athletic fields and tracks have been able to continue on the entire first half of the year. In the second half of the year, sales continued to decline under the combined effect of new containment measures and a severely disrupted economic environment. The level of uncertainty remained very high and affected the clients' investment decisions, particularly in the context of the commercial flooring activities and in the field of sports surfaces. Numerous projects in offices, hotels or sports have been postponed, or cancelled, which weighed on Group sales for the whole of the year.

The impacts of this crisis are detailed in the following notes: 3.4 for operating data, 5.3 for asset impairment, 7.3.1 and 7.3.3 for financing, and, lastly, Note 8 for taxes.

> **Cybersecurity**

On April 29, 2020, the Group was the victim of a cyberattack affecting a large portion of its operations.

The Group has restored the functioning of its IT infrastructure and essential applications that allow for an efficient gradual return to normal during May.

A claim was made under the Group's cyber insurance policy, and the Group received €15 million of indemnification at the end of the year. The insurance indemnities cover the costs incurred to reestablish the proper functioning of the Group's IT systems and the operating loss recorded by the Group in the second quarter as a result of the downtime caused by the cyberattack.

Note 2 > Changes in the scope of consolidation

2.1 Consolidation methods

2.1.1 Full consolidation

A subsidiary is an entity controlled by the Groupe. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

2.1.2 Equity method accounting for joint ventures and associates

A joint venture, for purposes of IFRS 11, is an arrangement in which the Group has joint control, whereby the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's interests in equity-accounted joint ventures comprise principally the joint venture Laminate Park GmbH & Co.

They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

The accounting policies described hereafter have been applied to all the periods presented in the Consolidated Financial Statements and have been uniformly applied by all Group entities acquired prior to December 31, 2020 (see Note 2.4 "Changes in Scope of Consolidation").

2.2 Business combinations

Business combinations are accounted for using the acquisition method on the acquisition date - i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. However, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Acquisition of Non-Controlling Interests (NCI) without a change in control

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Share put options granted by the Group

The Group may write a put option or enter into a forward purchase agreement with the non-controlling shareholders in an existing subsidiary on their equity interests in that subsidiary. The Group consolidates the entity as though the non-controlling interests had already been acquired. This position leads to recognizing a liability for the present value of the price payable in the event that the non-controlling interests exercise their option.

As of December 31, 2020, all buyback options have been exercised.

2.3 Foreign currency translation

The functional currency of Tarkett and its subsidiaries located in the euro zone is the euro. Group entities operate on an autonomous basis and therefore the functional currency of entities operating outside the euro zone is generally their local currency.

The functional currency of entities in the Commonwealth of Independent States ("CIS") is the euro. After analyzing the primary and secondary indicators set forth in IAS 21.9, the Group has confirmed this choice for the 2020 financial statements.

The Group presents its financial statements in euros.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the foreign exchange rate as of the date of the transaction. Foreign exchange rate differences arising on these transactions are recognized either in the operating profit for operationnal transactions or in the financial result for financing transactions.

Some items are covered by hedging transactions; the accounting treatment for those transactions is described in Note 7.6.

- Non-monetary items are translated using the historical exchange rates, while monetary items are translated using the foreign exchange rates ruling at the balance sheet date.

Financial statements of foreign operations

On the balance sheet date, assets and liabilities of foreign operations are translated at the closing rate, and income and expenses are translated at the average exchange rate for the period.

Foreign currency differences are recognized in other comprehensive income (OCI), and presented in the translation reserve in equity.

Net investments in foreign operations

When a long-term loan in foreign currency is granted to a subsidiary, it may be deemed a net investment in a foreign company. Foreign exchange gains and losses relating to these long-term loans are then recognized in translation reserves in other comprehensive income.

2.4 Changes in the scope of consolidation

The Tarkett Group's scope of consolidation is as follows (see Note 13, which contains a list of consolidated companies):

Number of companies	Dec. 31, 2019	Mergers	Acquisitions and creations	Liquidations	Dec. 31, 2020
Fully consolidated companies	75	-	1	(3)	73
Equity-accounted consolidated companies	3	-	-	-	3
Total	**78**	**-**	**1**	**(3)**	**76**

2.4.1 Transactions completed in 2020

The year's main transactions are as follows:

a) Acquisitions and creations

Tarkett Carpet Canada Inc. was formed in the second half of 2020 and is wholly owned by Tarkett Inc.

b) Mergers

None.

c) Liquidations

Desso Ambiente Textil Handelsgesellschaft GmbH, Tarkett CZ Sro and Desso Australia Pty were liquidated in January 2020, February 2020, and October 2020, respectively.

2.4.2 Transactions completed in 2019

The year's main transactions are as follows:

a) Acquisitions

In June 2019, Fieldturf Tarkett acquired the German company Denus. The company was renamed Tarkett Sports GmbH.

In July 2019, through its subsidiary Tarkett GDL, the Tarkett Group also acquired 40% of the shares of FED Inc., a U.S. company consolidated through the equity method.

In July 2019, Tarkett Argentina was formed in Argentina.

b) Mergers

In January 2019, Tandus Centiva Inc. and Tandus Centiva US LLC were merged into Tarkett USA Inc.

In December 2019, The Tennis & Track Cie was merged into L.E.R. Inc.

c) Liquidations

Vinisin Kft and Desso Ltd were liquidated in August 2019 and December 2019, respectively.

d) Other transactions

In May 2019, in the United States, Tarkett acquired the assets of Beyond the Turf through FieldTurf USA, Inc.

In November 2019, the Group acquired the 30% of Tarkett Aspen previously held by minority shareholders. This transaction did not result in a change in the company's method of consolidation.

2.5 Joint ventures

The Group holds interests in the following companies:

- AllSports Constructions & Maintenance, a company established in Scotland.
- FED Inc., a U.S. company.
- Laminate Park GmbH & Co KG, jointly held with the Sonae Arauco Group.

Note 3 > Operating Data

3.1 Components of the income statement

3.1.1 Net revenue

As from January 1, 2018, IFRS 15, “Revenue from Contracts with Customers,” replaces IAS 18, “Revenue,” and IAS 11, “Construction Contracts,” and their related interpretations.

The standard includes new rules for recording revenue and segmenting contracts into performance obligations.

In accordance with the standard, revenue from the sale of goods is recognized in profit or loss when the control inherent to service obligations has been transferred to the buyer, payment is likely, the associated costs and potential return of the merchandise can be reliably assessed, the Group is no longer involved in managing the merchandise, and the revenue from the merchandise can be reliably assessed. Revenue is recognized net of returns, rebates, commercial discounts and bulk discounts.

The Group recognizes revenue using the five-step model set forth in the standard as a function of its two business sectors: flooring and sports surfaces.

Flooring:

The contracts that the Group enters into relate to the supply of identifiable and distinct products constituting the principal performance obligation. No significant long-term contracts were identified. The Group acts in its own name and not as an intermediary. The general terms and conditions of sale provide for payment in under one year, and the Group does not offer variable financing that would necessitate segmented recording pursuant to IFRS 15. Tarkett does not sell extended warranties on its products; therefore, its warranty is not considered as a separate service and is recorded in accordance with IAS 37, “Provisions, contingent liabilities and contingent assets.”

For this business sector, in general, revenue is recorded at the time of delivery of the performance obligation. Taking into consideration the nature of the products and the general terms and conditions of sale, sales are usually recorded on the date on which the products leave the Group’s warehouses, or upon delivery if Tarkett is responsible for transport.

Sports Surfaces:

The sports surfaces activity is composed of sales of products directly to distributors and the sale of installation contracts (including provision of the sports surfaces). The direct sale of products to distributors follows the same Group rules for recording revenue as those described for the flooring activity. With respect to installation contracts, the Group does not perform installations without also providing the sports surfaces; it therefore considers the supply of the products and the installation to be part of the same performance obligation. The general terms and conditions of sale do not offer variable financing or specific components of financing. Tarkett does not sell extended warranties on its installations; therefore, its warranty is not considered a separate service and is recorded in accordance with IAS 37, “Provisions, contingent liabilities and contingent assets.”

In this business segment, revenue from services rendered or from construction contracts is recognized in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. Revenue is recorded as the performance obligation are completed. The stage of completion is assessed by reference to surveys of work performed. The use of the percentage-of-completion method requires satisfaction of one of the three prior conditions provided for in IFRS 15 paragraph 35.

Pursuant to that paragraph of the standard, the Group recognizes revenue over time to the exent that it complies with two of the three following conditions referred to in the standard:

- the asset created by the Tarkett Group's performance does not have an alternative use to that provided for in the contract; and
- the Group has an enforceable right to payment for performance completed to date.

Net sales comprise revenue from the sale of goods and services net of price reductions and taxes, and after elimination of intragroup sales.

3.1.2 Operating result

a) Grants

Grants relating to assets are deducted from the carrying amount of the property, plant and equipment. The grants are thus recognized as income over the lives of the assets by way of a reduced depreciation charge.

Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

b) Expenses

Cost of sales

Cost of sales comprises the cost of manufactured products, the acquisition cost of purchased goods which have been sold, and the supply chain, logistic and freight costs.

Selling and distribution expenses

Selling and distribution expenses comprise the expenses of the marketing department and the sales force, as well as advertising expenses, distribution expenses, sales commissions and bad debts.

Research and development

Research and development costs are recognized as expenses when incurred, unless the criteria are met for them to be capitalized, as per Note 5.2.1.

General and administrative expenses

General and administrative expenses comprise the remuneration and overhead expenses associated with management and administrative personnel with the exception of amounts charged to other cost centers.

c) Other operating income and expenses

This category includes all operating income and expenses that cannot be directly attributed to business functions, including operating expense related to retirement commitments and costs with respect to certain disputes.

3.1.3 Adjusted EBITDA

Adjusted EBITDA is a key indicator permitting the Group to measure its operating and recurring performance.

It is calculated by taking operating income before depreciation and amortization and removing the following revenues and expenses:

- restructuring costs to improve the future profitability of the Group;
- gains or losses on disposals of significant assets;
- impairment and reversal of impairment based on Group impairment testing only;
- costs related to business combinations and legal reorganizations, including legal fees, transactions costs, advisory fees and other adjustments;
- expenses related to share-based payments due to their non-cash nature; and
- other one-off expenses considered exceptional by their nature.

In 2020, the application of IFRS 16 increased EBITDA by €30.9 million, as compared with €30.5 million in 2019.

(in millions of euros)		Of which adjustments					
	Dec. 31, 2020	**Restructuring**	**Gains/Losses on asset sales/ impairment**	**Business Combinations**	**Share-based payments**	**Other**	**Dec. 31, 2020 adjusted**
Net revenue	**2,632.9**	**-**	**-**	**-**	**-**	**-**	**2,632.9**
Cost of sales	(2,054.1)	4.3	17.0	-	-	(0.2)	(2,033.0)
Gross profit	**578.8**	**4.3**	**17.0**	**-**	**-**	**(0.2)**	**599.9**
Selling and distribution expenses	(325.2)	2.4	36.1	-	-	0.3	(286.5)
Research and development	(25.0)	0.1	-	-	-	-	(24.9)
General and administrative expenses	(176.9)	8.2	-	2.4	2.9	1.7	(161.7)
Other operating income and expenses	(4.3)	(0.5)	(3.5)	-	-	0.9	(7.3)
Result from operating activities (EBIT)	**47.4**	**14.5**	**49.6**	**2.4**	**2.9**	**2.7**	**119.4**
Depreciation and amortization	211.2	(1.2)	(53.1)	-	-	(0.2)	156.8
Other	1.7	-	-	-	-	-	1.7
EBITDA	**260.2**	**13.3**	**(3.5)**	**2.4**	**2.9**	**2.6**	**277.9**

(in millions of euros)		Of which adjustments					
	Dec. 31, 2019	**Restructuring**	**Gains/Losses on asset sales/ impairment**	**Business Combinations**	**Share-based payments**	**Other**	**Dec. 31, 2019 adjusted**
Net revenue	**2,991.9**	**-**	**-**	**-**	**-**	**-**	**2,991.9**
Cost of sales	(2,321.7)	12.7	(0.5)	(0.2)	-	2.6	(2,307.1)
Gross profit	**670.2**	**12.7**	**(0.5)**	**(0.2)**	**-**	**2.6**	**684.8**
Selling and distribution expenses	(360.9)	1.5	0.1	-	-	(0.1)	(359.5)
Research and development	(32.8)	0.5	-	-	-	-	(32.3)
General and administrative expenses	(184.0)	1.6	0.4	0.1	4.1	1.2	(176.7)
Other operating income and expenses	4.1	3.5	(2.2)	-	-	-	5.5
Result from operating activities (EBIT)	**96.6**	**19.7**	**(2.2)**	**(0.1)**	**4.1**	**3.6**	**121.8**
Depreciation and amortization	158.2	-	-	-	-	-	158.2
EBITDA	**254.7**	**19.7**	**(2.2)**	**(0.1)**	**4.1**	**3.6**	**280.0**

3.2 Segment information

In accordance with IFRS 8, "Operating Segments," the Group's activities have been segmented based on the organization of its internal management structure and of its products.

As in 2019, the Group is organized in four segments:

- Europe, Middle East and Africa ("**EMEA**");
- North America;
- Commonwealth of Independent States ("**CIS**"), Asia Pacific ("**APAC**") and Latin America; and
- Sports surfaces.

Certain expenses are not allocated, including the expenses of headquarters and of the R&D Group.

Reminder on the organization of the CIS and Asia Pacific (APAC)/Latin America divisions

Reporting reviewed by the chief operating decision maker is organized by division, of which there are currently six: EMEA, North America, CIS, APAC, Latin America, and Sports Sufaces.

The CIS and APAC/Latin America Divisions have been combined to form the "CIS, APAC and Latin America" segment, for the following reasons:

- The markets of the divisions had similar economic characteristics (similar growth trends in the relevant markets).
- The products sold, manufacturing methods, types of clients, and distribution modes of the zones are similar.

In addition, the relatively small contribution of revenue and operating income from Asia-Pacific/Latin America (less than 10% of the Group's net revenue and adjusted EBITDA) highlighted that there was no need to present the division in a separate segment.

By operating segment

(in millions of euros)	Flooring					
Dec. 31, 2020	**EMEA**	**North America**	**CIS, APAC and Latin America**	**Sports Surfaces**	**Central**	**Group**
Net revenue	**823.6**	**694.5**	**527.9**	**586.9**	**-**	**2,632.9**
Gross profit	**213.3**	**137.1**	**120.5**	**107.9**	**(0.0)**	**578.8**
% of net revenue	25.9%	19.7%	22.8%	18.4%	0.0%	22.0%
Adjusted EBITDA	**108.9**	**58.9**	**97.4**	**60.5**	**(47.8)**	**277.9**
% of net revenue	13.2%	8.5%	18.4%	10.3%	0.0%	10.6%
Of which adjustments	**(7.2)**	**(2.3)**	**(0.5)**	**(2.3)**	**(5.3)**	**(17.6)**
EBITDA	**101.7**	**56.5**	**96.8**	**58.1**	**(53.0)**	**260.2**
% of net revenue	12.4%	8.1%	18.3%	9.9%	0.0%	9.9%
Result from operating activities (EBIT)	**48.2**	**(66.1)**	**52.2**	**34.9**	**(21.8)**	**47.4**
% of net revenue	5.8%	-9.5%	9.9%	5.9%	0.0%	1.8%
Ongoing capital expenditures	**30.4**	**10.4**	**14.5**	**11.0**	**7.8**	**74.1**

(in millions of euros)	Flooring			Sports Surfaces	Central	Group
Dec. 31, 2019	**EMEA**	**North America**	**CIS, APAC and Latin America**			
Net revenue	**910.4**	**825.9**	**587.4**	**668.1**	**-**	**2,991.9**
Gross profit	**240.6**	**187.9**	**114.1**	**127.5**	**0.1**	**670.2**
% of net revenue	26.4%	22.7%	19.4%	19.1%	0.0%	22.4%
Adjusted EBITDA	**105.3**	**59.9**	**85.9**	**75.2**	**(46.1)**	**280.0**
% of net revenue	11.6%	7.3%	14.6%	11.2%	0.0%	9.4%
Of which adjustments	**(7.2)**	**(12.3)**	**(0.2)**	**(0.1)**	**(5.6)**	**(25.3)**
EBITDA	**98.1**	**47.6**	**85.8**	**75.1**	**(51.7)**	**254.7**
% of net revenue	10.8%	5.8%	14.6%	11.2%	0.0%	8.5%
Result from operating activities (EBIT)	**52.5**	**(28.3)**	**37.7**	**51.1**	**(16.3)**	**96.6**
% of net revenue	5.8%	-3.4%	6.4%	7.6%	0.0%	3.2%
Ongoing capital expenditures	**48.9**	**29.4**	**19.9**	**14.6**	**11.2**	**124.1**

Information on activity in France and in other significant countries

The Group's activity in France represented less than 10% of revenue in 2020 and in 2019.

Non-current assets in France, excluding the non-affected goodwill arising out of the merger between Tarkett and Sommer in the early 2000's, also represent less than 10% of the Group's total non-current assets in 2020 and in 2019.

Tarkett considers the threshold of 25% of revenues to be significant. Only the United States is above that threshold, with 43% of the Group's consolidated revenue in 2020 (43% in 2019).

The United States represents 45% of the Group's total non-current assets as of December 31, 2020 (50% as of December 31, 2019).

No single customer represents more than 10% of the Group's revenues. In 2020, the largest customer represented 3% of consolidated revenues (3% in 2019).

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By product category

(in millions of euros)	Dec. 31, 2020		Dec. 31, 2019	
	Revenue	**%**	**Revenue**	**%**
Vinyl & Linoleum	1,217.4	46.2%	1,335.3	44.6%
Commercial carpet	445.7	16.9%	547.6	18.3%
Parquet & Laminate	189.3	7.2%	208.9	7.0%
Rubber & Accessories	193.5	7.3%	231.9	7.8%
Sport	586.9	22.3%	668.1	22.3%
Total	**2,632.9**	**100%**	**2,991.9**	**100%**

3.3 Other operating income and expenses

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Gains on disposal of fixed assets	4.2	2.7
Other operating income	10.3	21.1
Other operating income	**14.5**	**23.8**
Losses on disposal of fixed assets	-	-
Other operating expenses	(18.8)	(19.7)
Other operating expenses	**(18.8)**	**(19.7)**
Total other operating income and expenses	**(4.3)**	**4.1**

3.4 Impact of the Covid-19 pandemic

Business was severely impacted by the health crisis, which resulted in a decrease in sales over all segments and thus strongly affected operating income.

Exceptional measures were taken to limit the loss of profit margin at all of the Tarkett entities: a) the governmental measures for which the Group is eligible (such as partial layoffs) allowed to save €14.6 million, principally during the first half of the year, and b) a specific action plan was implemented that generated €44.3 million in savings. This amount is allocated between gross profit for €12.1 million, and general and administrative expenses and research and development expenses for €32.2 million.

3.5 Changes in working capital requirement

3.5.1 Inventories

Inventories are stated on a FIFO (first in, first out) basis, at the lower of manufacturing/acquisition costs and net realizable value. Manufacturing costs of self-produced inventories comprise all costs that are directly attributable and a systematic allocation of production overhead and depreciation of production facilities based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Raw materials and supplies	120.4	138.9
Work in progress	69.6	85.3
Finished goods	212.7	241.4
Samples	1.2	1.6
Displays	-	-
Consumables and spare parts	22.6	21.6
Total gross value	**426.3**	**488.8**
Provision for inventory depreciation	(71.4)	(71.3)
Total net inventory	**354.9**	**417.5**

Detail of the provision for inventory depreciation

(in millions of euros)	**Dec. 31, 2019**	**Allowance**	**Decrease**	**Foreign exchange gain & loss**	**Other**	**Dec. 31, 2020**
Raw materials and supplies	(10.4)	(6.5)	5.7	0.6	(1.0)	(11.6)
Work in progress	(12.9)	(4.0)	3.2	0.7	0.9	(12.1)
Finished goods	(40.8)	(16.2)	14.8	2.0	(0.0)	(40.2)
Samples	(0.5)	(0.2)	0.2	0.1	-	(0.5)
Displays	-	-	-	-	-	-
Consumables and spare parts	(6.6)	(0.8)	0.5	0.0	(0.0)	(6.9)
Total provision for inventory depreciation	**(71.3)**	**(27.7)**	**24.4**	**3.3**	**(0.2)**	**(71.4)**

The rate of inventory provisions is applied in a similar way for the different periods.

Cost of raw materials was €1,053 million in 2020, as compared with €1,223 million in 2019.

3.5.2 Trade receivables

Trade receivables are stated at their invoiced value converted at the closing rate, less any allowance for doubtful accounts.

The Group conducts a review of each of its customer receivables individually, taking into account the probability of default by the counterparty as well as the extent to which the receivables were hedged, and uses the simplified method provided for by IFRS 9 to provision the expected losses over the remaining maturity of the receivables.

Assignment of trade receivables

Certain of the Tarkett Group's subsidiaries have transferred trade receivables to specialized credit institutions without recourse, transferring nearly all of the risks and benefits attached to the transferred receivables.

Receivables transferred and having payment dates later than December 31, 2020, totaled €146.1 million and are no longer recorded on the Group's balance sheet. Receivables transferred as of December 31, 2019 totaled €138.7 million.

Provision for doubtful receivables

Where trade receivables are not covered by credit insurance, provisions to cover the risk of failing to collect trade receivables either in full or in part are recorded using the expected loss method (see Note 7.1).

Doubtful receivables are identified and provisioned as follows:

> a statistical provision, based on the age of the outstanding receivables, is defined as follows:

Receivables, trade overdue	**Impairment** *(as a percentage of the gross amount)*
From 61 to 180 days	25%
From 181 to 270 days	50%
From 271 to 360 days	75%
More than 360 days	100%

> an additional provision on a case-by-case basis based on an application of professional judgment. Given the pandemic context, the Group has had to review in details the status of trade receivables.

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Related party receivables	10.9	11.9
Trade receivables	223.5	264.8
Total gross value	**234.4**	**276.7**
Provisions for doubtful receivables	(19.8)	(18.1)
Total net receivables	**214.6**	**258.5**

The variation of the provision for doubtful receivables amounts to €(1.7) million and is mainly explained as follows:

> €(6.4) million of allowance;
> €4.2 million of reversals;
> €0.5 million of foreign exchange impact.

Detail of unimpaired overdue receivables

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Receivables, trade overdue 0-180 days	25.3	39.2
Receivables, trade overdue 181-270 days	1.1	1.1
Receivables, trade overdue 271-360 days	0.6	0.6
Receivables, trade overdue > 360 days	3.0	1.4
Receivables, bankruptcy procedure/legal cases	0.6	1.0
Total unimpaired overdue receivables	**30.7**	**43.3**

3.5.3 Other receivables

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Other receivables non-current	**0.1**	**-**
Prepaid expenses current	14.7	15.2
Income tax receivable current	17.6	27.1
VAT and other taxes	15.7	16.3
Other accounts receivable and other assets current	39.0	35.1
Other receivables current	**87.0**	**93.8**

3.5.4 Trade payables

Payables due more than a year in the future are discounted to net present value. Payables due more than a year in the future, including €3.1 million in deferred income are discounted to net present value.

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Trade payables	277.4	324.0
Trade notes payable	0.0	0.0
Trade payables	**277.4**	**324.0**

3.5.5 Other liabilities

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Liabilities related to employees	107.0	110.9
Current tax	22.7	22.4
VAT and other taxes	15.2	20.6
Sales rebates	40.0	41.4
Other liabilities	58.9	39.0
Other current liabilities	**243.8**	**234.2**

3.6 Free cash-flow

Free cash flow is defined as the liquidity generated by operating activities after deducting investments other than acquisitions of subsidiaries and other changes in the scope of consolidation.

Free cash flow is calculated based on the items presented in the consolidated cash flow statement, and consists of the following items:

- operating cash flow before working capital changes;
- changes in working capital requirement
- net interest paid;
- net income taxes paid;
- miscellaneous operational items paid;
- acquisitions of intangible assets and property, plant and equipment;
- proceeds from sales of property, plant and equipment;
- repayment of lease liabilities.

Free cash-flow

(in millions of euros)	**2020**	**2019**
Operating cash flow before working capital changes (A)	248.6	258.2
Repayment of lease liabilities (B)	(31.7)	(31.9)
Total (A+B)	**216.9**	**226.3**
Changes in working capital requirement	64.5	190.4
Net interest paid	(17.4)	(22.7)
Net income taxes paid	(25.1)	(30.5)
Miscellaneous operating items paid	(6.4)	(11.2)
Acquisitions of intangible assets and property, plant and equipment	(74.1)	(124.6)
Proceeds from sale of property, plant and equipment	5.2	3.7
Free cash-flow	**163.5**	**231.4**

In 2020, changes in working capital requirement included changes in receivables assigned in connection with the factoring program for an amount of €4.7 million. In addition, the Covid-19 health crisis affected the business's usual seasonality in the second and third quarters.

In 2019, the changes in working capital requirement benefited from the assignment of receivables (for a total amount of €126.3 million at the end of December) and the reduction in inventories (-€46.2 million).

Note 4 > Employee benefits

4.1 Retirement benefits

Within the Tarkett Group, various systems for providing for retirement benefits depending on the legal, economic and tax environment of each country exist. In accordance with the laws and uses applied in each country, the Group participates in pension, welfare, health and retirement benefit plans whose benefits are dependent on various factors such as length of service, salary and the contributions paid to institutions.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

These contributions, based on services rendered by employees, are recognized as an expense in profit or loss as incurred.

Defined benefit plans

Defined benefit plans are post-employment benefit plans under which the Group assumes the obligation of providing employees with future benefits and thus also assumes the related actuarial and investment risks. The defined benefit liability is calculated using the projected unit credit method and is discounted to its present value from which the amount of past service cost for the period may also be deduced.

The detailed actuarial calculation requires the use of actuarial hypotheses for demographic variables (mortality, employee turnover) and economic variables (future increases in salaries and medical costs, discount rate).

When defined benefit plans are totally or partially funded by contributions paid to a separate fund or insurance company, those entities' assets are measured at their fair value.

Their amount is then deducted from the obligation to define net liability disclosed in the Group's balance sheet.

The Group's obligation in respect of such arrangements is calculated by independent actuaries, in accordance with IAS 19, "Employee Benefits".

Description of plans

As of December 31, 2020, the Group's largest retirement plans were in the United States, Germany, Sweden, Canada, the United Kingdom and Russia. Those six countries represent close to 92.0% of total commitments under the defined benefit plans.

In the United States and the United Kingdom, the Group's retirement plans have been closed to new participants and to the accrual of rights for several years. The Group's plans in Canada are now closed. These plans are pre-financed in accordance with local legislation. Additionally, the Group operates medical and life-insurance benefit plans for certain employees in the United States. These plans are not covered by financing assets and are now closed.

In Sweden, defined benefit retirement plans are mandatory for employees born prior to 1979 under the applicable collective bargaining agreement. Employees born after that date participate in the mandatory defined contribution plan.

In Germany, the Group offers a pension plan, service awards and early retirement.

The Group also offers lump-sum retirement payments as provided for by applicable legislation or collective bargaining agreements in certain countries, including Russia, France and Italy.

The weighted average duration of the defined benefit obligation is 13.6 years.

Material Events

- Sweden: in 2020, an amendment converted the defined benefits regime into a defined contribution regime for services rendered after January 1, 2020, in return for payment of a contribution. The remaining provision on the Company's books covers past rights through December 31, 2020, on the basis of the 2020 reference salary. The amendment generated a curtailment gain in 2020 expenses of €0.33 million.
- Russia: a redundancy plan was announced that affects 52 employees. This event generated a curtailment gain in 2020 expenses of €0.25 million.
- Serbia: redundancy plans were announced affecting 37 employees. These events generated a curtailment gain in 2020 expenses of €0.07 million.

Assumptions

Accounting for actuarial values relies on long-term interest rates, predicted future increases in salaries and inflation rates. The main assumptions are presented below:

	Dec. 31, 2020		Dec. 31, 2019	
	Pensions	**Other benefit obligations**	**Pensions**	**Other benefit obligations**
Discount rate	1.69%	-	2,17%	-
Including:				
United States	2.70%	2.70%	3,20%	3,00%
Germany	-0,10% / 0,20% / 0,30%	-	-0,30% / 0% / 0,75%	-
Sweden	1.50%	-	1,75%	-
United Kingdom	1.30%	-	2,00%	-
Canada	2.70%	-	2,55% / 2,90%	-
Russia	6.70%	-	6,50% / 7,50%	-
Salary increases	2.70%	-	2,33%	-
Inflation	2.11%	-	2,20%	-

Discount rates are determined by reference to the yield on high-quality bonds. They are calculated on the basis of external indices commonly used as references:

- United States: iBoxx $ Corporate AA 15+;
- Euro zone: iBoxx € Corporate AA 10+;
- Sweden: bonds of Swedish companies;
- United Kingdom: iBoxx £ Corporate AA 15+;
- Canada: Canadian AA “Mercer Yield Curve Canada” bonds;
- Russia: Russian government bonds.

Amounts recognized in the statement of financial position	**Dec. 31, 2020**			**Dec. 31, 2019**		
(in millions of euros)	**Pensions**	**Other benefit obligations**	**TOTAL**	**Pensions**	**Other benefit obligations**	**TOTAL**
Defined Benefit Obligations	227.3	1.4	228.7	227.9	1.8	229.7
Fair value on plan assets	(93.6)	-	(93.6)	(92.9)	-	(92.9)
Net liability booked in the statement of financial position	**133.7**	**1.4**	**135.1**	**135.0**	**1.8**	**136.7**

Pension obligations	Dec. 31, 2020			Dec. 31, 2019		
(in millions of euros)	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded in the balance sheet	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded in the balance sheet
As of January 1	**227.9**	**(92.9)**	**135.0**	**220.6**	**(92.6)**	**128.0**
Current service cost	3.9	-	3.9	3.6	-	3.6
Past service cost	(0.7)	-	(0.7)	-	-	-
(Gain)/loss on new retirement plans	-	-	-	3.2	-	3.2
Financial cost (effect of discount)	4.7	(2.3)	2.4	6.7	(3.2)	3.5
Update to other post-employment commitments	-	-	-	-	-	-
Administrative expenses and taxes (expenses paid)	(0.1)	1.2	1.1	(0.1)	1.8	1.7
Expense (income) for the period	**7.8**	**(1.1)**	**6.7**	**13.4**	**(1.4)**	**12.0**
Benefit payments from employer	**(4.5)**	**-**	**(4.5)**	**(4.9)**	**-**	**(4.9)**
Benefit payments from plan	**(9.0)**	**9.0**	**-**	**(5.7)**	**5.7**	**-**
Plan participants' contributions	**0.1**	**(0.1)**	**-**	**0.2**	**(0.2)**	**-**
Employer contributions	**-**	**(5.1)**	**(5.1)**	**-**	**(4.3)**	**(4.3)**
Changes in demographic assumptions	1.5	-	1.5	(1.2)	-	(1.2)
Changes in financial assumptions	11.5	-	11.5	24.7	-	24.7
Effect of experience adjustments	(1.6)	-	(1.6)	(2.8)	-	(2.8)
(Return) on plan assets (excluding interest income)	-	(10.0)	(10.0)	-	(10.1)	(10.1)
Total pension cost/(income) recognized in the OCI	**11.5**	**(10.0)**	**1.5**	**20.7**	**(10.1)**	**10.6**
Transfer	(0.5)	-	(0.5)	(18.9)	12.3	(6.5)
Changes in scope	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange differences	**(6.2)**	**6.6**	**0.4**	**2.4**	**(2.4)**	**0.0**
As of December 31	**227.3**	**(93.6)**	**133.7**	**227.9**	**(92.9)**	**135.0**

Other benefit obligations	Dec. 31, 2020			Dec. 31, 2019		
(in millions of euros)	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded on in the balance sheet	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded on in the balance sheet
As of January 1	**1.8**	**-**	**1.8**	**1.8**	**-**	**1.8**
Current service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
(Gain)/loss on new retirement plans	-	-	-	-	-	-
Financial cost (effect of discount)	0.0	-	0.0	0.1	-	0.1
Update to other post- employment commitments	-	-	-	-	-	-
Administrative expenses and taxes (expenses paid)	-	-	-	-	-	-
Expense (income) for the period	**0.0**	**-**	**0.0**	**0.1**	**-**	**0.1**
Benefit payments from plan	**-**	**-**	**-**	**-**	**-**	**-**
Benefit payments from employer	**(0.3)**	**-**	**(0.3)**	**(0.2)**	**-**	**(0.2)**
Plan participants' contributions	**-**	**-**	**-**	**-**	**-**	**-**
Employer contributions	**-**	**-**	**-**	**-**	**-**	**-**
Changes in demographic assumptions	(0.0)	-	(0.0)	(0.0)	-	(0.0)
Changes in financial assumptions	0.0	-	0.0	0.1	-	0.1
Effect of experience adjustments	0.1	-	0.1	(0.1)	-	(0.1)
(Return) on plan assets (excluding interest income)	-	-	-	-	-	-
Total pension cost/(income) recognized in the OCI	**0.2**	**-**	**0.2**	**0.0**	**-**	**0.0**
Changes in scope	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange differences	**(0.3)**	**-**	**(0.3)**	**0.0**	**-**	**0.0**
As of December 31	**1.4**	**-**	**1.4**	**1.8**	**-**	**1.8**

Allocation of plan assets by type of investment

	Dec. 31, 2020	Dec. 31, 2019
Shares	37.2%	34.7%
Bonds	46.7%	47.0%
Insurance contracts	13.4%	12.1%
Cash & cash equivalent (liquidity)	0.1%	3.8%
Real Estate	2.6%	2.4%

Sensitivity to discount rate assumptions

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Increase of 50 points		
Increase (Decrease) in defined benefit obligations	(15.0)	(15.0)
Decrease of 50 points		
Increase (Decrease) in defined benefit obligations	16.7	16.4

Sensitivity to inflation rate assumptions

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Increase of 50 points		
Increase (Decrease) in defined benefit obligations	6.4	6.0
Decrease of 50 points		
Increase (Decrease) in defined benefit obligations	(5.8)	(5.2)

Benefits to be paid in the next five years

Benefits to be paid in the next five years under retirement and similar plans are estimated as follows:

	Dec. 31, 2020	Dec. 31, 2019
2020	-	11.9
2021	11.6	12.1
2022	11.4	11.7
2023	10.6	11.2
2024	10.3	11.1
2025	10.6	-
TOTAL	**54.5**	**58.0**

4.2 Personnel costs and compensation of senior management

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Wages and salaries	(668.8)	(718.1)
Pension costs	(2.8)	(6.8)
Total personnel costs	**(671.6)**	**(724.9)**
Employees (average number)	12,384	12,950

Key management personnel compensation

The key management personnel includes the members of the Executive Management Committee and the members of the Supervisory Board.

Key management personnel received the following compensation:

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Short-term employee benefits	7.0	6.0
Retirement benefits	-	-
Other long-term benefits	-	-
Lump-sum retirement payments	0.2	0.8
Share-based payments	0.4	0.9
Total	**7.6**	**7.7**

Compensation of the Group's key management personnel includes salaries, attendance fees and non-cash benefits. In connection with the Covid-19 specific measures, the compensation of key members of management was temporarily decreased in the second quarter of 2020.

4.3 Share based payment transactions

The Group regularly implements share grant plans. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the shares awarded. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the shares awarded. At the end of each fiscal year, the amount recognized as an expense is adjusted such that amount ultimately recognized is based on the number of shares awarded that meet the related service and non-market performance conditions at the vesting date.

For the three plans in effect, ordinary shares will be granted to the beneficiaries at the end of a two-year vesting period. The grant will be subject to satisfying an economic performance condition (based on the Group's 3-year plan), the beneficiaries' continuous employment through the end of the vesting period, and a market performance condition. The 2020 LTIP is conditional on two CSR performance conditions.

In 2020, the 2017 LTIP plan resulted in a payment of 112,568 shares.

	LTIP 2018	**LTIP 2019**	**LTIP 2020**
Grant date	July 25, 2018	June 24, 2019	July 30, 2020
End of the vesting period	June 30, 2021	June 30, 2022	August 1, 2023
Number of shares	254,677	324,270	379,288
Estimated value as of the plan's start date (in euros)	19.85	19.74	9.40
Estimate of number of shares to be delivered as of December 31, 2020	127,339	162,135	398,252
Form of settlement		Distribution of shares	
2020 expenses (in millions of euros)	(0.9)	(1.3)	(0.6)
2019 expenses (in millions of euros)	(1.0)	(1.3)	-
2018 expenses (in millions of euros)	(1.2)	-	-

Note 5 > Intangible assets and property, plant and equipment

5.1 Goodwill

For the measurement of goodwill at initial recognition, Tarkett applies IFRS 3 Revised (see Note 2.2), except for acquisitions accounted for before December 31, 2009, for which IFRS 3 (2004) was applied.

Negative goodwill (badwill) is recognized directly in profit or loss.

Goodwill is allocated to cash-generating units and is not amortized, but instead is tested at least annually for impairment on the basis described in Note 5.3, or following any event that could lead to a loss of value.

Subsequently, goodwill is measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Changes in goodwill

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Opening carrying amount	650.6	662.0
Goodwill on acquisitions during the period	-	1.7
Adjustment to initial purchase price allocation	-	(21.8)
Foreign exchange gain & loss	(37.4)	8.7
Closing carrying amount	**613.2**	**650.6**

The change is primarily the result of foreign exchange effect, due to the evolution of exchange rates between the euro and the U.S. dollar.

5.1.1 Allocation of goodwill between the various CGUs

The 2020 CGUs are identical to the 2019 CGUs.

Impairment tests were performed on each CGU individually before the combinations.

Allocation of goodwill between the various CGUs is as follows:

	Dec. 31, 2020		Dec. 31, 2019	
(in millions of euros)	**Gross value**	**Net value**	**Gross value**	**Net value**
Resilient and miscellaneous	69.7	69.1	70.4	69.8
Carpet	33.5	33.5	33.5	33.5
Wood	-	-	-	-
EMEA	**103.2**	**102.6**	**103.9**	**103.3**
Commercial and hospitality	344.7	327.7	375.0	358.0
Residential	-	-	-	-
North America	**344.7**	**327.7**	**375.0**	**358.0**
CIS	96.5	95.5	96.5	95.5
APAC	-	-	-	-
Latin America	0.0	0.0	0.1	0.1
CIS, APAC and Latin America	**96.5**	**95.5**	**96.6**	**95.6**
Athletic tracks	37.2	31.5	40.0	34.4
Synthetic grass & other	56.7	56.0	59.9	59.3
Sports Surfaces	**93.8**	**87.5**	**99.9**	**93.7**
Total goodwill	**638.2**	**613.2**	**675.4**	**650.6**

5.2 Intangible assets and property, plant and equipment

5.2.1 Intangible assets

Research and development

In accordance with IAS 38, expenditures on research and development are expensed as incurred except when the criteria for capitalization are met.

Patents

Patents obtained by the Group are stated at cost less accumulated amortization and impairment losses.

Capitalized costs for internally generated patents principally relate to the costs of legal counsel. Patents capitalized are amortized on a straight-line basis over the shorter of the length of the patent or estimated length of use.

Software licenses

Software is stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization of intangible assets is recorded on a straight-line basis from the date of their availability:

- patents and trademarks: the shorter of the length of the patent or its length of use;
- development costs: 3 - $6^{2/3}$ years;
- computer software: 3-5 years.

5.2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Acquisition cost

Acquisition cost includes purchase cost or production cost plus the other costs incurred for bringing the items to their operating location and condition. The cost of a self-constructed asset includes the costs of raw materials and direct labor, the initially estimated cost of any obligation for dismantling, removing and restoring the site on which the asset is located, and an appropriate allocation for directly attributable production overhead.

When an item of property, plant and equipment includes material components with different useful lives, each major component is accounted for separately.

Subsequent costs

Replacements and improvements are capitalized and recorded as a separate asset if it is probable that the Group will derive economic advantages from the item, while general repairs, day to day servicing and maintenance are charged to expenses as incurred.

Depreciation

Depending on the economic use of the asset, straight-line depreciation is recorded over the following periods:

- Buildings: 20-30 years;
- Equipment and machinery: $6^{2/3}$ - 10 years;
- Printing cylinders: 2 years;
- Other equipment and furnishings: 3-5 years.

IFRS 16: Leases

The Group classifies a contract as a lease within the meaning of IFRS 16 if it gives the lessee the right to control the use of a given asset.

Measured by value, the Group's lease agreements primarily concern real property (offices, plants, and warehouses). In number, they principally concern cars and forklifts.

Among the key assumptions, the discount rate is determined for each asset based on the incremental borrowing rate on the effective date of the contract and corresponds to the interest rate that each entity of the Group would pay to borrow the amount necessary to acquire a similar asset, for a duration and in an economic environment similar to those of the lease, as well as the Group's external financing conditions.

The initial term of the lease corresponds to the period during which it cannot be terminated, plus, where applicable, renewal or termination options that the Group is reasonably certain it will exercise.

With respect to the depreciation of non-removable leasehold improvements, the Group decided to use the shorter of the following periods:

- the useful life of the leasehold improvement, as defined in "IAS 16 - Property, Plant and Equipment"; and
- the lease term of the related leased asset, in light of the legal limit on the use of the asset imposed by the lease agreement.

Improvements associated with leased real property are recorded outside the scope of application of IFRS 16.

The Group makes use of the amendment to IFRS 16 on Covid-19-related rent concessions for leases of "goods and real property." The impact of the amendment is not material at the level of the Group.

> **Types of lease agreements**

Goods and real property

The Group restates all leased land and buildings, whatever the term of the lease. Land and buildings leased for less than 12 months are thus also restated under IFRS 16 due to their material nature. This method is applied in the same manner throughout the Group for these two categories of assets.

The Group's principal commercial lease is the lease of premises for the Group's registered office, which was renewed in the second half of 2020 for a nine-year term that, under the contractual terms, is the most reasonably certain duration.

Equipment and Machinery

The Group's leases of equipment and machines within the scope of IFRS 16 primarily include company cars and forklifts used in the Group's plants. All company cars with lease terms of greater than 12 months are treated in accordance with IFRS 16.

Non-capitalized lease agreements

- Short-term leases

Short-term leases have terms of one year or less. The Group's short-term leases consist primarily of short-term car leases.

- Low-value leases

Low value leases are those for which the value of the asset, if new, would be less than or equal to €5,000 or $5,000. The Group's low value leases consist primarily of leases of small machines and office equipment.

Lease agreements recorded in right to use are depreciated over the terms of the lease in accordance with the method described above.

The allocation of net values of intangible assets and property, plant and equipment is as follows:

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Research and development	3.5	4.1
Patents	8.2	9.6
Trademarks	22.9	27.7
Software licenses	27.9	22.8
Other intangible assets	23.9	69.1
Advance payments and fixed assets in progress	5.5	22.2
Intangible assets	**91.9**	**155.6**
Goods and real property	258.4	269.4
of which right to use goods and real property	*81.1*	*73.7*
Technical equipment and machinery	242.6	235.8
of which right to use technical equipment and machinery	*22.1*	*15.9*
Advance payments and fixed assets in progress	53.8	102.1
Property, plant and equipment	**554.9**	**607.3**

The variations in gross value, depreciation and amortization break down as follows:

Acquisition costs	Dec. 31, 2019	Acquisition	Disposal	Change in scope	Transfer	Foreign Exchange differences	Dec. 31, 2020
(in millions of euros)							
Research and development	17.7	1.2	-	-	(0.0)	(0.8)	18.1
Patents	142.8	0.1	-	-	0.8	(11.8)	131.8
Trademarks	57.6	0.0	-	-	0.0	(3.1)	54.5
Software licenses	150.1	5.1	(1.7)	-	21.3	(6.1)	168.7
Other intangible assets	84.6	0.0	-	-	(0.2)	(6.5)	78.0
Advance payments and fixed assets in progress	22.3	4.6	-	-	(21.0)	(0.3)	5.5
Intangible assets	**475.1**	**11.1**	**(1.7)**	**-**	**0.8**	**(28.6)**	**456.6**
Goods and real property	640.7	38.2	(17.3)	-	7.8	(15.7)	653.7
of which right to use goods and real property	94.2	36.1	(5.9)	-	(0.7)	(4.8)	118.9
Technical equipment and machinery	1,445.5	33.7	(48.6)	-	83.4	(35.3)	1,478.6
of which right to use technical equipment and machinery	28.9	17.7	(4.4)	-	(0.5)	(0.7)	41.0
Advance payments and fixed assets in progress	102.1	42.7	(0.1)	-	(87.8)	(3.0)	53.8
Property, plant and equipment	**2,188.3**	**114.6**	**(66.0)**	**-**	**3.4**	**(54.1)**	**2,186.2**

Cumulative depreciation, amortization, and impairment	Dec. 31, 2019	Acquisition	Disposal	Change in scope	Transfer	Foreign Exchange differences	Dec. 31, 2020
(in millions of euros)							
Research and development	(13.6)	(1.7)	-	-	0.0	0.7	(14.7)
Patents	(133.1)	(0.8)	-	-	(0.8)	11.1	(123.6)
Trademarks	(29.9)	(3.4)	-	-	-	1.8	(31.6)
Software licenses	(127.2)	(20.2)	1.6	-	(0.0)	5.1	(140.8)
Other intangible assets	(15.6)	(42.3)	-	-	0.1	3.8	(54.0)
Intangible assets	**(319.5)**	**(68.5)**	**1.6**	**-**	**(0.7)**	**22.4**	**(364.7)**
Goods and real property	(371.3)	(48.6)	16.7	-	(0.2)	8.1	(395.3)
of which right to use goods and real property	(20.5)	(24.6)	5.6	-	(0.0)	1.6	(37.8)
Technical equipment and machinery	(1,209.7)	(94.3)	48.0	-	(4.6)	24.6	(1,236.0)
of which right to use technical equipment and machinery	(13.0)	(10.2)	3.9	-	(0.0)	0.3	(18.9)
Property, plant and equipment	**(1,581.0)**	**(142.9)**	**64.7**	**-**	**(4.7)**	**32.7**	**(1,631.3)**

5.3 Impairment

5.3.1 Non-financial assets

Annual impairment testing

Goodwill and other intangible assets with indefinite useful lives are systematically tested for impairment once a year.

The carrying amounts of the Group's assets, other than financial and deferred tax assets and liabilities, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use.

Value in use is calculated by discounting estimated future cash flows for each cash-generating unit, excluding borrowing costs and tax.

Impact of IFRS 16 on annual impairment testing:

The Group is applying the following approach proposed by IFRS 16 standard:

- rights of use are included in the basis of tested assets;
- rental payments are taken into account in future cash flows;
- the book value of the lease liability is deducted from that basis of assets and value in use.

Cash generating units

In carrying out impairment testing, assets are tested at the level of cash-generating units ("CGU") that reflect the segment organization of the Group and its products. For this purpose, goodwill was allocated over the cash-generating units.

Impairment process

The Group analyzes future cash flows over a period of three years based on the most recent forecasts, corresponding to the best estimate of a full business cycle. The forecasts have been established taking into account variations affecting selling prices, volumes and raw material costs. Beyond four years, the Group determines a standard year calculated by extending the fourth year on the assumption of a stable revenue and margin, a need for working capital and investments determined on normative renewal based on historical observations. This standard year is then projected to infinity according to the Gordon Shapiro method.

Future cash flows are discounted to present value at a weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to each financing means.

The discount rate is an after-tax rate applied to after-tax cash flows. The following assumptions were used for 2020. The perpetual growth rate is different for the three areas CIS, APAC and Latin America segment:

	Discount rate after tax	Perpetual growth rate
EMEA	8.26%	2.0%
North America	8.73%	2.0%
CIS	10.31%	3.0%
APAC	8.50%	2.0%
Latin America	10.60%	4.0%
Sports Surfaces	8.73%	2.0%

Operating assumptions

For each CGU, operational assumptions that were considered key by the Group are as follows:

- evolution of the markets in which these CGU are involved on the basis of internal estimates, supported if possible by external forecasts on the concerned segments or products;
- evolution of the Group in its various markets;
- general hypothesis of stability of inflation balance (purchase prices stable, or if changes are considered, full offset by changes in selling prices to balance the impact on value);
- continual implementation of productivity plans for factories working on these CGU to Improve profitability; and
- EBITDA, resulting from the combination of factors listed above.

Sensitivity analysis

The sensitivity analysis was carried out on three assumptions:

- the discount rate (WACC);
- the perpetual growth rate; and
- EBITDA.

Changes of 50 basis points in the discount rate and growth rate are reasonably possible variations for the Group. Tarkett operates in a large number of countries, with a balance between three main areas (EMEA; North America; and CIS, APAC and Latin America). The Group believes that economic developments in these geographic areas can offset each other, as has been demonstrated in the past.

In 2020, the combination of an increase in the discount rate of 50 basis points and a decrease in the growth rate of 50 basis points would result in recording additional impairment losses of €(2.6) million in the "Residential" CGU for the North America reporting segment.

Furthermore, a decrease of 100 basis points in EBITDA would result in recording additional impairment losses of €(4.0) million in the "Residential" CGU for the North America reporting segment and impairment losses of €(6.0) million in the "Wood" CGU for the EMEA reporting segment.

Impairment losses

An impairment loss is recognized whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit.

An impairment loss recorded in respect of goodwill cannot be reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment

Impairment losses recognized in 2020 can be broken down as follows. As a reminder, in 2019 no impairment losses were recorded.

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
North America	(6.5)	-
EMEA	(9.9)	-
Total	**(16.4)**	**-**

The impairment of €(6.5) million for the North America segment corresponds to the "Residential" CGU.

The impairment of €(9.9) million for the EMEA segment corresponds to the "Wood" CGU.

Due to the Covid-19 health crisis, the Group also reviewed the value of its property, plant and equipment and intangible assets in addition to the tests performed at the CGU level. In light of the indication of impairment losses noted in the North American hospitality market, the Group recorded an impairment of €(36.1) million on dedicated intangible assets.

5.3.2 Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

For financial assets held for sale, a significant or prolonged decline in fair value as compared with cost is results in recognition of impairment on the income statement. Impairment loss on an available-for-sale financial asset is measured as the difference between its carrying amount and its fair value, less any impairment loss previously recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

5.4 Lease commitments

As of December 31, 2020, lease commitments concern contracts that were not restated following the application of IFRS 16, namely, primarily:

- contracts considered to be of low value pursuant to paragraph 5 of IFRS 16;
- service agreements that do not meet the definition of a lease within the meaning of IFRS 16.

Minimum lease payments under operating leases are recorded as expenses on a straight-line basis over the term of the lease.

Future minimum rental commitments under operating leases with initial or remaining non-cancellable terms in excess of one year, are summarized below:

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Less than 1 year	2.8	2.3
1 to 5 years	4.4	3.0
More than 5 years	0.4	0.0
Total future minimum lease payments	**7.5**	**5.3**

5.5 Impact of exemptions to IFRS 16

The Group applies the exemptions provided for under IFRS 16, Leases, keeping rental operating charges where the lease term as of the effective date is less than or equal to 12 months and rental charges where the value of the underlying asset is less than €5,000 or $5,000.

Such rental charges totaled €3.7 million and €0.6 million, respectively, as of December 31, 2020.

(in millions of euros)	**< or equal to 5 K€ / K$**	**< or equal to 12 months**	**Total**
Cost of sales	(0.4)	(2.6)	(3.0)
Selling and distribution expenses	(0.2)	(0.8)	(1.0)
Research and development expenses	-	(0.0)	(0.0)
General and administrative expenses	(0.1)	(0.3)	(0.3)
Other operating expenses	-	-	-
Impact on operating profit	**(0.6)**	**(3.7)**	**(4.3)**

Note 6 > Provisions

6.1 Provisions

Provisions come primarily from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reversed when they are no longer required.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data. In the event of risks relating to specific products, an additional provision may be recorded.

A provision for restructuring is recorded when the Group has approved a detailed and formal restructuring plan, and the restructuring has been either implemented or publicly announced. Future operating losses are not provisioned.

(in millions of euros)	Dec. 31, 2019	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	Dec. 31, 2020
Product warranty provision	3.8	0.7	(0.0)	-	0.4	(0.2)	4.6
Restructuring provisions	(0.0)	1.1	-	-	0.5	(0.0)	1.6
Claims & litigation provisions	2.9	0.1	(0.8)	-	0.2	(0.2)	2.3
Other provisions	3.4	(0.0)	(0.1)	-	-	-	3.3
Provision for additional tax assessments	0.1	0.0	-	-	-	(0.0)	0.1
Financial provisions (1)	30.3	2.9	(2.6)	-	0.2	(2.6)	28.2
Total Provisions – long-term	**40.5**	**4.7**	**(3.4)**	**-**	**1.3**	**(3.0)**	**40.1**
Product warranty provision	14.1	1.1	(1.4)	-	(3.2)	(0.8)	9.7
Restructuring provisions	19.5	5.6	(8.8)	-	(1.1)	(0.4)	14.9
Claims & litigation provisions	14.1	4.1	(7.2)	-	7.6	(1.1)	17.6
Other provisions	0.2	0.6	(0.1)	-	-	(0.0)	0.8
Total Provisions – short-term	**48.0**	**11.5**	**(17.5)**	**-**	**3.3**	**(2.3)**	**43.1**
Total Provisions	**88.4**	**16.2**	**(20.9)**	**-**	**4.6**	**(5.2)**	**83.1**

(in millions of euros)	Dec. 31, 2018	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	Dec. 31, 2019
Product warranty provision	3.1	0.8	(0.1)	-	(0.0)	0.0	3.8
Restructuring provisions	0.0	-	-	-	-	(0.0)	(0.0)
Claims & litigation provisions	2.3	2.2	(1.6)	-	-	(0.0)	2.9
Other provisions	7.6	2.1	(3.3)	-	(3.0)	-	3.4
Provision for additional tax assessments	0.1	-	(0.0)	-	-	0.0	0.1
Financial provisions (1)	33.3	2.4	(6.0)	-	-	0.6	30.3
Total Provisions – long-term	**46.3**	**7.5**	**(11.1)**	**-**	**(3.0)**	**0.7**	**40.5**
Product warranty provision	18.9	5.3	(8.5)	-	(2.0)	0.3	14.1
Restructuring provisions	1.3	5.3	(0.7)	0.0	13.6	0.0	19.5
Claims & litigation provisions	11.0	5.7	(4.7)	-	2.0	0.1	14.1
Other provisions	0.2	0.1	(0.1)	-	-	0.0	0.2
Total Provisions – short-term	**31.5**	**16.5**	**(13.9)**	**0.0**	**13.6**	**0.4**	**48.0**
Total Provisions	**77.8**	**23.9**	**(25.1)**	**0.0**	**10.6**	**1.1**	**88.4**

(1) Variations in provisions for financial liabilities relate to the provision for asbestos litigation recorded by Domco Products Texas Inc.

6.2 Potential liabilities

There were no significant changes in the guarantees granted by Tarkett to third parties in 2020.

Asbestos

In the United States, the Group has been a defendant in lawsuits by third parties relating to personal injury from asbestos. Expected costs of the current or future cases are covered by Group's insurances, sellers' guarantees granted by third-parties and by provisions that management, based on the advice and information provided by its legal counsel, considers to be sufficient.

Note 7 > Financing and Financial Instruments

7.1 Significant accounting principles

Other financial assets

Financial assets are initially recognized at their fair value plus any applicable transaction costs except for financial assets at fair value through profit or loss for which transactions costs are recognized in profit or loss as incurred.

Under IFRS 9, all financial assets for which the cash flows do not represent solely payment of principal and interest (SPPI) must be recorded at fair value through profit and loss. However, IFRS 9 introduces an option that may be irrevocably elected at the time of initial recognition, investment by investment, permitting equity investments to be recorded at fair value through other comprehensive income, without later being moved to profit and loss, even in the event of a disposal. Only the dividends are recognized in profit or loss.

Financial assets for which the cash flows do represent solely payment of principal and interest (SPPI) are recognized at amortized cost using the effective interest rate method.

For non-current assets valued at amortized cost, impairment is assessed individually, taking into account the risk profile of the counterparty and the warranties obtained. At the time of the initial recording of such non-current financial assets, impairment is systematically recorded in the amount of the credit losses expected to result from events that may occur in the next twelve months. In the event of a significant deterioration in the counterparty's credit quality, the initial impairment is supplemented to cover all of the expected losses over the remaining maturity of the receivable.

For commercial receivables, the Group conducts a review of each of its customer receivables individually, taking into account the probability of default by the counterparty as well as the extent to which the receivables were hedged, and uses the simplified method provided for by IFRS 9 to provision the expected losses over the remaining maturity of the receivables.

Non-derivative financial liabilities

Financial liabilities comprise financial debt and trade and other operating payables. They are accounted for at amortized cost using the effective interest rate method.

Derivative instruments

Derivatives are recognized in the balance sheet at their fair value (whether positive or negative) with changes in fair value immediately recognized in profit or loss.

However, derivative instruments that qualify for hedge accounting are classified either as fair value hedges (FVH) (when their purpose is to hedge an existing asset or liability's exposure to the risk of changes in its fair value) or cash flow hedges (CFH) (when their purpose is to hedge the exposure to changes in the cash flows associated with highly probable future transactions).

Derivative instruments that are part of a hedge are documented on the basis of intrinsic value for exchange rate and interest rate options, and on the basis of the spot price component for forward contracts.

Changes in fair value relating to the effective portion of derivative exchange rate and interest rate instruments qualified as fair value of hedges (FVH) are recognized as part of financial income or expense. The value of the hedged items is adjusted to their fair value and the changes in fair value attributable to the hedged risk(s) are equally recognized as part of income or expense.

Changes in the fair value of the effective portion of cash flow hedges (CFH) of exposure to foreign currency and interest rate risk are recognized within other comprehensive income, and the result of such hedges is recorded in profit and loss, symmetrically to the risk being hedged.

The time value of exchange rate and interest rate options is recorded as a cost of hedging. Changes in time value recorded over the life of the option are recorded as a counterpart to other comprehensive income. The initial option premium is either (i) moved into profit or loss when the hedged transaction impacts profit or loss, where the hedged item is related to a transaction; or (ii) amortized in profit or loss over the duration of the hedge, where the hedged item is related to a period of time.

Changes in value of the swap point for forward contracts classified as hedges are recorded in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, term deposits, monetary UCITs, and other monetary investments with initial maturities not exceeding three months and subject to an insignificant risk of changes in value.

7.2 Financial income and expenses

Financial expense includes, in particular, interest payable on borrowings accounted for at amortized cost using the effective interest method, and the effects of the related hedges.

Other financial income and expense includes the income and expenses associated with loans and receivables accounted for at amortized cost, the gains recognized in respect of investment of cash and cash equivalents, financial charges relating to the discounting of post-employment expenses, exchange rate gains and losses, impairment losses relating to financial assets, and dividends, which are recorded in net income when the right to payment vests.

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Interest income on loan assets & cash equivalents	0.4	1.1
Other financial income	0.2	0.2
Total financial income	**0.6**	**1.3**
Interest on financial liabilities	(12.4)	(18.8)
Financial expense relating to leases	(3.9)	(4.2)
Commission expenses on financial liabilities	(5.4)	(4.8)
Cost of loans and debt renegotiation	(1.8)	(1.1)
Interest on provisions for pensions	(3.6)	(5.3)
Foreign exchange gains or losses	(2.9)	0.5
Impairment of financial assets	0.0	(0.1)
Premiums and interest rates differentials on derivatives	(4.2)	(5.8)
Other financial expenses	(0.0)	(0.7)
Total financial expenses	**(34.2)**	**(40.1)**
Financial income and expenses	**(33.7)**	**(38.8)**

7.3 Net debt – interest-bearing loans and borrowings

7.3.1 Net Debt

Net debt is defined as the sum of interest bearing loans and borrowings minus cash and cash equivalents. Interest-bearing loans and borrowings refer to any obligation for the repayment of funds received or raised that are subject to repayment terms and interest charges. They also include liabilities on finance leases.

(in millions of euros)	**Dec. 31, 2020**		**Dec. 31, 2019**	
	Long-term	**Short-term**	**Long-term**	**Short-term**
Bank loans	2.3	73.6	57.2	3.6
Private placements	549.8	56.5	612.1	-
Other loans	1.3	-	1.8	-
Bank overdrafts	-	6.8	-	7.2
Leases (1)	2.5	0.8	2.5	0.8
Interest bearing loans and borrowings	**555.9**	**137.7**	**673.6**	**11.6**
Total interest bearing loans and borrowings	**693.6**		**685.2**	
Cash and cash equivalents	(328.6)		(137.7)	
Net debt before application of IFRS 16	**365.0**		**547.5**	
Leases (2)	85.8	23.0	66.6	22.7
Net debt	**473.8**		**636.8**	

(1) Leases recorded in accordance with former IAS 17 – finance leases

(2) Leases recorded in accordance with IFRS 16 (excluding leases previously recorded in accordance with IAS 17)

To mitigate the possible negative effects of the economic and health crisis on its liquidity, Tarkett entered into two short-term credit lines in May 2020:

- A €175 million revolving credit facility with a one-year maturity, which can be extended by six months at the Group's discretion, and then by another six months with approval from the banks. This line of credit had not been drawn down as of December 31, 2020;
- A loan guaranteed by the French government (*prêt garanti par l'état* - PGE) for €70 million with a one-year maturity, with an option to extend at its discretion for between one and five additional years. This loan, which has been drawn down, was recorded in current financial liabilities.

In addition, in May 2020 Tarkett obtained from its banking partners a one-year extension of its €700 million syndicated revolving credit facility entered into in May 2019 for an initial term of five years. This line of credit had not been drawn down as of December 31, 2020.

As of December 31, 2020, Tarkett is using its factoring lines in the amount of €131.0 million, or the equivalent.

As of December 31, 2020, interest-bearing loans and borrowings primarily comprise:

- A "Schuldschein" of €144.0 million and $26.5 million concluded in June 2019 and maturing in June 2026 for €51.0 million in June 2025 for €45.0 million, and in June 2024 for the remainder;
- A "Schuldschein" of €252.5 million and $50.0 million concluded in April 2017 and maturing in April 2024 for €150.5 million and in April 2022 for the remainder;
- A "Schuldschein" of €147.5 million concluded in June 2016 and maturing in June 2023 for €91.0 million and in June 2021 for €56.5 million;
- The €70.0 million PGE entered into in May 2020.

7.3.2 Details of loans and borrowings

Dec. 31, 2020	Currency of draw-down	Interest rate	Total	12 months or less until 12/31/ 2021	2 years until 12/ 31/2022	3 to 5 ans until 12/31/2025	More than 5 years
(in millions of euros)							
Bank loans							
European revolving credit facilities			-	-	-	-	-
Other bank loans	RMB	5,22%-5,70%	5.9	3.6	1.6	0.7	-
Other bank loans	EUR	0%	70.0	70.0	-	-	-
Subtotal Bank loans			**75.9**	**73.6**	**1.6**	**0.7**	**-**
Private placements Europe	EUR	1,15%-1,72%	544.0	56.5	102.0	334.5	51.0
Private placements Europe	USD	1,79%-1,82%	62.3	-	40.7	21.6	-
Other loans	EUR	1,17%	1.3	-	1.3	-	-
Bank overdrafts			6.8	6.8	-	-	-
Leases (1)			3.3	0.8	0.8	1.6	0.1
Interest bearing loans and borrowings (1)			**693.6**	**137.7**	**146.4**	**358.4**	**51.1**
Leases (2)			108.8	23.0	18.3	39.9	27.6
Interest bearing loans and borrowings (2)			**802.4**	**160.7**	**164.8**	**398.3**	**78.7**

(1) Leases recorded in accordance with former IAS 17 – finance leases

(2) Leases recorded in accordance with IFRS 16 (excluding leases previously recorded in accordance with IAS 17).

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Dec. 31, 2019	Currency of draw-down	Interest rate	Total	12 months or less until 12/31/2021	2 years until 12/31/2022	3 to 5 ans until 12/31/2025	More than 5 years
(in millions of euros)							
Bank loans							
European revolving credit facilities	USD	2,49%	53.4	-	-	53.4	-
Other bank loans	RMB	5,22%-5,70%	7.4	3.6	1.6	2.2	-
Subtotal Bank loans			**60.8**	**3.6**	**1.6**	**55.6**	**-**
Private placements Europe	EUR	1,15%-1,72%	544.0	-	56.5	391.5	96.0
Private placements Europe	USD	3,48%-3,57%	68.1	-	-	68.1	-
Other loans	EUR	0,25%-4,05%	1.8	-	0.9	0.9	-
Bank overdrafts			7.2	7.2	-	-	-
Leases (1)			3.3	0.8	0.8	1.6	0.1
Interest bearing loans and borrowings (1)			**685.2**	**11.6**	**59.8**	**517.7**	**96.1**
Leases (2)			89.3	22.7	26.7	28.8	11.1
Interest bearing loans and borrowings (2)			**774.5**	**34.3**	**86.5**	**546.5**	**107.2**

(1) Leases recorded in accordance with former IAS 17 – finance leases

(2) Leases recorded in accordance with IFRS 16 (excluding leases previously recorded in accordance with IAS 17).

7.3.3 Financial ratio covenants

The facilities mentioned above contain covenants binding on the borrower, including financial ratio covenants: the ratio of net debt to adjusted EBITDA may not exceed 3.0 as of December 31, of each year and 3.5 as of June 30 of each year, with additional leeway of 0.5 in the event of a significant acquisition.

The Group is in compliance with all of its banking commitments as of December 31, 2020, including the ratio covenant "Net Debt / Adjusted EBITDA", as detailed below. However, in light of the pandemic, Tarkett had obtained an exemption from compliance with its financial ratio as of December 31, 2020 from its financial partners.

Net debt / Adjusted EBITDA	**Dec. 31, 2020**	**Dec. 31, 2019**
(in millions of euros)		
Net debt (1)	365.0	547.5
Adjusted EBITDA (2)	247.0	249.5
Ratio	**1.5**	**2.2**

(1) Net debt excluding lease liabilities resulting from the application of IFRS 16, but including €3.3 million relating to finances leases (€3.3 million as of December 31, 2020)

(2) Adjusted EBITDA used to exclude the impact of the application of IFRS 16, in accordance with the calculation methods provided for in the underlying financing contract.

7.3.4 Cash and cash equivalents

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Current cash	295.5	93.1
Remunerated cash balances	28.0	37.1
Short term treasury notes and Money Market funds	5.1	7.4
Cash and cash equivalents	**328.6**	**137.7**

7.3.5 Changes in financial liabilities

The following table reconciles changes in financial liabilities shown on the balance sheet and the cash flow statement:

(in millions of euros)	Dec. 31, 2019	Cash-flows	Reclassification	Non-cash changes				Dec. 31, 2020
				Other	Acquisition [3]	Foreign exchange differences	Fair value change	
Long-term financial liabilities	740.2	(34.7)	(87.2)	-	53.8	(30.7)	-	641.4
Short-term financial liabilities	34.3	36.1	87.2	2.5	-	1.0	-	160.9
Long-term financial assets [1]	(23.6)	(2.1)	-	-	-	2.1	2.6	(20.9)
Short-term financial assets	(3.3)	(0.9)	-	-	-	0.3	-	(3.9)
Other	-	0.4	-	-	-	-	-	-
Total changes in financing activities [2]		**(1.2)**						
Cash-flows from financing activities [2]		**(1.2)**						

(1) Excluding shares accounted for by the equity method.

(2) Excluding dividends, acquisition of treasury shares and acquisition of non-controlling interests.

(3) Including € 53.8 million for new leases for fiscal year 2020.

7.4 Other financial assets and liabilities

7.4.1 Other financial assets

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Long-term investments	-	-
Financial investments and receivables – long-term [(1)]	17.6	21.7
Other financial assets	**17.6**	**21.7**

(1) Financial investments and receivables – long-term include shares of companies accounted for by the equity method.

The variations in gross value, depreciation and amortization break down as follows:

Acquisition costs	Dec. 31, 2019	Increases	Decreases	Transfer	Foreign exchange differences	Dec. 31, 2020
(in millions of euros)						
Long-term investments	-	-	-	-	-	-
Financial investments and receivables – long-term	24.2	1.3	(3.1)	1.1	(2.1)	21.4
Other financial assets	**24.2**	**1.3**	**(3.1)**	**1.1**	**(2.1)**	**21.4**

Accumulated depreciation and amortization	Dec. 31, 2019	Allowance	Disposal	Decrease	Impairment losses	Transfer	Foreign exchange differences	Dec. 31, 2020
(in millions of euros)								
Security deposit – long-term	-	-	-	-	-	-	-	-
Long-term financial assets and receivables	(2.5)	-	0.0	-	-	(2.0)	0.7	(3.8)
Other financial assets	**(2.5)**	**-**	**0.0**	**-**	**-**	**(2.0)**	**0.7**	**(3.8)**

7.4.2 Other financial liabilities

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Fair value of derivatives non-current	-	-
Other financial liabilities non-current	0.2	0.3
Other financial liabilities non-current	**0.2**	**0.3**
Accrued interest expenses current	3.3	1.3
Fair value of derivatives current	1.3	3.6
Other financial liabilities current	6.0	4.5
Other financial liabilities current	**10.6**	**9.5**

7.5 Fair value of financial assets and liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible.

Fair values are categorized into three levels based on the inputs used in the valuation techniques, as follows:

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: prices determined using valuation techniques based on observable market data;
- Level 3: inputs relating to the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of interest rate swaps and of interest rate and foreign currency options is the estimated amount that the Group would expect to receive or have to pay in order to cancel each derivative instrument at the balance sheet date, taking into account the current level of interest rates and the credit risk associated with these instruments' counterparties.

The derivative financial instruments (swaps, caps, floors etc.) entered into by the Group are traded on over-the-counter markets on which there are no quoted prices. They are therefore measured using the valuation models commonly employed by operators in the market (Level 2).

Derivative instruments are entered into exclusively with first class banks or other financial institutions, and with the sole purpose of providing security for the Group's current operations and for the financing thereof.

In the case of receivables and payables with maturities of less than a year and certain floating rate receivables and payables, historical cost is considered as a reasonable approximation of their fair value.

Dec. 31, 2020	**Fair Value Category**	**Assets at amortized cost**	**Liabilities at amortized cost**	**Fair value through profit and loss**	**Fair value of interest rate hedge instruments**	**Carrying amount**	**Fair value**
(in millions of euros)							
Financial assets, non-current	Level 2	2.1	-	15.5	-	17.6	17.6
Other current financial assets	Level 2	-	-	-	2.7	2.7	2.7
Trade receivables	Level 2	214.6	-	-	-	214.6	214.6
Cash and cash equivalents	Level 2	-	-	328.6	-	328.6	328.6
Interest-bearing loans and borrowings	Level 2	-	802.4	-	-	802.4	802.4
Other non-current financial liabilities	Level 2	-	0.2	-	-	0.2	0.2
Other current financial liabilities	Level 2	-	9.3	-	1.3	10.6	10.6
Trade payables	Level 2	-	277.4	-	-	277.4	277.4

Dec. 31, 2019	**Fair Value Category**	**Assets at amortized cost**	**Liabilities at amortized cost**	**Fair value through profit and loss**	**Fair value of interest rate hedge instruments**	**Carrying amount**	**Fair value**
(in millions of euros)							
Financial assets, non-current	Level 2	0.1	-	21.6	-	21.7	21.7
Other current financial assets	Level 2	-	-	-	3.4	3.4	3.4
Trade receivables	Level 2	258.5	-	-	-	258.5	258.5
Cash and cash equivalents	Level 2	-	-	137.7	-	137.7	137.7
Interest-bearing loans and borrowings	Level 2	-	774.5	-	-	774.5	774.5
Other non-current financial liabilities	Level 2	-	0.3	-	-	0.3	0.3
Other current financial liabilities	Level 2	-	5.8	-	3.7	9.5	9.5
Trade payables	Level 2	-	324.0	-	-	324.0	324.0

7.6 Financial risks and Financial Instruments

7.6.1 Financial risk management

The Group's financial risk (market risk, credit risk and liquidity risk) management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2019.

7.6.2 Derivative instruments

The Group uses derivative financial instruments to hedge some of its exposure to foreign currency risk and interest rate risk associated with its purchases and sales denominated in foreign currencies and with its financing and investment transactions, as well as to hedge certain components of its raw materials costs.

The derivatives employed include interest rate options, other forward contracts and foreign currency options.

In accordance with its policy in respect of financial instruments, the Group neither uses nor issues derivative financial instruments for trading purposes.

7.6.3 Financial market risks

Exposure to interest rate, currency, raw material prices, liquidity and credit risk arises in the normal course of Tarkett's activities. Derivative financial instruments are used to reduce the exposure to fluctuations in both foreign exchange and interest rates. Liquidity and credit risk are managed following risk management policies approved by the Group's executive board.

The portfolio of derivative instruments is broken down as follows:

Dec. 31, 2020	Accounting classification	Maturity	Fair value	Counterpart in OCI [1]
(in millions of euros)				
Currency swaps	FVH	< June 2021	1.2	-
Exchange rate derivative instruments			**1.2**	**-**
Forward exchange contracts	CFH	< May 2022	0.6	0.6
Options	CFH	< Feb 2021	-	-
Commodity swaps	CFH	< Jan 2022	0.5	0.5
Exchange rate derivatives related to commercial transactions			**1.1**	**1.1**
Caps	CFH	< June 2025	(0.9)	(0.9)
Interest rate derivatives			**(0.9)**	**(0.9)**
Total			**1.4**	**0.2**

(1) Corresponds to the balance of the counterpart in OCI as of December 31, 2020.

Dec. 31, 2019	Accounting classification	Maturity	Fair value	Counterpart in OCI [1]
(in millions of euros)				
Currency swaps	FVH	< Mar 2020	1.9	-
Exchange rate derivative instruments			**1.9**	**-**
Forward exchange contracts	CFH	< May 2021	(1.0)	(0.9)
Options	CFH	< Dec 2020	(0.2)	(0.5)
Exchange rate derivatives related to commercial transactions			**(1.2)**	**(1.4)**
Caps	CFH	< April 2024	(0.9)	(1.0)
Interest rate derivatives			**(0.9)**	**(1.0)**
Total			**(0.2)**	**(2.4)**

(1) Corresponds to the balance of the counterpart in OCI as of December 31, 2019.

The acronyms “FVH” (Fair Value Hedge) and “CFH” (Cash Flow Hedge) are defined in Note. 7.1.

The face value of derivative instruments covering the primary exposures are presented below, expressed in euros:

(in millions of euros)	Dec. 31, 2020					Dec. 31, 2019				
Currency of exposure	**USD**	**SEK**	**GBP**	**CAD**	**NOK**	**USD**	**SEK**	**GBP**	**CAD**	**NOK**
Exchange rate derivative instruments	260.7	37.2	10.0	44.3	-	275.3	16.1	0.1	41.6	-
Exchange rate derivatives related to commercial transactions	-	-	37.3	-	11.3	-	-	46.6	-	15.3
Total	**260.7**	**37.2**	**47.3**	**44.3**	**11.3**	**275.3**	**16.1**	**46.7**	**41.6**	**15.3**

a) Interest rate risk

The Group manages its exposure to interest rate risk centrally. The Group’s general debt strategy is to give preference to floating interest rate debt over fixed interest rate debt, but also to use interest rate derivatives to protect a part of the floating rate debt over a period of three to five years against a rate increase that could result in extensive damage. The hedging tools used are mainly cap or tunnel type derivatives. The cost of the cap may be offset in part or in full by a tunnel.

Following is the interest rate structure of the Group's net debt before and after application of interest rate hedges.

(in millions of euros)	**Fixed rate**	**Floating rate**	**Dec. 31, 2020**
Interest-bearing loans and borrowings	441.0	361.4	802.4
Cash and cash equivalents	(5.2)	(323.4)	(328.6)
Net debt before hedging	**435.8**	**38.0**	**473.8**
Effect of hedging	129.8	(129.8)	-
Net debt after hedging	**565.6**	**(91.8)**	**473.8**

(in millions of euros)	**Fixed rate**	**Floating rate**	**Dec. 31, 2019**
Interest-bearing loans and borrowings	367.9	406.6	774.5
Cash and cash equivalents	(8.0)	(129.7)	(137.7)
Net debt before hedging	**359.9**	**276.9**	**636.8**
Effect of hedging	112.0	(112.0)	-
Net debt after hedging	**471.9**	**164.9**	**636.8**

Sensitivity analysis

Sensitivity to interest-rate fluctuations is calculated on the basis of interest-bearing non-derivatives and derivative Financial Instruments, as well as interest-bearing loans granted to joint ventures or third parties. The analysis is based on the market index in effect at the balance sheet date and on assumptions of constant debt and constant debt management policy over one year.

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Increase of 100 basis points		
Increase / (Decrease) in financial expenses	1.9	2.4
Increase of 100 basis points [(1)]		
Increase / (Decrease) in financial expenses	(0.1)	(1.5)

(1) With a floor of 0%

b) Exchange rate risk

Transaction risk

Exchange rate fluctuations have a direct impact on the Group's Consolidated Financial Statements, derived from transactions regarding the Group entities that incur revenues and expenses in currencies other than their functional currency.

Exchange rate derivatives related to commercial transactions

The Group has attempted to develop its production capacities in the same geographic and monetary areas where it distributes its products. Moreover, through the choice of the invoicing currency for certain intra-Group transactions, the Group aims to offset revenues with costs in the same currency. In certain unstable currency countries, the Group may also offset the local currencies fluctuations with price indexations. Therefore the remaining exposure on cross-border transactions is moderate. The currencies to which the Group is most exposed are the British pound, the Norwegian crown, the U.S. dollar, the Polish zloty, the Australian dollar, the Canadian dollar, the Russian ruble and the euro as a foreign currency for certain subsidiaries.

The Group has attempted to reduce the impact of short-term fluctuations of currencies on its revenue through centralized management of exchange risks and the use of derivatives. Nevertheless, in the long-term, significant and long lasting variations in exchange rates could affect the Group's competitive position in foreign markets, as well as its results of operations.

The Group's policy is to hedge certain significant residual exposure, decided upon periodically by the finance department based on monitoring Value at Risk. This exposure includes exposure recorded on the balance sheet, namely all recognized trade receivables, trade payables and borrowings denominated in a foreign currency, and unrecorded exposure, which consists of forecast sales and purchases over a six- to eighteen-month period.

Exchange rate derivative instruments relating to financing

The Group may be exposed to transactional exchange-rate risk on certain intragroup loans and borrowings resulting from the financing of its foreign subsidiaries. The Group minimizes this risk either (i) by borrowing in the same currency or (ii) by entering into currency swaps or forwards reflecting the maturity of the hedged item.

7.6.4 Liquidity risks

a) Future cash flows on Financial Instruments

The following figures show the estimated future cash flows on interest-bearing loans and borrowings recorded as liabilities on the balance sheet.

The estimate of future cash flows on interest is based on the debt amortization table and on the assumption of a crystallization of the interest rates outstanding as of the closing date, unless a better estimate is available.

Financial liabilities	Dec. 31, 2020		Less than 12 months		1 to 2 years		3 to 5 years		More than 5 years	
(in millions of euros)	Carrying amount	Total future cash flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Interest-bearing loans										
Bank loans	75.9	83.4	73.6	2.3	1.6	1.6	0.7	3.6	-	-
Private placements	606.3	632.3	56.5	9.0	142.7	7.2	356.1	9.5	51.0	0.3
Other loans	1.3	1.6	-	0.1	1.3	0.1	-	0.1	-	-
Bank overdrafts	6.8	6.8	6.8	-	-	-	-	-	-	-
Finance leases	3.3	3.3	0.8	-	0.8	-	1.6	-	0.1	-
Leases	108.8	119.7	23.0	3.1	18.3	2.3	39.9	3.5	27.6	2.0
Total	**802.4**	**847.1**	**160.7**	**14.5**	**164.8**	**11.2**	**398.3**	**16.7**	**78.7**	**2.3**
Other financial liabilities										
Trade payables	277.2	277.2	277.2	-	-	-	-	-	-	-
Other non-current financial liabilities	0.3	0.3	-	-	0.3	-	-	-	-	-
Other current financial liabilities	10.6	10.6	10.6	-	-	-	-	-	-	-
Total	**288.1**	**288.1**	**287.8**	**-**	**0.3**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**1,090.5**	**1,135.2**	**448.5**	**14.5**	**165.1**	**11.2**	**398.3**	**16.7**	**78.7**	**2.3**

Financial liabilities	Dec. 31, 2019		Less than 12 months		1 to 2 years		3 to 5 years		More than 5 years	
(in millions of euros)	Carrying amount	Total future cash flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Interest-bearing loans										
Bank loans	60.8	74.6	3.6	3.3	1.6	3.2	55.6	7.3	-	-
Private placements	612.1	652.2	-	10.8	56.5	10.4	459.6	17.4	96.0	1.5
Other loans	1.8	1.9	-	0.1	0.9	-	0.9	-	-	-
Bank overdrafts	7.2	7.2	7.2	-	-	-	-	-	-	-
Finance leases	3.3	3.3	0.8	-	0.8	-	1.6	-	0.1	-
Leases	89.3	103.1	22.7	4.1	26.7	3.0	28.8	4.5	11.1	2.2
Total	**774.5**	**842.3**	**34.3**	**18.3**	**86.5**	**16.6**	**546.5**	**29.2**	**107.2**	**3.7**
Other financial liabilities										**-**
Trade payables	324.0	324.0	324.0	-	-	-	-	-	-	-
Other non-current financial liabilities	0.3	0.3	-	-	0.3	-	-	-	-	-
Other current financial liabilities	9.5	9.5	9.5	-	-	-	-	-	-	-
Total	**333.8**	**333.8**	**333.5**	**-**	**0.3**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**1,108.3**	**1,176.1**	**367.8**	**18.3**	**86.8**	**16.6**	**546.5**	**29.2**	**107.2**	**3.7**

b) Liquidity position

The Group's debt capacity is €1,757.2 million, of which €108.8 million relates to lease liabilities (IFRS 16), and has been drawn down in the amount of €802.4 million (see Note 7.3.1). Including cash and cash equivalents, the liquidity position of the Group amounts to €1,283.5 million.

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Amount available on credit facilities	954.9	728.3
Cash and cash equivalents	328.6	137.7
Total	**1,283.5**	**866.0**

7.6.5 Credit risk

Credit risk represents the risk of financial loss for the Group in the event that a counterparty to a financial instrument defaults in paying its contractual obligations.

The financial assets potentially bearing this risk are mainly:

- cash deposits;
- derivative instruments;
- trade receivables;
- loans granted.

The maximum potential credit risk on the financial assets is equal to their net accounting value less the indemnification receivable from credit insurance.

a) Customer credit risk

The Group believes that its exposure to customer credit risk is limited, because of its large number of customers, its dispersion in many geographical areas, and its follow-up policy. The Group has established a credit policy which includes, among other things, a credit limit for each customer, collections processes, and a computer-aided credit scoring and customer payment behavior follow-up.

The total of receivables overdue over 60 days amounts to approximately 13% of total accounts receivable as of December 31, 2020 (11% of total accounts receivable as of December 31, 2019).

The Group believes that there is no need to assume that there is risk on outstanding receivables less than 60 days overdue.

With respect to outstanding receivables that are more than 60 days overdue, the Group believes that risks are limited given existing procedures for customer risk management (as detailed above).

b) Credit risk management on equities and derivatives

The counterparties to the Group's financial derivatives are leading banks, all of which have business relationships with the Group for debt or cash management. The Group's policy with regard to investments and cash deposits is to only invest in liquid securities and only with the leading credit institutions in the countries where the investments are made.

The Group is not exposed to a material risk due to any significant concentration, and does not anticipate any counterparty default.

The effect of Credit and Debit Valuation Adjustments (CVA/DVA) on the measurement of the fair value of the derivative financial instruments was not material as at the closing date and was therefore not booked.

7.7 Guarantees

The principal guarantees given by Tarkett are as follows:

- a General Indemnity Agreement of a maximum amount of USD 75.0 million in favor of Federal Insurance Company in consideration of an agreement to execute security bonds in favor of FieldTurf Inc, fully used as of year-end;
- a Joint and Several Guarantee for a maximum amount of USD 75.0 million for the benefit of Ester Finance Technologies, relating to the collections on its behalf in connection with the factoring line of credit set up with the subsidiary Tarkett Finance Inc. in the United States;
- a guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 206.9 million;
- a guarantee covering 50% of a line of credit for a maximum amount of €10.0 million, granted to its joint venture Laminate Park GmbH & Co KG, of which €9.7 million has been used as of the balance sheet date;a payment guarantee granted to a supplier of its subsidiary Morton Extrusiontechnik (M.E.T GmbH) for deliveries of raw materials, up to a maximum amount of €7.0 million, which had been used in the amount of €0.3 million as of the balance sheet date;
- guarantees provided by Tarkett S.A. to the banks of certain subsidiaries, including Tarkett Limited (United Kingdom), Tarkett Limited (United Kingdom), Tarkett BV (Netherlands), Tarkett Asia Pacific (Shanghai) Management Co Ltd, and Tarkett Industrial (Beijing) Co Ltd (China), and Tarkett SpA (Italy) in order to enable them to obtain short-term financing, bank loans, or letters of credit for a total amount €34.5 million, of which €11.4 million had been used as of the balance sheet date.

Furthermore, in the ordinary course of business, Tarkett and several of the Group's subsidiaries have given payment guarantees to various suppliers, customers, government offices, lessors, and cash pooling or trade finance operators, either directly or through bank guarantees, for an amount equivalent to €77.4 million as of the closing date.

Note 8 > Income tax

8.1 Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items in equity or in other comprehensive income, in which case it is recognized in those items.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable with respect to previous years. Income tax expense/income are defined in Note 8.2, Deferred Taxes.

Income tax is calculated based on the rules applicable in each country where the Group operates.

The "Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E.)" tax contribution due in France on the basis of the value added as determined based on the statutory accounts of French entities the statutory accounts meets the definition of income tax under IAS 12, "Income Taxes" and is classified on the current income tax line. Similar treatment has been adopted for similar other taxes (State Tax and BEAT Tax in the United States, in particular) based on a net of products and costs, even though that amount may differ from accounting net income.

Income tax (current and deferred) is detailed as follows:

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Current tax	(34.6)	(33.7)
Deferred tax	3.1	19.4
Total income tax	**(31.5)**	**(14.2)**

Theoretical income taxes determined using the French corporate income tax rate of 32.02% for 2020 and 34.43% for 2019 can be reconciled as follows to the actual income tax charge:

(in millions of euros)	Dec. 31, 2020	Dec. 31, 2019
Pre-tax profit from continuing operations (a)	12.4	53.8
Profit from equity-accounted subsidiaries (b) [(1)]	(1.2)	3.5
Pre-tax profit from fully consolidated activities (a- b)	13.7	50.3
Income tax at nominal French income tax rate	(4.4)	(17.3)
Effect of:		
- Taxation of foreign companies at different rates	0.6	6.2
- Exchange rate effects on non-monetary assets	(6.8)	3.6
- Changes in unrecognized deferred tax assets	(5.7)	3.1
- Permanent differences	1.6	(1.8)
- Taxes on dividends (Withholding at the source)	(3.9)	(3.4)
- Other items	(12.9)	(4.5)
Income tax expenses	**(31.5)**	**(14.2)**
Effective rate	**N/A**	**28.3%**

(1) In 2019, the result of companies consolidated with equity method was restated by €7.5 million for an expense carried by a fully integrated company relating to the closure of Laminate Park, which is consolidated with equity method.

Taxation of foreign companies at different rates:

The main contributing countries are Russia, with a local income tax rate of 20.00%, Sweden, with a local tax rate of 20.60%, Luxembourg, with a local income tax rate of 28.09%, and the United States, with a rate of 21.00%.

Exchange rate effects on non-monetary assets

The deferred tax expense of €6.8 million is due to the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. Recognition of this expense is required by IFRS, even if the revalued tax basis does not generate any tax obligation in the future.

Changes in unrecognized deferred tax assets

The Group has not recognized €6.8 million of deferred tax asset in respect of the future taxable results of certain subsidiaries.

Other items

In 2020, other items included the impact of the change in the deferred tax rate in France (32.02% in 2019 to 25.83% in 2020), for €2.2 million, and tax adjustments for €2.2 million in France, the United States and Serbia. This item also includes taxes recorded as corporate income tax for €8.2 million, including the United States for €6.5 million (of which the BEAT Tax represents €4.8 million and State Tax represents €1.7 million) and France for €1.7 million (CVAE).

In 2019, this post included an additional tax of €3.1 million related to the BEAT Tax in the United States.

8.2 Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The following temporary differences are not provided for:

- goodwill not deducted for tax purposes;
- the initial recognition of assets or liabilities, other than in the context of transactions involving business combinations, that affect neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred income tax asset is capitalized only to the extent that it is probable that there will be future taxable profits over the next five years against which this asset can be utilized.

In accordance with IAS 12, where an entity's tax return is prepared in a currency other than its functional currency, changes in the exchange rate between the two currencies generate temporary differences with respect to the valuation of non-monetary assets and liabilities. As a result, deferred tax is recognized in profit or loss.

Deferred taxation is shown on the balance sheet separately from current tax assets and liabilities and is categorized in non-current items.

(in millions of euros)	**2020**	**2019**
Valuation of deferred tax assets	27.6	33.9
DTA for pensions and healthcare benefits	43.7	45.3
Other items temporarily non deductible	57.5	56.5
Provision for other deferred tax liabilities	(2.3)	(2.1)
Internal profit eliminations	3.3	3.3
Netted against deferred tax assets	(55.6)	(45.8)
Deferred tax assets	**74.1**	**91.1**
Fixed assets revaluation	38.9	46.6
Other deferred tax liabilities	25.4	25.6
Netted against deferred tax assets	(55.6)	(45.8)
Deferred tax liabilities	**8.7**	**26.4**

The recoverability of deferred tax assets was analyzed with cash flow projections used for impairment testing. The testing accounted for the impact of the health crisis.

The Group ha €27.6 million in deferred tax assets related to tax loss carryforwards and unused tax credits, of which €12.3 million related to Luxembourg, and €12.5 million related to the Group's North American (United States) tax consolidation group.

This amount of €27.6 million is allocated as follows: €18.4 million of deferred tax assets relating to loss carryforwards, and €9.2 million in unused tax credits.

The deferred taxes on carryforwards and unused tax credits totaled €171.2 million as of December 31, 2020 (€170.8 million as of December 31, 2019).

Note 9 > Equity and liabilities

9.1 Share capital

Share capital comprises the par value of the ordinary shares minus incremental costs directly attributable to the issue of ordinary shares and share options, net of any tax effects. When share capital recognized as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity classified as own shares. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

	Dec. 31, 2020	**Dec. 31, 2019**
Share capital *(in euros)*	327,751,405	327,751,405
Number of shares	65,550,281	65,550,281
Par value *(in euros)*	5.0	5.0

9.2 Earnings per share and dividends

	Dec. 31, 2020			Dec. 31, 2019		
	Average number of shares	Profit for the period attributable to Tarkett shareholders	Basic earnings per share	Average number of shares	Profit for the period attributable to Tarkett shareholders	Basic earnings per share
	(in millions of shares)	*(in millions of euros)*	*(in euros)*	*(in millions of shares)*	*(in millions of euros)*	*(in euros)*
Total Shares	65,550			64,636		
Treasury shares held by Tarkett	(474)			(356)		
Total excluding treasury shares	**65,076**	**(19.1)**	**(0.29)**	**64,280**	**39.6**	**0.62**
Subscription options	-			-		
Group savings plan	-			-		
Potential performance shares to be distributed	387			345		
Restatement of actions with anti-dilution effect (1)	(387)			-		
Total after allocation of performance shares	**65,076**	**(19.1)**	**(0.29)**	**64,625**	**39.6**	**0.61**

Basic earnings per share (excl. treasury shares)

Basic earnings per share (excluding treasury shares) as of December 31, 2020 are calculated on the basis of the Group's share of net profit attributable to the Group and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares).

Earnings per share after grants of performance shares

Attributable net profit per share (after grants of performance shares) as of December 31, 2020 are calculated on the basis of the Group's share of net profit attributable to the Group and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares) and the number of potential shares to distribute, if dilutive.

(1) Pursuant to IAS 33, "Earnings per Share," and given the negative attributable net profit as of December 31, 2020, the potential performance shares for distribution have not been taken into account in calculating the weighted average number of shares outstanding (anti-dilutive effect).

Dividends

The General Shareholders' Meeting held on April 30, 2020, decided, in light of the health and economic situation relating to the Covid-19 virus, not to pay a dividend in 2020 in respect of 2019.

Note 10 > Related parties

In accordance with IAS 24, "Related Party Disclosures" the Group has identified the following related parties:

- The joint ventures;
- The Group's principal shareholder, Société Investissement Deconinck ("**SID**");
- The members of Tarkett's Management Board and Supervisory Board.

Transactions entered into during the period with the Group's joint ventures and principal shareholders are detailed below.

10.1 Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.

Transactions with related entities and jointly held entities are entered into on arm's length terms.

The Group has three joint ventures, including Laminate Park GmbH & Co KG in Germany, jointly controlled with the Sonae group.

The Group's transactions with its joint venture may be summarized as follows:

(in millions of euros)	**Dec. 31, 2020**	**Dec. 31, 2019**
Joint ventures		
Sale of goods to Tarkett	-	16.2
Purchase of services from Tarkett	-	(0.4)
Loans from Tarkett (gross value)	3.6	-

10.2 Principal shareholders

Société d'Investissement Deconinck holds 50.68% of Tarkett's share capital and as such controls and coordinates the Group's activities. In addition, the Deconick Family Group, composed of SID and members of the Deconinck family, jointly hold 51.26 % of the share capital.

As of December 31, 2020, SID had invoiced a total of €300,000 in fees under the Assistance Agreement (€300,000 as of December 31, 2019).

As of December 31, 2020, Tarkett had invoiced a total of €55,000 to SID for services (€55,000 as of December 31, 2019).

10.3 Members of the Management Board and Supervisory Board

None.

Note 11 > Subsequent events

None.

Note 12 > Statutory auditor fees

Amount *(excluding taxes) (in thousands of euros)*	**KPMG S.A.**	**KPMG S.A.**	**MAZARS**	**MAZARS**
	Auditor	**Network**	**Auditor**	**Network**
Statutory audit, certification, audit of the individual company and Consolidated Financial Statements	-	-	-	-
Tarkett	250	-	256	-
Controlled entities	119	741	53	780
Subtotal (A)	**369**	**741**	**309**	**780**
Services other than certification of the financial statements required by laws and regulations	**-**	**-**	**-**	**-**
Tarkett	-	-	-	-
Controlled entities	9	-	2	-
Subtotal (B)	**9**	**-**	**2**	**-**
Services other than certification of the financial statements at the entity's request	-	-	-	-
Tarkett	69	-	-	-
Controlled entities	**5**	**20**	**3**	**77**
Subtotal (C)	74	20	3	77
Services other than certification of the financial statements (1)	**-**	**-**	**-**	**-**
Subtotal D = B + C	**83**	**20**	**5**	**77**
Subtotal E = A + D	**452**	**761**	**314**	**857**
Total	**1,213**		**1,171**	

(1) Nature of services other than certification of the financial statements provided by the statutory auditors to the consolidating entity and its controlled subsidiaries: review of CSR information by an independent third-party, a compliance assignment

Note 13 > Principal consolidated entities

Companies	Country	Consolidation method	Pourcentage of interest as of December 31, 2020	Pourcentage of interest as of December 31, 2019
G: Full consolidation				
E: Equity method				
NC: Not consolidated				
EMEA				
Tarkett AB	Sweden	G	100%	100%
Tarkett AS	Norway	G	100%	100%
Tarkett OY	Finland	G	100%	100%
Tarkett A/S	Danemark	G	100%	100%
Tarkett Polska Sp.z.o.o.	Polska	G	100%	100%
Tarkett Aspen Zemin AS	Turkey	G	100%	100%
Laminate Park GmbH & Co KG	Germany	E	50%	50%
Tarkett Holding GmbH	Germany	G	100%	100%
Tarkett SA	France	Parent entity	100%	100%
Tarkett Services	France	G	100%	100%
Tarkett GDL SA	Luxembourg	G	100%	100%
Tarkett Capital SA	Luxembourg	G	100%	100%
Tarkett SpA	Italy	G	100%	100%
Tarkett - Produtos Internacionias, SA	Portugal	G	100%	100%
Tarkett Monoprosopi Ltd.	Greece	G	100%	100%
Tarkett Floors S.A. Spain	Spain	G	100%	100%
Tarkett France	France	G	100%	100%
Tarkett Bois SAS	France	G	100%	100%
Fieldturf Tarkett SAS	France	G	100%	100%
Tarkett Sports GmbH	Germany	G	100%	100%
Fieldturf Poligras SA	Spain	G	100%	100%
Morton Extrusiontechnik GmbH	Germany	G	100%	100%
Allsports construction and maintenance Ltd.	United-Kingdom	E	30%	30%
Desso Holding BV	Netherlands	G	100%	100%
Desso BV	Netherlands	G	100%	100%

Companies	Country	Consolidation method	Pourcentage of interest as of December 31, 2020	Pourcentage of interest as of December 31, 2019
Desso Refinity BV	Netherlands	G	100%	100%
Tarkett Sports BV	Netherlands	G	100%	100%
Desso Texture Tex BV	Netherlands	G	100%	100%
Tarkett NV	Belgium	G	100%	100%
Tarkett CZ Sro (1)	Czech Republic	G	0%	100%
Tarkett AG Switzerland	Switzerland	G	100%	100%
Desso Sports System BV	Netherlands	G	100%	100%
Ambiente Textil Handelsgesellschaft GmbH (1)	Austria	G	0%	100%
Desso Sport Systems NV	Belgium	G	100%	100%
Desso Sport Systems Scandinavia A.S.	Norway	G	100%	100%
Tarkett Ltd.	United-Kingdom	G	100%	100%
Somalré	Luxembourg	G	100%	100%
F.E.D. Inc.	United States of America	E	40%	40%
North America				
Tarkett, Inc. (Delaware)	United States of America	G	100%	100%
Tarkett Inc.	Canada	G	100%	100%
Desso Inc.	United States of America	G	100%	100%
Tandus Centiva Limited	Canada	G	100%	100%
Lexmark Carpet Mills	United States of America	G	100%	100%
Domco Products Texas Inc	United States of America	G	100%	100%
Tarkett Alabama Inc.	United States of America	G	100%	100%
Tarkett Finance Inc.	United States of America	G	100%	100%
Tarkett USA Inc.	United States of America	G	100%	100%
Fieldturf Inc.	Canada	G	100%	100%
L.E.R. Inc.	United States of America	G	100%	100%
EasyTurf Inc.	United States of America	G	100%	100%
Beynon Sport Surfaces Inc.	United States of America	G	100%	100%
FieldTurf Tarkett USA Holdings, Inc.	United States of America	G	100%	100%
Fieldturf USA Inc.	United States of America	G	100%	100%
Johnsonite Canada Inc.	Canada	G	100%	100%
Diamond W Supply Co.	United States of America	G	100%	100%

Companies	Country	Consolidation method	Pourcentage of interest as of December 31, 2020	Pourcentage of interest as of December 31, 2019
Tarkett Carpet Canada Inc.	Canada	G	100%	0%
CEI, APAC and Latin America				
Tarkett Australia Pty.Ltd.	Australia	G	100%	100%
Tarkett Brasil Revestimentos LTDA	Brazil	G	100%	100%
Tarkett Flooring Mexico S.R.L.	Mexico	G	100%	100%
Tarkett Argentina	Argentina	G	100%	100%
Tarkett Hong Kong Ltd.	Hong Kong	G	100%	100%
Tarkett Asia Pacific (Shanghai) Management Co Ltd.	China	G	100%	100%
Tarkett Industrial (Beijing) Co, Ltd	China	G	100%	100%
AO Tarkett	Russia	G	100%	100%
AO Tarkett Rus	Russia	G	100%	100%
Tarkett Sommer OOO	Russia	G	100%	100%
Tarkett d.o.o.	Serbia	G	100%	100%
Tarkett SEE d.o.o.	Serbia	G	100%	100%
Tarkett UA DP	Ukraine	G	100%	100%
Tarkett KAZ TOO	Kazakhstan	G	100%	100%
Tarkett Bel UE	Belarus	G	100%	100%
Desso Australia Pty (1)	Australia	G	0%	100%
Galerija Podova d.o.o.	Serbia	G	100%	100%
Tarkett Vinisin TOV	Ukraine	G	100%	100%
Tarkett Flooring Singapore Pte. Ltd	Singapour	G	100%	100%
Tandus Flooring (Suzhou) Co. Ltd	China	G	100%	100%
Tarkett Flooring India Private Ltd	India	G	100%	100%
Fieldturf Tarkett Australia	Australia	G	100%	100%

(1) see Note 2.4.

The percentages of equity and voting rights held for each entity of the Group are identical.

5.3 Company financial statements as of December 31, 2020

Income statement

(in thousands of euros)		Fiscal year ended 12/31/2020		12/31/2019
	France	Exports	Total	Total
Sales of merchandise	-	-	-	-
Produced goods sold	-	-	-	-
Produced services sold	7,596	41,799	49,395	52,465
Net revenue	**7,596**	**41,799**	**49,395**	**52,465**
Inventory	-	-	-	-
Capitalized production	-	-	-	-
Operating subsidies received	-	-	-	-
Reversal of depreciation and provision, transfer of expenses	-	-	6,208	9,331
Other income	-	-	1	12
Total operating income	**-**	**-**	**55,604**	**61,808**
Purchases of merchandise for resale (including customs duties paid)	-	-	-	4
Change in inventories (merchandise)	-	-	-	-
Purchases of raw materials and other supplies	-	-	-	-
Changes in inventory of raw materials and other supplies	-	-	-	-
Other purchases and external expenses	-	-	28,941	29,077
Taxes and similar payments	-	-	1,332	1,219
Salaries and wages	-	-	15,111	13,228
Social security contributions	-	-	7,514	7,643
Allocations to depreciation on fixed assets	-	-	10,197	9,652
Allocations to provisions on fixed assets	-	-	-	-
Allocations to provisions on current assets	-	-	-	-
Allocation to provisions for risks and expenses	-	-	6,534	5,131
Other expenses	-	-	2,515	3,085
Total operating expenses	**-**	**-**	**72,144**	**69,038**

(in thousands of euros)			Fiscal year ended 12/31/2020	12/31/2019
Result from operating activities	-	-	(16,540)	(7,230)
Allocated gain or transferred loss	-	-	-	-
Loss borne or gain transferred	-	-	-	-
Financial income from equity investments	-	-	73,043	74,111
Income from other securities	-	-	552	1,130
Other interest and similar income	-	-	548	-
Reversal of provisions and transfer of expenses	-	-	-	-
Foreign exchange gains	-	-	92	-
Net income from disposals of marketable securities	-	-	-	-
Total financial income	-	-	**74,235**	**75,241**
Financial allocations to depreciation and provisions	-	-	70	33
Interest and similar expense	-	-	17,609	22,495
Foreign exchange losses	-	-	-	54
Net expense on disposals of marketable securities	-	-	-	-
Total financial expense	-	-	**17,679**	**22,582**
Financial income and expense	-	-	**56,556**	**52,659**
Current result before income tax	-	-	**40,016**	**45,429**

Income statement (continued)

(in thousands of euros)	Fiscal year ended 12/31/2020	12/31/2019
	Total	**Total**
Exceptional operating income	-	-
Exceptional income on capital transactions	-	-
Reversal of provisions and transfer of expenses	566	621
Income from disposals of assets	-	-
Other exceptional income	-	-
Total exceptional income	**566**	**621**
Exceptional operating expense	-	-
Exceptional expense on capital transactions	133	-
Exceptional allocations to depreciation and provisions	554	600
Other exceptional expense	3	33
Total exceptional expense	**690**	**633**
Exceptional result	**(124)**	**(13)**
Employee profit-sharing	-	-
Income tax	(384)	1,033
Total income	**130,405**	**137,670**
Total expense	**90,897**	**91,220**
Net profit	**39,508**	**46,450**
Of which Equipment leasing	-	-
Of which Property leasing	-	-

Balance sheet assets

(in thousands of euros)		Fiscal year ended 12/31/2020		12/31/2019
	Gross	Provisional depreciation	Net	Net
Start-up costs	-	-	-	-
Research and development	-	-	-	-
Concessions, patents and similar rights	59,356	48,529	10,827	14,010
Goodwill	3,940	-	3,940	3,940
Other intangible assets	-	-	-	-
Intangible assets	4,712	-	4,712	4,418
Advances and deposits on intangible assets	-	-	-	-
Land	-	-	-	-
Buildings	106	106	-	-
Technical facilities, equipment and machinery	-	-	-	-
Other tangible assets	9,347	8,634	713	1,338
Property, plant and equipment	511	-	511	38
Advances and deposits	-	-	-	-
Investments accounted for by the equity method	-	-	-	-
Other equity investments	1,405,096	24,989	1,380,107	1,361,468
Receivables relating to equity investments	-	-	-	-
Other intangible assets	-	-	-	-
Loans	288,820	-	288,820	298,372
Other financial assets	1,424	93	1,331	1,721
Total (I)	**1,773,312**	**82,351**	**1,690,961**	**1,685,305**
Raw materials, supplies	-	-	-	-
Work-in-progress, goods	-	-	-	-
Work-in-progress, services	-	-	-	-
Intermediate and finished products	-	-	-	-
Merchandise	-	-	-	-
Advances and deposits on orders	20	-	20	9
Trade receivables	20,431	-	20,431	17,423

Company financial statements as of December 31, 2020

(in thousands of euros)			Fiscal year ended 12/31/2020	12/31/2019
Other receivables				
- Trade payable accounts with a receivable balance	283	-	283	373
- Personnel	-	-	-	2
- Social welfare agencies	-	-	-	-
- Government, income taxes	1,293	-	1,293	2,834
- Government, revenue taxes	705	-	705	562
- Other	197,029	-	197,029	248,213
Share capital subscribed and called but not paid	-	-	-	-
Marketable securities	3,241	-	3,241	5,878
Available funds	255,960	-	255,960	58,801
Cash instruments	-	-	-	4
Prepaid expenses current	4,403	-	4,403	4,619
Total (II)	**483,365**	**-**	**483,365**	**338,718**
Charges allocated among several fiscal years (III)	-	-	-	-
Bond redemption premiums (IV)	-	-	-	-
Unrealized foreign exchange losses (V)	9,066	-	9,066	5,014
Total assets (I to V)	**2,265,743**	**82,351**	**2,183,392**	**2,029,037**

Balance sheet liabilities

(in thousands of euros)	Fiscal year ended 12/31/ 2020	12/31/2019
Share capital, company or indicvidual (of which paid up: 318,613)	327,751	327,751
Share, merger, and contribution premiums	135,493	135,493
Revaluation differences	-	-
Legal reserve	31,861	31,861
Statutory or contractual reserves	-	-
Regulated reserves	-	-
Other reserves	-	-
Retained earnings	755,753	709,305
Results of the fiscal year	39,508	46,450
Investment grants	-	-
Regulated provisions	639	878
Total (I)	**1,291,005**	**1,212,758**
Proceeds from issuance of equity securities	-	-
Conditional advances	-	-
Total (II)	**-**	**-**
Provisions for risks	-	-
Provisions for charges	10,542	9,236
Total (III)	**10,542**	**9,236**
Convertible bonds	-	-
Other bonds	-	-
Borrowings and debts from credit institutions	-	-
- Borrowings	678,821	613,946
- Bank overdrafts	-	-
Other borrowings and financial debt	-	-
- Other	-	-
- Shareholders	161,067	132,037
Advances and deposits received on orders in progress	-	-

(in thousands of euros)	Fiscal year ended 12/31/2020	12/31/2019
Trade payables	9,045	9,663
Tax and social security liabilities	-	-
- Personnel	4,697	3,017
- Social welfare agencies	3,112	2,349
- Government, income taxes	-	-
- Government, revenue taxes	494	30
- Government, guaranteed bonds	-	-
- Other taxes and related	314	374
Payables on fixed assets	705	623
Other payables	14,457	761
Cash instruments	-	-
Prepaid income	47	163
Total (IV)	**872,759**	**762,963**
Unrealized foreign exchange gains (V)	9,086	5,100
Total liabilities (I to V)	**2,183,392**	**2,029,037**

5.4 Notes to the statutory financial statements

Note 1 > Accounting principles

1.1 Accounting principles

The annual financial statements were prepared in accordance with Regulations 2014-3, 2015-06, and 2016-07 of the Autorité des Normes Comptables (French accounting standards authority) with respect to the Plan Général Comptable (General Accounting Code) and Regulation 2016-7, approved by ministerial decree dated December 28, 2016, as well as the later notices and recommendations of the Autorité des Normes Comptables.

The main methods used are detailed below.

The annual financial statements incorporate the provisions of 2015-05 of the Autorité des Normes Comptables (ANC) with respect to forward contracts and hedging transactions, application of which is mandatory beginning with fiscal year 2017. This regulation, the objective of which is to specify the procedures for accounting for forward contracts and hedging transactions, has no significant impact on the Company's annual financial statements.

General accounting conventions were applied in compliance with the principle of prudence and in accordance with the following assumptions, the purpose of which is to provide a fair view of the company:

- continuity of operations;
- consistency of accounting principles from one fiscal year to the next;
- independence of fiscal years;
- relative importance;
- non-compensation;
- accurate information;

and in accordance with the general rules concerning preparation and presentation of annual accounts.

Depending on the situation, the primary methods used to value recorded items are historical cost, contribution value, or revalued value.

1.2 Intangible assets and property, plant and equipment

1.2.1 Intangible assets

Intangible assets primarily comprise licenses, software and capitalization of external costs for implementing software within the Group's subsidiaries, grouped together under the item "concessions and patents".

Software and software licenses are depreciated on a straight-line basis over a period of 1 to 5 years.

Goodwill

Pursuant to ANC regulation n°2014-03, the company accounts for all the technical losses on the assets side of its balance sheet for an amount of €3,940,000 within the "goodwill" item.

The Company considers the goodwill that it controls has a useful life that is not limited in time. Indeed, there is no legal, economic or technical limitation to the exercise of the Company's activity with its recurring customers.

At each balance sheet date, the Company performs an impairment test to ensure that the recoverable amount of these goodwill is always greater than their carrying amount. If not, an impairment loss is recognized in the income statement of the period.

Impairment tests are performed by comparing the net carrying amount with the recoverable amount (discounted future cash flows or market value). Discounted cash flows are assessed on the basis of budgets and forecasts over a period of 5 years, taking into account a terminal value.

As of December 31, 2020, the value in use of goodwill is higher than its carrying amount, including the related technical losses.

1.2.2 Property, plant and equipment

Property, plant and equipment primarily comprises office equipment, computer equipment, fixtures and facilities.

The gross value of these items corresponds to their acquisition cost: purchase price and accessory costs required to make them usable.

Depreciation is calculated on a straight-line basis over the expected useful life of the items:

- Office and IT equipment and furniture: 3 years;
- Fixtures and facilities: 3 years.

If the value in use is lower than the net book value, impairment is recorded for the difference.

1.3 Financial assets and marketable securities

Financial assets primarily comprise equity securities and guarantees paid.

Gross value consists of acquisition cost, excluding fees.

If the value in use is lower than the net book value, a provision for impairment is recorded for the difference.

Value in use is determined on the basis of a multicriteria approach, including the percentage of shareholders' equity represented by such securities, changes in the subsidiary's profitability, and others approaches, including the multiples method and expert valuations.

1.4 Receivables and liabilities

Receivables and liabilities are valued at their nominal value.

If their asset value is less than their net book value, receivables are impaired by provision for the difference, to take into account likely difficulties in recovery.

1.5 Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate as of the date of the transaction.

Assets and liabilities denominated in foreign currency as of the balance sheet date are converted into euros using the exchange rate on such date. Exchange differences resulting form the conversion are recorded in conversion rate adjustments. Unrealized exchange losses that are not offset and not covered by hedging instruments are the subject of provisions for risk.

1.6 Provisions

1.6.1 Provisions for pensions and similar obligations

The company applies the option provided for by Recommendation No. 2013-02 of November 7, 2013, relating to the rules on the valuation and recording of retirement commitments and similar benefits, to record all retirement commitments and similar benefits on the balance sheet.

Tarkett SA's commitments include the following:

- long-term benefits, post-employment, granted to employees (retirement indemnification payment, medical costs, etc.); and
- long-term benefits, during employment, granted to employees.

The calculation involves taking economic assumptions into account, such as the inflation rate and the discount rate, as well as assumptions about the Company's personnel, such as average raises, turnover rate, and life expectancy.

Provisions have been calculated by an outside actuary on the basis of data as of December 31, 2020 , in accordance with the main assumptions described below:

- inflation rate: 2.00%
- discount rate: 0.30% / 0.70%
- salary indexation rate: 2.00%
- retirement age: 65

The liability relating to the company's net employee benefits commitment is recorded in provisions for risks and charges on the balance sheet.

The current value of commitments to employees is calculated on the balance sheet date each year, and the employee data are reviewed at least every three years.

1.6.2 Other provisions for risks and charges

Provisions are recorded at the end of the fiscal year to cover risks and expenses relating to the following:

- unrealized exchange rate losses, after taking into account any offsetting exchange rate hedges;
- any obligations of the company to a third party where it is probable or certain that an outflow of economic benefits to the third party will be required to settle the obligation, without at least equivalent consideration expected from the third party, and where the amount can reasonably be assessed.

1.7 Provision for long-term employee incentive plans (LTIP)

The Tarkett Group, of which Tarkett SA is the holding company, regularly implements share grant plans.

For the three plans in effect, ordinary shares will be granted to the beneficiaries at the end of a two-year vesting period. The grant will be subject to satisfying an economic performance condition (based on the Group's 3-year plan) and the beneficiaries' continuous employment through the end of the vesting period. Grants will be carried out through share distributions.

In accordance with CNC (the French accounting regulation agency) Notice No. 2008-17 dated November 6, 2008 on the accounting treatment of free share grant plans for employees, a provision of €9,071 thousands was recorded as of December 31, 2020 (€8,572 thousands as of December 31, 2019) to cover Tarkett SA's obligation to deliver shares to the beneficiaries at the time of the definitive share grant.

The provision relating to shares not distributed at the balance sheet date is valued at the average of the purchase price and the closing price. Of note in 2020 are the vesting of the 2017 LTIP (112,568 shares) and the creation of a new LTIP with 482,900 shares. The new 2020 LTIP is subject to satisfying two CSR performance conditions.

	LTIP 2018	LTIP 2019	LTIP 2020
Grant date	July 25, 2018	June 24, 2019	July 30, 2020
End of the vesting period	June 30, 2021	June 30, 2022	August 1st, 2023
Number of remaining shares	254,677	343,865	482,900
Share price used	13.10	13.63	14.40
Provision recorded as of December 31, 2020	(1,702)	(2,097)	(5,234)
Form of settlement		Distribution of shares	
Income and expenses 2020	**(70)**	**2,001**	**(5,234)**
Income and expenses 2019	3,206	(4,098)	-
Expenses 2018	(4,837)	-	-

1.8 Significant developments

1.8.1 Impact of the Covid-19 pandemic

Tarkett was significantly impacted by the health crisis throughout 2020. Activity was severely penalized with a strong impact on operating income (€9,310 thousands) compared to 2019. The government measures for which the company is eligible (partial layoffs) were activated principally during the first half of the year.

A claim was made under the Group's cyber insurance policy, and the Group received €15 million of indemnification at the end of the year. The insurance indemnities cover the costs incurred to reestablish the proper functioning of the Group's IT systems and the operating loss recorded by the Group in the second quarter as a result of the downtime caused by the cyberattack. €14 million of this indemnification was redistributed to the divisions of the Group.

1.8.2 Liquidity agreement 2019

On September 17, 2019, Tarkett signed a liquidity agreement with Exane. With the shares having been admitted to trading on Euronext Paris, Tarkett wishes to perform buy and sell transactions to promote the liquidity of its shares, stabilize its share price, or to prevent unusual movements in its share price that are not aligned with market trends. To that effect, Tarkett is authorized, in accordance with applicable laws and regulations, to buy and sell its shares under its share buyback plan authorized by its general shareholders' meeting. The agreement was entered into for an initial term beginning on September 23, 2019 and ending on December 31, 2019. It is then renewed automatically for successive terms of 12 months. The position in Tarkett's accounts as of year-end 2020 is €507,193 for 51,188 shares.

1.8.3 Interest-bearing loans and borrowings

To mitigate the possible negative effects of the economic and health crisis on its liquidity, Tarkett entered into two short-term credit lines in May 2020:

- A €175 million revolving credit facility with a one-year maturity, which can be extended by six months at the Group's discretion, and then by another six months with approval from the banks. This line of credit had not been drawn down as of December 31, 2020;
- A loan guaranteed by the French government (prêt garanti par l'état - PGE) for €70 million with a one-year maturity, with an option to extend at its discretion for between one and five additional years. This loan, which has been drawn down, was recorded in current financial liabilities.

In addition, in May 2020 Tarkett obtained from its banking partners a one-year extension of its €700 million syndicated revolving credit facility entered into in May 2019 for an initial term of five years. This line of credit had not been drawn down as of December 31, 2020.

As of December 31, 2020, Tarkett is using its factoring lines in the amount of €131.0 million, or the equivalent.

As of December 31, 2020, interest-bearing loans and borrowings primarily comprise:

- A "Schuldschein" of €144.0 million and $26.5 million concluded in June 2019 and maturing in June 2026 for €51.0 million in June 2025 for €45.0 million, and in June 2024 for the remainder;
- A "Schuldschein" of €252.5 million and $50.0 million concluded in April 2017 and maturing in April 2024 for €150.5 million and in April 2022 for the remainder;
- A "Schuldschein" of €147.5 million concluded in June 2016 and maturing in June 2023 for €91.0 million and in June 2021 for €56.5 million;
- The €70.0 million PGE entered into in May 2020.

1.8.4 SSD and RCF bank ratios renegotiation

In order to prevent liquidity risk in the event that the consequences of the Covid-19 crisis had a material adverse effect on cash flow and EBITDA, the Group obtained a waiver of financial covenant from its lenders in 2020. In addition, the vast majority of the lenders under SSD 2016 and 2017 agreed to amend their documentation to bring it in line with the most recent documentation of SSD 2019.

1.9 Subsequent events

None.

Note 2 > Financial statements

2.1 Statement of fixed assets

(in thousands of euros)	Gross value of fixed assets at the beginning of the year	Increases	
		Revaluations during the fiscal year	Acquisitions, creations, inter-item transfers
Start-up costs, research and development	-	-	-
Intangible assets	57,142	-	6,520
Intangible assets	4,418	-	4,316
Land	-	-	-
Construction on own land	-	-	-
Construction on third-party land	-	-	-
General facilities, fixtures, constructions	106	-	-
Technical facilities, equipment and machinery	-	-	-
Other facilities, fixtures, improvments	-	-	-
Transportation equipment	-	-	-
Office equipment, IT equipment, furniture	9,347	-	-
Recoverable packaging and other	-	-	-
Property, plant and equipment	38	-	473
Advances and deposits	-	-	-
Total	**71,051**	**-**	**11,309**
Investments accounted for by the equity method	-	-	-
Other equity investments	1,386,457	-	18,639
Other intangible assets	870	-	-
Loans and other financial assets	299,249	-	40
Total	**1,686,576**	**-**	**18,679**
Total general	**1,757,627**	**-**	**29,988**

(in thousands of euros)	Decreases		Gross value of fixed assets at the end of the year	Legal revaluation of original value at the end of the fiscal year
	By inter-item transfers	By disposal or discontinuation		
Start-up costs, research and development	-	-	-	
Intangible assets	-	366	63,296	-
Intangible assets	4,022	-	4,712	-
Intangible assets	**4,022**	**366**	**68,008**	**-**
Land	-	-	-	-
Construction on own land	-	-	-	-
Construction on third-party land	-	-	-	-
General facilities, fixtures, constructions	-	-	106	-
Technical facilities, equipment and machinery	-	-	-	-
Other facilities, fixtures, improvments	-	-	-	-
Transportation equipment	-	-	-	-
Office equipment, IT equipment, furniture	-	-	9,347	-
Recoverable packaging and other	-	-	-	-
Property, plant and equipment	-	-	511	-
Advances and deposits	-	-	-	-
Total	**4,022**	**366**	**77,972**	**-**
Investments accounted for by the equity method	-	-	-	-
Other equity investments	-	-	1,405,096	-
Other intangible assets	363	-	507	-
Loans and other financial assets	9,552	-	289,737	-
Total	**9,915**	**-**	**1,695,340**	**-**
Total general	**13,937**	**366**	**1,773,312**	

2.2 Statement of depreciation

(in thousands of euros)	Positions and movements during the year			
	Beginning of the fiscal year	Allocations during the fiscal year	Reversals during the fiscal year	End of fiscal year
Total intangible assets	**39,192**	**9,571**	**234**	**48,529**
Land	-	-	-	-
Construction on own land	-	-	-	-
Construction on third-party land	-	-	-	-
General facilities, fixtures, constructions	106	-	-	106
Technical facilities, equipment and machinery	-	-	-	-
General facilities, other fixtures	-	-	-	-
Transportation equipment	-	-	-	-
Office equipment, IT equipment, furniture	8,009	625	-	8,634
Recoverable packaging and other	-	-	-	-
Total property, plant and equipment	**8,115**	**625**	**-**	**8,740**
Total general	**47,307**	**10,196**	**234**	**57,269**

(in thousands of euros)	Allocations			Reversals	
	Time differential	Accelerated	Exceptional	Accelerated	Exceptional
Total intangible assets	**-**	**327**	**-**	**(566)**	**-**
Land	-	-	-	-	-
Construction on own land	-	-	-	-	-
Construction on third-party land	-	-	-	-	-
General facilities, fixtures, constructions	-	-	-	-	-
Technical facilities, equipment and machinery	-	-	-	-	-
General facilities, other fixtures	-	-	-	-	-
Transportation equipment	-	-	-	-	-
Office equipment, IT equipment, furniture	-	-	-	-	-
Recoverable packaging and other	-	-	-	-	-
Total property, plant and equipment	**-**	**-**	**-**	**-**	**-**
Total general	**-**	**327**	**-**	**(566)**	**-**

2.3 Statement of provisions

Provisions *(in thousands of euros)*	Beginning of the fiscal year	Increases/allocations	Decreases/reversals	End of fiscal year
For reconstruction of deposits	-	-	-	-
For investments	-	-	-	-
For price increases	-	-	-	-
Special depreciation	878	327	566	639
Exceptional 30% increases	-	-	-	-
For setting up abroad prior to Jan. 1, 1992	-	-	-	-
For start-up loans	-	-	-	-
Other regulated provisions	-	-	-	-
Total regulated provisions	**878**	**327**	**566**	**639**
For litigation	-	-	-	-
For customer warranties	-	-	-	-
For losses on futures contracts	-	-	-	-
For fines and penalties	-	-	-	-
For foreign exchange losses	-	-	-	-
For pensions and obligations	663	618	38	1,243
For taxes	-	-	-	-
For replacement of fixed assets	-	-	-	-
For major repairs	-	-	-	-
For paid vacation expenses	-	-	-	-
Other provisions	8,572	6,146	5,419	9,299
Total provisions for risks and expenses	**9,235**	**6,764**	**5,457**	**10,542**
On intangible assets	-	-	-	-
On tangible assets	-	-	-	-
On share accounted for by the equity method	-	-	-	-
On equity securities	24,989	-	-	24,989
On other financial assets	-	-	-	-
On inventories and work in progress	-	-	-	-
On customer accounts	-	-	-	-
Other impairment	26	67	-	93
Total impairment	**25,015**	**67**	**-**	**25,082**
Total general	**35,129**	**7,158**	**6,023**	**36,263**
Additions and reversals:				
- operating activities	-	6,534	5,457	-
- financial	-	70	-	-
- exceptional	-	554	566	-

2.4 Statement of maturities of receivables and debts

Statement of liabilities	Gross amount	Up to one year	More than one year
(in thousands of euros)			
Receivables relating to equity investments	-	-	-
Loans	288,820	-	288,820
Other financial assets	1,424	-	1,424
Doubtful or disputed customers	-	-	-
Advances and deposits on orders	20	20	-
Other trade receivables	20,431	20,431	-
Receivables on securities lent	-	-	-
Trade payable accounts with a receivable balance	283	283	-
Personnel and related receivables	-	-	-
Social Security and other social welfare agencies	-	-	-
State and other public authorities	-	-	-
- Income tax	1,293	1,235	58
- VAT	705	705	-
- Other taxes, duties, and related payments	-	-	-
- Other	-	-	-
Group and shareholders	197,029	197,029	-
Other debtors	-	-	-
Prepaid expenses current	4,403	4,403	-
Total general	**514,408**	**224,106**	**290,302**

Statement of receivables	Gross amount	Up to one year	More than one year and up to five	More than 5 year
(in thousands of euros)				
Convertible bonds	-	-	-	-
Other bonds	-	-	-	-
Borrowings and debts from credit institutions:	-	-	-	-
- Up to one year	128,979	128,979	-	-
- More than one year	549,842	-	498,842	51,000
Other borrowings and financial debt	-	-	-	-
Trade payables	9,045	9,045	-	-
Personnel and related receivables	4,697	4,697	-	-
Social Security and other social welfare agencies	3,112	3,112	-	-
State and other public authorities:	-	-	-	-
- Income tax	-	-	-	-
- VAT	494	494	-	-
- Guaranteed bonds	-	-	-	-
- Other taxes and duties	314	314	-	-
Payables on fixed assets	705	705	-	-
Group and shareholders	175,170	175,169	-	-
Other liabilities	354	354	-	-
Debt representing borrowed securities	-	-	-	-
Prepaid income	47	47	-	-
Total general	**872,759**	**322,916**	**498,842**	**51,000**

2.5 Table of supplier & customer payment terms

In accordance with the French law of August 4, 2008 on the modernization of the economy and the resulting Articles L441-6-1 and D441-4 of the French Commercial Code, the breakdown of Tarkett SA's receivables and liabilities with respect to customers and suppliers as of the balance sheet date is as follows:

Trade receivables

12/31/2020	Article D.441: invoices issued and due but not paid as of the balance sheet date				
	1 to 30 d	**31 to 60 d**	**61 to 90 d**	**91 d and more**	**Total (1 days and +)**
	(A) Category of late payment				
No. of invoices					260
Amount inc. tax (€K)	65	26	8	6,842	6,941
As a percentage of total revenue during the fiscal year (inc. tax)	0.13%	0.05%	0.02%	13.44%	50,914
	(B) Invoices excluded from (A) relating to disputed receivables				
No. of invoices excluded					
Amount inf €K of invoices excluded (inc. tax)					
	(C) Payment reference period used (contractual or legal period - Art. L441-6 or Art. L443-1 of the French Commercial Code)				
Payment reference period used to calculate payment delays	**30 Days, date of invoice**				

Trade payables

12/31/2020	Article D.441: invoices received and due but not paid as of the balance sheet date				
	1 to 30 d	**31 to 60 d**	**61 to 90 d**	**91 d and more**	**Total (1 days and +)**
	(A) Category of late payment				
No. of invoices					211
Amount inc. tax (€K)	288	74	122	276	760
As a percentage of total revenue during the fiscal year (inc. tax)	0.90%	0.23%	0.38%	0.86%	31,947
	(B) Invoices excluded from (A) relating to disputed receivables				
No. of invoices excluded					
Amount inf €K of invoices excluded (inc. tax)					
	(C) Payment reference period used (contractual or legal period - Art. L441-6 or Art. L443-1 of the French Commercial Code)				
Payment reference period used to calculate payment delays	**60 Days, date of invoice**				

2.6 Goodwill

Description	Purchased	Revalued	Received in contribution	Amount
(in thousands of euros)				
Merger loss - Partholdi	-	-	3,940	3,940

2.7 Proceeds and credit notes to be received

Amount of proceeds and credit notes to be received included in the following balance sheet items	Amount inc. tax
(in thousands of euros)	
Financial assets	
- Receivables relating to equity investments	-
- Other financial assets	-
Receivables	
- Customer receivables	20
- Other receivable (including assets to receive)	593
Marketable securities	**-**
Available funds	**-**
Total	**613**

2.8 Expenses to be paid and credit notes to be issued

Amount of proceeds and credit notes to be received included in the following balance sheet items	Amount inc. tax
(in thousands of euros)	
Convertible bonds	-
Other bonds	-
Borrowing and debts from credit institutions	3,781
Other borrowing and financial debt	-
Trade payables	8,314
Tax and social security liabilities	6,709
Payables on fixed assets	705
Other liabilities (including credit notes to be issued)	14,021
Total	**33,530**

2.9 Income and expenses recorded in advance

(in thousands of euros)	Expenses	Income
Operating Expenses/Income	1,084	47
Financial Expenses/Income	3,319	-
Exceptional Expenses/Income	-	-
Total	**4,403**	**47**

2.10 Breakdown of net revenues

Tarkett SA, the Group's parent company, coordinates projects in the Group's general interest in the areas of strategy, financial control of the subsidiaries, external growth, marketing, development, human resources, and communication. Tarkett SA's revenues mainly comprise re-invoicing of general expenses and IT costs.

Breakdown by type of activity	**Amount**
(in thousands of euros)	
Sales of merchandise	-
Sales of finished goods	-
Services	49,395
Total	**49,395**

Breakdown by geographic market	**Amount**
(in thousands of euros)	
France	7,596
Abroad	41,799
Total	**49,395**

2.11 Financial commitments

2.11.1 Discounted bills pending maturity

None.

2.11.2 Guarantees

Beneficiary	Commitments given	Maximum commitments	Purpose	For
(in thousands of euros)	Amount	Montant		
HSBC Bank plc	GBP 0	GBP 1,000	Credit line	Tarkett Ltd
Petrofina	EUR 274,581	EUR 7,000	B&S Orders	Morton Extrusion Technik
Bank of America N.A.	INR 0	INR 20,000	Credit lines	Tarket Flooring India Private Ltd
Banco Bilbao Vizcaya Argenteria	EUR 0	EUR 2,000	Credit lines	Poligras
Commerzbank	EUR 3,587	EUR 5,000	Credit line	Desso Holding
Banque Général du Lux	EUR 9,733	EUR 10,000	Credit lines	Laminate Park GmbH
HSBC Bank Australia Ltd	AUD 0	AUD 845	Credit line	Tarkett et Fieldturf Australia
Cassa Depositi e Prestiti	EUR 0	EUR 4,075	Credit line	Tarkett SpA
Bank of America -Merril Lynch	USD 0	USD 50	Credit line	Tarkett Flooring Mexico
HSBC Bank (China) Company Ltd	RMB 47,424	RMB 83,600	Credit lines	Tarkett Industrial (Beijing) Co., Ltd.
HSBC Bank (China) Company Ltd	RMB 0	RMB 44,000	Credit lines	Tarkett Asia Pacific (Shanghai) Mgt Co., Ltd.

2.11.3 Other commitments given

Beneficiary	Commitments given	Maximum commitments	Purpose	For
(in thousands of euros)	Amount	Amount		
Federal Insurance Company	USD 75,000	USD 75,000	Completion guarantees	Fieldturf Inc.
Ester Finance Technologies	USD 42,494	USD 75,000	Act of joint and several surety	Tarkett USA Inc., Fieldturf USA Inc.
Crédit Agricole CIB	EUR 1,249	EUR 5,000	Completion guarantees	Fieldturf Tarkett SAS
Indian Harbor Insurance Cie	USD 805	USD 805	Reinsurance	Somalré
Pri-Pensionsgaranti	SEK 206,936	SEK 206,936	Retirement benefits	Tarkett AB

2.11.4 Derivative exchange rate Financial Instruments

These Financial Instruments were entered into for hedging purposes.

Counterparty	Amount	Type	Expiration date
(in thousands of euros)			
Bank	GBP -9,000	Currency swaps	March-21
Bank	AUD -7,308	Currency swaps	March-21
Bank	USD 319,888	Currency swaps	Jan-21
Bank	PLN 5,800	Currency swaps	March-21
Bank	SEK -373,000	Currency swaps	March-21
Bank	CHF -400	Currency swaps	March-21
Bank	CAD -69,200	Currency swaps	Jan-21
Bank	CNY 13,000	Currency swaps	March-21

2.11.5 Exchange rate derivative financial instruments

Counterparty	Amount	Type	Expiration date
(in thousands of euros)			
Bank	EUR 67,500	Guar. int. rate. opt.	April-24
Bank	USD 76,500	Guar. int. rate. opt.	June-25

2.11.6 Raw material derivative financial instruments

During the year, Tarkett entered into derivative instruments on behalf of some of its subsidiaries to hedge certain components of their raw material prices. As of December 31, 2020 they amount €12,181,554 with maturity dates extending to January 2022.

2.12 Breakdown of income tax

2.12.1 Breakdown of income tax

Type of income tax	2020 Tax	2019 Tax
(in thousands of euros)		
3% contribution on dividends	-	-
Tax consolidation income	-	-
Tax charge on tax consolidation	(384)	1,102
Tax credits	-	-
Provision for tax audit	-	-
Other	-	(69)
Total	**(384)**	**1,033**

2.13 Tax consolidation

Tarkett opted for the tax consolidation regime as from January 1, 2009 for calculation of the corporate income tax as well as for the additional contribution on this tax.

In 2009, Tarkett put in place a tax consolidation group with its French subsidiaries: FieldTurf Tarkett S.A.S. and Tarkett France S.A.S. In 2012, Tarkett Bois S.A.S. entered the tax consolidation group. In 2015, Desso S.A.S. also entered the tax consolidation group; it merged with Tarkett France S.A.S on July 1, 2017.

Under the principle of neutrality, income tax expense is borne by each of the consolidated companies as it would be in the absence of a tax consolidation option.

Any tax savings resulting from the consolidation are recorded on Tarkett's accounts.

2.14 Deferred and unrealized tax position

(in thousands of euros)	12/31/2020		12/31/2019	
	Basis	**Corresponding tax**	**Basis**	**Corresponding tax**
Time lag between tax regime and accounting treatment	**27,718**	**7,161**	**26,792**	**8,573**
Deficit in own funds	20,567	5,311	13,270	4,246
Deficit related to tax consolidation	(52,179)	(13,477)	(50,710)	(16,227)
Total deficit that may be carried over for tax purposes	**(31,612)**	**(8,166)**	**(37,440)**	**(11,981)**

2.15 Compensation of senior executives

(in thousands of euros)	**Amount**
Compensation allocated to members:	
- of management bodies	3,286
- of supervisory bodies	237

2.16 Average headcount

(in number)	**Salaried employees**	**Personnel made available to the company**
Executives	121	-
Supervisors and technicians	6	-
Employees	7	-
Workers	-	-
Total	**134**	**-**

2.17 Related parties

Transactions carried out by the company with related parties are entered into under ordinary market conditions.

Société Investissement Deconinck holds 50.68% of Tarkett's share capital and as such controls and coordinates the Group's activities.

As of December 31, 2020, SID had invoiced a total of €300 thousand in fees under the Assistance Agreement.

As of December 31, 2020, Tarkett had invoiced a total of €55 thousand to SID for services.

2.18 Identity of parent companies consolidating the Company's accounts

Tarkett S.A. is over 50.68 % owned by Société Investissement Deconinck (SID) and is fully consolidated in SID's accounts.

2.19 Shareholders' Equity

Breakdown of equity	Amount at start of fiscal year	Results of the fiscal year	Capital transactions	Allocation of result	Dividends	Amount at end of fiscal year
(in thousands of euros)						
Share capital, company or individual	327,751	-	-	-	-	327,751
Share, merger, and contribution premiums	135,493	-	-	-	-	135,493
Revaluation surplus	-	-	-	-	-	-
Legal reserve	31,861	-	-	-	-	31,861
Statutory or contractual reserves	-	-	-	-	-	-
Regulated reserves	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-
Retained earnings	709,305	-	-	46,450	-	755,753
Results of the fiscal year	**46,450**	**39,508**	**-**	**(46,450)**	**-**	**39,508**
Total net position	**1,250,860**	**39,508**	**-**	**-**	**-**	**1,290,366**
Investment grants	-	-	-	-	-	-
Regulated provisions	878	(239)	-	-	-	639
Shareholders' Equity	**1,251,738**	**39,269**	**-**	**-**	**-**	**1,291,005**

2.20 Composition of share capital

As of December 31, 2020, the share capital comprises 65,550,281 shares with a value of €5.00 per share, for a total of €327,751,405.

	Number	Per value *(in euros)*
Shares comprising the share capital at the beginning of the fiscal year	65,550,281	5.00
Shares issued during the fiscal year	-	-
Shares redeemed during the fiscal year	-	-
Shares comprising the share capital at the end of the fiscal year	65,550,281	5.00

As of December 31, 2020, Tarkett held 296,951 of its own shares, for a total of €3,748 thousand, including 51,188 shares for a value of €507 thousand in connection with its 2020 liquidity agreement.

As of December 31, 2019, Tarkett held 421,831 of its own shares, for a total of €6,745 thousand, including 63,500 shares for a value of €870 thousand in connection with its 2019 liquidity agreement.

2.21 Table of subsidiaries and equity investments

Filiales et participations	Share capital	Reserves and retained earnings	Result the most recently ended fiscal year	Percentage of share capital held	Gross value of shares held	Net value of shares held	Loans and advances granted by the Company	Guarantees given by the Company	Revenue, excl. tax, for the most recently ended fiscal year	Dividends received by the Company during the year
(in thousands of euros)										
A - Detailed information on subsidiaries and equity investments										
- Subsidiaries (more than 50% of share capital held)										
Tarkett GDL	385 009	178 799	33 310	100	538 050	538 050	142 340	-	230 323	-
Fieldturf Tarkett	24 639	16 620	(7,391)	100	68 268	43 279	-	-	75 315	-
Tarkett Inc.	68 519	(23,580)	5 346	100	7 592	7 592	-	-	64 078	-
Tarkett Finance Inc.	468 473	(152 132)	14 092	100	404 502	404 502	322 590	-	-	-
Tarkett DOO	64 264	(728)	25 855	100	252 605	252 605	-	-	90 956	33,250
Tarkett Services	50	-	-	100	50	50	-	-	-	-
Tarkett Inc subsidiaries Tarkett Finance Inc increased their capital during the 2019 financial year by 116.55 million euros and 10 million euros respectively.										
- Equity investments (10 to 50% of share capital held)										
AO Tarkett	15 254	44 708	19 562	50	134 030	134 030	5 000	-	196 346	19,065
B - Overall information concerning other subsidiaries and equity investments										
None.										

5.5 Results over the course of the last five years

Company results over the last five years (and other relevant information)

Nature of information	Fiscal year ended 12.31.2020	Fiscal year ended 12.31.2019	Fiscal year ended 12.31.2018	Fiscal year ended 12.31.2017	Fiscal year ended 12.31.2016
(in euros)					
Capital at end of fiscal year:					
Share capital	327,751	327,751	318,613	318,613	318,613
Number of existing ordinary shares	65,550	65,550	63,723	63,723	63,723
Number of existing shares with preferred dividend rights (non-voting)	-	-	-	-	-
Maximum number of future shares to be created	-	-	-	-	-
- by conversion of bonds	-	-	-	-	-
- by exercise of subscription rights	-	-	-	-	-
Operations and results of the fiscal year:	-	-	-	-	-
Revenue, excl. tax	49,395	52,465	53,590	51,569	40,351
Result before taxes, employee participation and allocation to depreciation and provisions	51,223	50,884	10,302	55,379	26,619
Income tax	(384)	1,033	(326)	6,193	(1,824)
Allocations to depreciation and provisions	(11,331)	(5,464)	7,430	(9,651)	(15,026)
Result after taxes, employee participation and allocation to depreciation and provisions	39,508	46,450	17,406	51,921	9,769
Result distributed	**-**	**38,098**	**37,915**	**38,034**	**33,076**
Earnings per share:					
Result after taxes and employee participation but before allocation to depreciation and provisions	0.78	0.79	0.16	0.97	0.39
Result after taxes, employee participation and allocation to depreciation and provisions	0.60	0.71	0.27	0.81	0.15
Dividend allocated to each share, net, excl. tax credit (1)	-	-	0.60	0.60	0.60
Workforce					
Average workforce employed during the year	134	136	101	76	52
Amount of payroll for the year	15,111	13,228	13,090	10,200	10,389
Amount paid in employee benefits for the year (social security, service projects)	7,514	7,643	4,560	4,310	4,099

(1) Subject to the approval of the Shareholder's Meeting of April 30, 2021.

5.6 Table of subsidiaries and equity investments

5.6.1 Principal subsidiaries

The Group consists of Tarkett and its subsidiaries (See Section 1.7, "Simplified Organizational Chart").

Tarkett is the Group's parent company and the head of the French tax consolidation group that has been in place since January 1, 2009.

The Company's principal direct and indirect subsidiaries as of December 31, 2020 are described below. None of these subsidiaries is a listed company.

Tarkett GDL S.A. is a Luxembourg limited liability corporation (société anonyme) with share capital of €274,123,080, the registered office of which is located at 2, Op der Sang, L-9779, Lentzweiler, Luxembourg. It is registered with the Trade and Companies Register of Luxembourg under number B 92165. Tarkett holds all of the share capital and voting rights of Tarkett GDL S.A., the principal activity of which is the manufacture of resilient flooring, primarily for the residential market. Tarkett GDL S.A. is the head of the Group of subsidiaries making up the EMEA segment, and also houses the Group's research and development activities.

Tarkett USA Inc. is a company incorporated under American law with a capital of 10 US dollars whose head office is located at 30000 Aurora Road, Solon Ohio 44139, in the United States. The company took over the activity of Tandus Centiva Inc., i.e. the creation, manufacture and sale of carpet and the sale of LVT manufactured by another subsidiary of the Group, mainly in the United States.

AO Tarkett is a Russian a company with share capital of RUB 376,000,000, the registered office of which is located at 1, Promishlenaya zona, City of Otradny, Samara Oblast 446300, Russia. It is registered under number 1026303207226. The Company directly and indirectly holds all of the share capital and voting rights of AO Tarkett, the principal activity of which is the manufacture of vinyl flooring, primarily for residential customers in the CIS region.

AO Tarkett Rus is a Russian a company with share capital of RUB 10,000, the registered office of which is located at Prospekt Andropova, d. 18 korp. 7, 115432, Moscow, Russia. It is registered under number 1027739892730. Tarkett indirectly holds all of the share capital and voting rights of AO Tarkett RUS, the principal activity of which is the distribution of flooring (primarily vinyl, wood and laminate) throughout Russia.

Tarkett AB is a Swedish limited liability company with share capital of SEK 43,000,000, the registered office of which is located at 10 Blekingelän 372 81 Ronneby, Sweden. It is registered with the Ronneby Trade Register under number 556003-9967. The Company indirectly holds all of the share capital and voting rights of Tarkett AB, the principal activity of which is the production of commercial resilient flooring and wood floors. This company also carries out the distribution in Sweden of flooring products manufactured at the EMEA segment's other sites.

Tarkett France is a French simplified stock company with sole shareholder (société par actions simplifiée à associé unique) with share capital of €10,156,006, the registered office of which is located at 1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense, France. It is registered with the Nanterre Trade and Companies Register under number 410 081 640. Tarkett indirectly holds all of the share capital and voting rights of Tarkett France, the principal activity of which is the manufacture and marketing of vinyl flooring for the commercial market and the marketing of flooring products manufactured by other EMEA segment sites in France.

FieldTurf Tarkett is a French simplified stock company with sole shareholder (société par actions simplifiée à associé unique) with share capital of €24,639,050, the registered office of which is located at 1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense, France. It is registered with the Nanterre Trade and Companies Register under number 452 835 242. The Company indirectly holds all of the share capital and voting rights of FieldTurf Tarkett, the principal activity of which is the manufacture, marketing and installation of sports surfaces.

See Note 13 in Section 5.2 "Notes to the Consolidated Financial Statements" for a list of the consolidated companies. A breakdown of the Group's 2019 consolidated net revenues by geographic zone is set forth in Section 4.1.2 "Comparison of Results of Operations for the Years Ended December 31, 2020 and December 31, 2019".

5.6.2 Recent acquisitions and disposals

Acquisitions

The Group's 2020 acquisitions are described in Section 4.1.1.5 "Acquisitions".

Simplification Transactions

The simplification transactions carried out by the Group are described in Section 5.2, Note 2.4.1 "Transactions Completed in 2020".

5.7 Dividend distribution policy

The following table presents total dividends and net dividends per share distributed by the Company during the last three fiscal years.

	Year distributed		
	2020(2)	2019	2018
Total dividends *(in millions of euros)* (1)	-	38.1	37.9
Net dividend per share *(in euros)*	0.00	0.60	0.60

(1) The amounts presented in the table represent total dividends after deduction of the dividend on treasury shares held by the Company.

(2) On April 30, 20120 the General Shareholders' Meeting decided, in light with the health and economic situation relating to Covid-19 virus, not to pay a dividend in 2020 in respect of 2019.

In accordance with French law and the Company's Bylaws, the General Shareholders' Meeting may decide to distribute a dividend upon a proposal of the Management Board and in view of the Supervisory Board's report.

The Company's dividend distribution policy reflects the Company's results of operations and financial condition, the realization of its objectives and the dividend distribution policies of its principal subsidiaries. Assuming no major acquisitions, the Company's goal is to distribute annual dividends representing approximately 40% of the Group's consolidated net profit attributable to owners of the Company. The Company can give no assurance, however, that this objective will be met. Future dividends will depend on the general condition of the Group's business and other factors deemed relevant by the Management Board.

Given the unprecedented health and economic situation related to the COVID-19 pandemic, the Management Board will submit to the approval of the Shareholders' Meeting to exceptionally modify the dividend distribution policy and not to pay a dividend in 2020.

5.8 Statutory auditor fees

See Note 12 in Section 5.2 "Notes to the Consolidated Financial Statements".

5.9 Statutory Auditors' Report on the Consolidated Financial Statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditor. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2020

To the Shareholders' Meeting of Tarkett,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Tarkett for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Compliance Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics *(code de déontologie)* for statutory auditors.

Justification Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Long term assets valuation

> **Key audit matter**

Goodwill, intangible assets and property, plant and equipment have net book values at 31 December 2020 of 613,2M€, 91,9M€ and 554,9M€, respectively, and represent a significant amount of the consolidated balance sheet. These assets are accounted in accordance with the principles described in notes "2.2 - Business Combinations", "5.1 – Goodwill" and "5.2 - Tangible and intangible assets" to the consolidated financial statements.

These assets may present a risk of impairment caused by internal or external factors, such as the deterioration of the Group's performance, changes in the competitive environment, unfavorable market conditions and changes in legislation or regulations. These changes can have an impact on the Group's cash flow forecasts and consequently on the determination of the recoverable amounts of these assets.

Management performs impairment tests if there is an impairment trigger event and at least once a year for goodwill and other non-amortizable intangible assets or for other non-financial assets as described in Note 5.3.1 - Non-Financial Assets. Assets are tested at the level of the cash-generating units ("CGUs") defined by the Group. An impairment loss is recognized if the net booked value of an asset or cash-generating unit is higher than its recoverable value. The recoverable value is the higher amount between the fair value less the transfer costs and the value in use. Value in use is determined according to the discounted future cash flow projections method (excluding interest on borrowings and taxes) for each cash generating unit.

The assessment of the recoverable value of these assets is a key audit matter, given the significant potential of impairment and the high degree of estimation and judgment required by management for this assessment. The judgments include, in particular, assumptions regarding the future evolution of selling prices, volumes and costs of raw materials, renewal investments and changes in working capital requirements related to the operation of these assets, and the determination of infinite growth rates and discount rates applied to the appropriate future cash flows.

> **Audit approach**

We reviewed the impairment testing process implemented by Group management, in order to identify trigger events and conduct to impairment testing, on the base of cash-flow forecasts from the budget and business plan established by the Board of Management and presented to the Supervisory Board, and assessed the permanence of the method used.

We also assessed appropriateness and relevance of Group management's approach to determine the cash-generating units and units mergers for long-term assets' testing.

We adapted our audit approach when impairment triggers events occur on such cash-generating units. Concerning value in use, we verified the consistency of cash flow projections with comparison to the latest management assumptions as they were presented to the Supervisory Board as part of the budget process.

With the help of our valuation experts, we reviewed Group management's key assumptions related to the discount and growth rates, comparing them with external market data and other comparable sectors' companies.

For a selection of CGUs, we assessed the reasonableness of future cash flow projections, including the infinity normative terminal cash flow amount, with respect to the economic and financial context in which these units operate, and past achievements, our knowledge of business activity supported by interviews with Group or division managers and, according to their availability, external data of other comparable sectors' companies.We analyzed the sensitivity of the impairment test to assess the materiality of the potential impacts on the recoverable value of the assets bearing the highest risk.

Litigations and provisions

> **Key audit matter**

The Group is exposed to a variety of legal and tax risks, as well as cases of litigation, including asbestos claims in the United States.

As indicated in note "6.1 – Provisions" to the consolidated financial statements, these risks and litigations are covered by provisions established in accordance with the applicable accounting standard (IAS 37 "Provisions") and amount to 83,2M€ at 31 December 2020 including essentially asbestos litigations.

Significant contingent liabilities for these risks and litigations, the amount and timing of which can not be reliably estimated, are described in note "6.2 - Contingent liabilities" to the consolidated financial statements.

The identification of risks and litigations, the valuation of provisions for such risks and litigations constitute a key audit matter given the amounts involved and the high degree estimate and judgment required from management.

> **Audit approach**

In order to obtain an understanding of litigations, contingent liabilities and related valuations, we reviewed the process of identification, qualification and valuation implemented by Group management for such provisions through various interviews with Group's legal and finance departments, divisions and main subsidiaries.

We conducted a critical review of the internal analysis notes for the likelihood and potential impact of each risk, examining the available procedural elements (letters, claims, judgments, notifications, etc.).

We obtained direct confirmations from the main lawyers involved to confirm our understanding of risks and litigations and assessed the relevance of the amount of provisions accrued.

Based on historical data used by the Group to estimate its provisions for asbestos claims:

- We assessed the permanence of methods used, the relevance and reliability of underlying data and calculations applied;
- We compared amounts paid to previously recognized provisions to assess the quality of the management estimates.

We exercised our professional judgment to assess, in particular, wether the positions held by Management are in the acceptable range ok risk assessment and the validity of the evolution over time of such positions.

Specific verifications

As required by French laws and regulations, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of Boards of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the information relating to the group provided in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Report on Other Legal and Regulatory Requirements or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the President of the Board of Directors, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimetaly be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were renewed as statutory auditors of Tarkett S.A. by the combined annual general meeting held on 30 April 2020 for KPMG and Mazars.

As at 31 December 2020, KPMG and Mazars were in the 7th year of uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Compliance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Report on the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit, Risks and Compliance Committee

We submit a report to the Audit, Risks and Compliance Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit, Risks and Compliance Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit, Risks and Compliance Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit, Risks and Compliance Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on February 19, 2021
The Statutory Auditors

French original signed by :

KPMG Audit

Renaud Laggiard
Partner

Mazars

Anne-Laure Rousselou
Partner

5.10 Statutory Auditors' report on the financial statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2020

To Shareholders' Meeting of Tarkett S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Tarkett S.A. for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Compliance Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N°537/2014 or in the French Code of ethics (Code de déontologie) for statutory auditors.

Justification of assessments - Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Equity securities valuation

Key audit matter

Equity securities as at 31 December 2020 amount to 1 380,1 M€ and represent one of the most significant items of the balance sheet. They are recognized at the purchase price excluding costs and depreciated when the value in use is less than the gross value.

As indicated in note "1.3 - Financial fixed assets and marketable securities" to the financial statements, the value in use is assessed by taking into account items such as share in equity these securities represent, changes in the profitability of the subsidiary and other approaches, in particular the multiples or experts methods.

We considered the equity securities valuation to be a key audit matter, given the amounts involved and assumptions on which the estimates are based.

Audit approach

Our work consisted mainly in verifying Management's data and assumptions to determine the equity or value in use of the equity securities:

- For valuations based on historical items, verify that the equity value is consistent with the statutory accounts of the entities,
- For valuations based on multiples method :
  - Corroborate the consistency of the aggregates used with the entities' accounts;
  - Assess Management's assumptions, in particular concerning the multiple used and its consistency with recent transactions in the company's business sector.
- Assess the permanence of the methods used.
- Test the arithmetical accuracy of the value in use calculations.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders of Tarkett S.A..

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (Code de commerce).

We attest that the consolidated declaration of extra-financial performance, required under Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Report on corporate governance

We attest the existence in the report of the Supervisory Board on corporate governance of the information required by the Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the members of the Executive Board and of the Supervisory Board and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies that are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the annual financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the responsibility of the President of the Board of Directors, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimetaly be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were renewed as Statutory Auditors of Tarkett S.A. by the combined annual general meeting held on 30 April 2020 for KPMG and Mazars.

As at 31 December 2020, KPMG and Mazars were in the 7th year of uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Compliance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit, Risks and Compliance Committee

We submit a report to the Audit, Risks and Compliance which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit, Risks and Compliance Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit, Risks and Compliance Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit, Risks and Compliance Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, February 19, 2021
The Statutory Auditors
French original signed by :

KPMG Audit

Renaud Laggiard
Partner

Mazars

Anne-Laure Rousselou
Partner

6 RISK FACTORS AND INTERNAL CONTROL

6.1 Risk factors

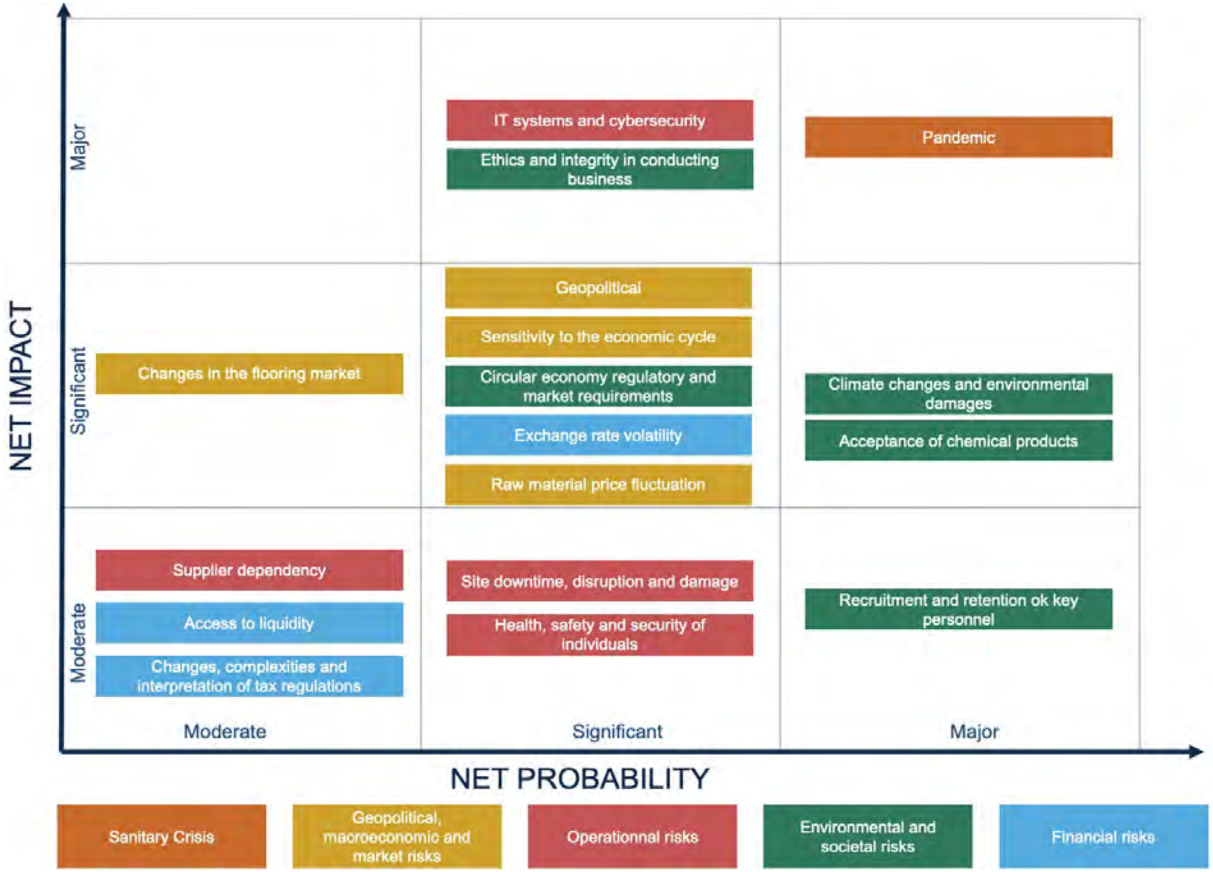
In accordance with the provisions of Article 16 of the (EU) regulation 2017/1129 on the prospectus and the "European Securities and Markets Authority" (ESMA) report of March 2019 entitled "Guidelines on Risk Factors Under the Prospectus Regulation", the Company has identified and set out in this chapter, the main risk factors in a limited number of risk categories reflecting the nature of the risks, and considering for each risk factor, its likelihood of occurring and the expected net negative impact of risk management policy actions.

These are the main risks that the Company has identified and considers to be the most important because, if they should materialise despite risk management and mitigation, they could have a significant, adverse effect on the Group, its activities, financial situation, results, prospects and reputation with a consequent impact on its share value.

Nevertheless, other risks may exist or occur, which are unknown to the Company at the date of this Universal Registration Document that could have a similar negative impact, or which are currently considered to be unlikely to have a significant negative impact on the Group if they do materialise.

In order to understand the full material impact of the Group's 17 main risk factors, Tarkett has created a criticality matrix, showing a graphic representation for each risk, of its probability of occurrence and its level of impact. The level of impact takes into consideration the risk management and mitigation measures.

Risk Factor Matrix:



Tarkett Risk Factors

Risk Categories	Risk Factors	More details in Section:
Sanitary crisis	Pandemic	6.1.1
	Changes in the flooring market	1.5, 3.5 & 6.1.2
	Sensitivity to the economic cycle	1.1, 1.3, 1.4, 1.5, 1.6 & 6.1.2
	Raw material price fluctuation	1.6, 3.6 & 6.1.2
	Geopolitical	6.1.3
Operational risks	IT systems and cybersecurity	6.1.3
	Site downtime, disruption and damage	6.1.3
	Health, safety and security of individuals	3.8 & 6.1.3
	Supplier dependency	1.6, 3.6 & 6.1.3
Environmental and societal risks	Ethics and integrity in conducting business	3.2 & 6.1.4
	Climate change and environmental damages	3.6 & 6.1.4
	Circular economy regulations and market requirements	3.6 & 6.1.4
	Acceptance of chemical substances	3.6 & 6.1.4
	Recruitment and retention of key personnel	6.1.4
Financial risks	Exchange rate volatility	7.6 & 6.1.5
	Access to liquidity	7.6 & 6.1.5
	Changes, complexities and interpretation of tax regulations	6.1.5

The risk factors in each category are numbered by order of importance, starting with the most important, according to our current evaluation of their potential impact and probability of materialising. Reference is also made to specific chapters or sections within this document in which the risks or mitigation measures are addressed in more detail.

In the following pages, each risk factor is described, explaining its specific relevance to Tarkett and the potential net negative impact of the main risk mitigation measures.

6.1.1 Sanitary crisis

Pandemic

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
The Covid-19 pandemic started in China in December 2019 and spread worldwide during the first half of 2020. Governments implemented lockdown measures in most countries where Tarkett is present. This crisis has had significant impact in many ways, which can be described in the following terms: > Risk to human capital : the sanitary crisis means, in particular, the risk of contamination for Group personnel, particularly given the absence of specific hygiene measures at Tarkett sites ; > Risk of drop in revenue : the restrictions implemented in many countries resulted in a drop in revenues for Tarkett in those countries ; > Risk of decline in profitability : the business slowdown could lead to a significant decline in profitability, particularly if the cost structure is not adjusted quickly enough ; > Risk to liquidity : Both of the risks described above, combined with the risk of non-payment from clients in financial difficulty, could lead to a deterioration in Tarkett's debt level and damage the contractual restrictions on access to liquidity (financial covenants) ; > Risk to the supply chain : the shutdown of certain economies, particularly China, could represent a significant risk of disruption to supplies for certain ranges that are distributed by Tarkett (notably LVT).	> On Tarkett sites, the lack or non-respect of hygiene measures could be the source of local outbreaks, resulting in the absence and/or death of personnel and could lead to the temporary closure of a site. The impact to reputation that would result from poor management of working conditions should also be taken into account. > Long-term lockdowns may impact local economies and lead to a drop in revenue for Tarkett. > Insufficient cost reduction plans that are implemented to mitigate the noted fall in sales could lead to a significant decline in the profitability of the Group. > A prolonged reduction in the level of sales leads, by definition, to a reduction in cash inflow and may negatively impact the Group's situation, particularly if the cost reduction and investment-level reduction measures are insufficient.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group has implemented enhanced hygiene measures on its sites (availability of masks and hand sanitiser, reduced physical presence on commercial sites with implementation of home-working, enhanced hygiene procedures on production sites, etc.). Therefore, if Group employees tested positive for Covid-19, none of the Tarkett sites have constituted clusters and not have been required to shut down. With the exception of sites that have been temporarily closed due to lockdown decisions by local governments, the Group's production capacity has not been significantly impacted over the period due the Covid.
- The group has benefited from its worldwide presence and its exposure to different sectors. This presence and exposure has allowed it to partially compensate for greater decline in certain geographical areas or certain sectors by more stability or growth in other countries or markets.
- The Group has also achieved very significant cost reductions over this period, particularly by limiting indirect expenditure. Personnel costs have also been reduced, notably with the help of furlough and similar schemes that have been implemented in several countries.
- To deal with the potential repercussions of this crisis on the corporate treasury, Tarkett obtained, in May 2020, lines of credit worth an additional €245 million from its principle credit houses. This further strengthened the Group liquidity, which was already at healthy level

6.1.2 Geopolitical, macroeconomic and market risks

Changes in the flooring market

DESCRIPTION OF RISK FACTOR	POTENTIAL IMPACT AFTER RISK MITIGATION
The flooring industry has always been subject to intense competitive pressure, forcing companies in the industry to be particularly competitive. The Group therefore operates within this environment with about a dozen large international competitors, several local manufacturers and independent distributors. The emergence of a stronger competitor in some regions or the increase in a competitor's production capacity in a particular product sector present substantial risks. Significant delays in product or manufacturing process innovations are also a substantial risk for Tarkett. The same applies to a competitor or new entrant introducing highly innovative technology on the market. Quick, major changes to distribution channels are also a substantial risk for Tarkett, as is the route to market, with an increasing share for home improvement outlets compared to distributors and retailers. The development of digital distribution channels could also present a substantial risk.	> The arrival of new competitors, or the introduction of new products and new technologies developed by competitors, could affect the Group's competitive position and have a significant negative impact on the Group's financial results and prospects. > Competitors could increase their production capacity through growth and development, resulting in lower prices and a drop in margins and profits. > A rapid shift towards other outlets, where Tarkett does not have a sufficiently strong presence could result in a drop in sales and loss of market shares.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- Continuous, regular dialogue with stakeholders within the market (architects, property developers, public sector advisors, distributors, home improvement retailers - see also Section 3.5 "Dialogue with Stakeholders")
- Research and Development Programme to maintain competitive advantage.
- Marketing aligned with the anticipation of new customer expectations, market innovation and trends, and important developments in technology or sales channels.
- Increased investment in new products, in distribution network development, particularly B2B digital sales platforms, and in the Groups' marketing and sales activities.
- Where appropriate, external expansion to strengthen market share or develop new sectors.

Sensitivity to the economic cycle

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
The flooring industry is highly dependent on the commercial and residential renovations market (approximately 80% of the business) and, to a lesser degree, the new-build market (approximately 20% of the business). These markets can be affected generally by changes in macroeconomic indicators. The renovations sector tends to be influenced by changes in consumer confidence and disposable income, occupation rates of offices and commercial properties, interest rate and the availability of credit. Moreover, a significant part of the Group's activity is comprised of sales to the public sector, particularly educational and health institutions and sports facilities. The level of public spending, which has been constrained over recent years, significantly affects the Group's performance in these sectors.	> Global and regional economic cycles can have a negative impact on the demand for flooring and sports surfaces, and therefore on the Group's performance, financial results and prospects. > In the event of severe budgetary constraints, some expenses may not be given priority. For example, the construction and renovation of sports infrastructure have been affected by the tightening of government budgets across Europe in recent years. Moreover, public institutions may decide to delay certain renovation projects to concentrate on other budget priorities. A reduction in public spending can have a negative effect on demand for Group products and therefore have an significant adverse effect on its performance, financial situation, financial results and future prospects.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group pays close attention to the performance of its Divisions and operational units, particularly through quarterly operational reviews which scrutinize operations, action plans, results to date and forecasts. This enables the Group to quickly consolidate action plans in geographical areas that could be jeopardised because of the macroeconomic environment.
- The Group's policy for reducing these risks is to diversify (for more information see Sections 1.1, 1.3, 1.4, 1.5 et 1.6) in order to achieve a balance between the various markets in which it operates. The Group therefore operates in :
  - Several geographic area ;
  - Several product categories ;
  - Several markets : the commercial and residential market; and mainly in the renovation sector, which is less sensitive to economic cycles than the new-build sector.

Raw material price fluctuation

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
The Group's production process uses large quantities of raw materials, which represents a significant costs. Approximately half of these costs are indirectly linked to the price of oil and are affected by fluctuations in oil prices, particularly PVC (polyvinyl chloride) and plasticisers. The Group is exposed to price fluctuations of raw materials that are essential to its operations, such as various polymers and wood.	> A future increase in the cost of raw materials could have a substantial adverse effect on the Group's results if it cannot reflect on these additional costs quickly and fully in its sales prices, particularly given the extent of the rise in material costs, competitive pressure or market conditions.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

The Group has implemented a number of different actions to better manage these risks, in particular:

- In terms of sales price management :
  - Proactive management of sales prices ;
  - Pass on the impact of increases in the cost of raw materials through its product prices within a reasonable time scale ;
- In terms of purchasing policy :
  - Development of strong, long-term relationships with its supplier base ;
  - Search for production processes that allow greater flexibility and reduce its dependency on certain types of raw material suppliers ;
  - Greater use of secondary raw materials - recycling - (for more details, see Section 3.6 “Eco-design for life and close the loop: creating a healthy circular economy”) ;
  - Search for new suppliers or alternative solutions for raw materials, that are less sensitive to oil prices.

Geopolitical

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
Tarkett is exposed to geopolitic risks due to its production and sales operation on an international scale. Tarkett has production operations in emerging markets such as China, Brazil and Russia as well as North America and all over Europe. The Group's sales and financial results may be directly or indirectly affected by any adverse change in the economic, political or regulatory environment of the countries in which it produces or sells its products. Therefore, the direct and indirect consequences of social unrest, civil conflicts, terrorist activities, political, economic or regulatory instability in those countries where the Group has operations could have a substantial negative effect on the level of investments in renovation and new construction in those countries, and therefore, on the Group's operations, financial situation, results and prospects. Over the last two years, the increase in protectionist measures affecting the free exchange of goods, for example by the USA and China, as well as the UK's departure from the European Union (Brexit), are likely to have a negative impact on Tarkett's environment. In addition, the Group respects national legislation and regulations, notably from the European Union and the USA, with regards to embargoes placed on countries or individuals.	> These geopolitical risks may cause, for example, delays or lost shipments for the Group's product deliveries or for the supply of raw materials, a substantial drop in sales, or an increase in security costs, insurance premiums or other costs required to ensure the continuity of operations. > A deterioration in the economic, political or regulatory environment within a country such as Russia, Ukraine or Turkey, which together represented approximately 12% of the Group's consolidated net turnover in 2020, could have a substantial negative effect on the Group's turnover, financial results and prospects.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

> Firstly, Tarkett's sales and EBITDA are better balanced compared to the situation 10 years ago, between regions and markets, thereby reducing Tarkett's exposure to geopolitical instability. This is mainly due to Tarkett's acquisitions in the USA and Europe.
> Secondly, the Group tries to plan ahead and anticipate the materialisation of geopolitical risks, notably by :
- A monthly review of actual and forecasted sales, costs of raw materials and manufacturing costs in each region, in order to track risks and adapt or implement contingency plans if required ;
- Crisis scenario analysis and preparation of response plans ;
- Locating key raw materials more quickly to avoid potential constraints or import bans.

> Finally, with regard to the risks relating to international sanctions, the Group has implemented a compliance programme in order to ensure that embargo regulations are identified and duly respected by all entities within the Group.

6.1.3 Operational risks

IT systems and cybersecurity

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
Directly, or indirectly via service providers, the Group uses complex IT systems for its various operations, notably product management, sales, logistics, accounting and reporting. These systems are essential for the performance of the Group's commercial and manufacturing operations. Protection of data of a highly sensitive nature, (e.g. strategic information, financial data) or personal data, is also a priority for the Group. Therefore, the growing threat to cybersecurity (ransom software, malware, *phishing*, supply chain attacks, misinformation, etc.), particularly targetted at companies, presents a significant risk to Tarkett's commercial operations.	> An undetected cyberattack, disrupting IT resources and/or leading to a data breach, could significantly disrupt the Group's processes and operations, resulting in a reduction in production capacity and therefore a drop in activity and profitability. In addition, the cost to repair and restore the systems would also be incurred. > Data breaches may also give rise to legal convictions, according to the various relevant applicable legislations. > The Group's reputation could be damaged.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- Aware that a failure of one of its systems could have a significant negative impact on its operations, its results or its future prospects, the Group continues to strengthen the security of its IT systems in five main areas:
  - Raising employees' awareness and providing them with training on cybersecurity best practice ;
  - Restricting and controlling access to the Group's IT resources ;
  - Regular updates of IT equipment ;
  - Implementation of tried and tested Threat Detection and Response solutions;
  - Implementation of recovery processes.
- Given the growing cybersecurity risk, the Group has held a specific insurance policy since 2017, covering cybersecurity and digital data protection (see Section 6.5).
- Also, following the cyberattack that the Group suffered at the end of April 2020, see Section 1.8.1, a programme has been implemented to strengthen the Group's IT security measures across the board.

Site downtime, disruption and damage

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
The Group's production facilities are exposed to risks of industrial accidents, fire, explosion or machinery breakdowns. The main fire risk is in the flammable nature of certain raw materials (e.g. polymers and wood). Some sites may also be subject to major disruption caused by natural disasters such as flood, submergence, earthquakes, etc.	> The occurrence of a major industrial accident or a natural disaster at one of our production sites can potentially result in injury, loss of life, significant damage to goods and to the environment as well as operational interruptions and losses. If the Group were held liable for the damages, the Group could face litigation in court and be found liable. > These risks are mainly covered by insurance policies. In the event of a major disaster, these insurance policies may not be sufficient.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- To prevent and manage the risk of fire, the Group has a process called: "Fire Risk Evaluation Plan":
  - Each factory carries out an evaluation of its protection against main fire hazards that have been identified by the Group. This is done according to a methodology that pools the Group's internal technical skills and those of its insurer, "FM Global", known for its engineering and fire prevention expertise ;
  - At the end of this evaluation, a corrective action plan is implemented to mitigate the critical significance of the risks ;
  - Each factory updates these evaluations regularly ;
  - Residual risks are evaluated by the Group's insurance company during the sites' annual audits.
- The Group has also prepared contingency plans to adapt to the temporary unavailability of certain production sites which are at risk of flooding.
- Finally, the fact that the Group's production sites are not (or, in some cases, are minimally) interdependent on each other, represents a "natural" mitigating factor in the impact of this risk.

Health, safety and security of individuals

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
With 33 production sites, the Group is exposed on a daily basis to the risk of incidents that jeopardise the safety of its workers. Over the years, the Group has worked continuously to improve practices in order to reduce the frequency and severity of accidents. Substantial progress has been made over the course of the last ten years to significantly reduce the number of accidents. However, 51 lost time accidents did occur in 2020. This compares to 148 in 2010.	> Besides the potential human tragedy in the event of injury or death, an accident at one of our sites could result in the payment of damages and compensation, fines and other civil, administrative or penal sanctions, with a temporary halt to production and, potentially, the withdrawal of licences and permits required to carry out operations. These accidents could have a negative impact on operations and financial income and expenses and may eventually lead to a loss of confidence from employees. The Group's reputation, or that of a particular production site, may also be damaged in the event of a large number of accidents.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group considers safety to be its number one commitment, working constantly to ensure that all employees, contractors and visitors are committed to adopting safe working practices and procedures at all Group sites on a daily basis. The Group has renewed this commitment in 2020, notably using the annual Safety Day to raise awareness of safety culture and practices.
- In particular, safety is one of the essential pillars of the WCM (World Class Manufacturing) continuous improvement programme. As part of this programme, production sites are equipped with methods, tools and training to improve safety in the production environment. The sites are regularly audited by the Group's WCM team.
- For more details, See Sections 3.10.1." Developing a Safety Culture and Section" and 3.10.2. "Looking After Employee Safety and Well-being".

Supplier dependency

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
The Group relies on a limited number of suppliers for certain essential raw materials, such as PVC. This is particularly the case for the production of resilient flooring, for which the Group mainly uses raw materials derived from petroleum, such as PVC and plasticisers, which account for nearly 50% of raw material purchases and whose suppliers are a limited number of large chemical companies. They are produced by companies such as BASF, Vinnolit, Vestolit, or Total. Further consolidation in the sector could amplify the situation. Additionally, many equipment manufacturers specialise in machines or spare parts for the production of flooring and they can be difficult to replace. The Group buys part of the LVT slabs it sells in North America and Europe from Chinese suppliers. These operations represent less than 5% of the Group's revenue, but may be subject to additional customs duties, such as in North America in 2018 and 2019, or be affected by the Covid-19 crisis in 2020.	> A negative change in the Group's relationship with one of its strategic suppliers, failure to comply with contractual commitments, insolvency of a supplier or any increased concentration of suppliers could have a significant unfavourable effect on the Group's professional activity, financial situation, financial income and expenses and prospects. > Continuing consolidation in the chemicals sector could reduce Tarkett's negotiating capacity and result in higher prices for raw materials. > Reliance on PVC and plasticiser suppliers can lead to a risk of shortages in the supply of raw materials in the event of a supplier failure (due to insolvency, following a "force majeure" event, etc.) and significantly affect production conditions. > With respect to the machinery and equipment necessary for the Group's activity, if one of the Group's suppliers were to breach or terminate a supply agreement, the Group may not be able to find an alternative supplier quickly and with satisfactory terms, which could have a negative impact on operations.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- In recent years, the Group has considerably improved its flexibility with its suppliers and has developed alternative sources in order to reduce its reliance on major players. In certain countries in particular (Russia, China, Brazil), the Group has identified new local suppliers of raw materials.
- The Group is progressively increasing its use of secondary raw materials (recycled materials) to replace virgin materials, which also entails diversifying its supply sources and reducing its reliance on its suppliers. Since 2019, the Group has made transitioning to a circular economy a key element of its "Change to Win" strategy and thus contributes to reducing this risk.
- For more details, see Section 3.6 "Eco-design for Life and Coming Full Circle: Creating a Healthy Circular Economy" and 3.9.1.1. "Rolling Out Our Programme of Sustainable Procurement".

6.1.4 Environmental and societal risks

The most significant environmental, social and governance (ESG) risks, also referred to as extra-financial risks, are described below. The policies, programmes and initiatives that aim to manage and reduce these risks are described in more detail in Chapter 3 "Social and Environmental Responsibility" of this Universal Registration Document.

Ethics and integrity in conducting business

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
Inappropriate or illegal behaviour by Group employees, managers of Group companies and/or an external third party in the name of or on behalf of the Group presents a legal risk as well as a risk to the Group's reputation. Given the Group's geographical coverage (present in countries where the risk of corruption, according to the Transparency International ranking, is greater, such as Brazil, Mexico, Russia, Kazakhstan, Ukraine, Serbia, Lebanon and China), the Group is aware of the risks of corruption. These risks are all the more significant because the Group's business in the field of flooring and sports surfaces involves numerous transactions with various parties (architects, agents, construction and installation contractors) as well as direct contracts with the public sector (for example, artificial turf surfaces for local sports facilities, and flooring for public buildings such as schools and hospitals). Given its global presence, with sales in more than 100 countries and purchases and production in 18 countries, Tarkett is exposed to various risks related to obligations with regard to competition, such as non-compliance with antitrust and competition laws.	> Any suspected or confirmed case of corruption and/or influence peddling, behaviour that is not compliant with applicable laws and regulations or, more generally, any act lacking in probity committed by the Group's employees and/or business partners, would expose the Group to prosecution and sanctions likely to damage the Group's reputation, financial income and expenses and business prospects and could lead to a loss of confidence from investors and clients, as well as employees. > Any failure and non-compliance with competition laws and regulations or any other applicable competition rules and practices may lead to investigations and potential litigation, creating material adverse effects on the Group's business, financial results and situation, and its position and prospects. > The Group may also be subject to various legal and administrative procedures described in Section 4.5 "Legal and Administrative Procedures" that could have a significant negative impact on the Group's financial position.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

In order to keep the risks of non-compliance under control, the Group has set up dedicated prevention programmes, in particular:

- Compliance with competition law - for more details, see Section 3.2.4.1 "Ensuring Business Ethics and Integrity";
- Preventing and combatting corruption and influence peddling - for more details, see Section 3.2.4.2 "Preventing Corruption".

Climate change and environmental damages

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
The Group is exposed to physical and transitory risks (regulatory, legal, market, etc.) related to climate change: > Firstly, climate change is leading to an increase in the frequency of severe climate events. These events may constitute a risk of property damage or interruption of activity for Tarkett's production sites with all the associated costs and potential loss of revenue. > Secondly, increased awareness of the climate crisis, driven by movements in civil society, is raising expectations for governments and businesses to act on climate change. A lack of anticipation, resilience and initiative from the Group when faced with the effects of climate change, especially when compared to competitors, may lead to a reduction in market share. > Thirdly, other consequences of the fight against climate change include a risk of increased carbon taxes, not only for Scope 1 and 2 emissions (at Tarkett sites) but also for Scope 3 emissions (issued from the supply chain and/or from use and post-use). > Finally, flooring and sports surfaces are currently produced from raw materials mainly based on fossil fuels (plastics). The growing global response to the climate crisis is leading to greater pressure from the market to find alternatives to fossil fuels, and there is a risk that companies that are mainly involved in the extraction and use of fossil fuels may become less attractive to investors, depending on their level of use of these fuels.	> Extreme climate events, such as floods, droughts and storms, resulting in damage to industrial infrastructure and potential disruption of manufacturing production at Tarkett's sites or at the sites of major suppliers, resulting in loss of sales and in penalties for breach of commercial agreements. > Decrease in sales due to insufficient measures taken to fight against climate change. > Cost increases (e.g., raw materials, fossil fuels, etc.) due to carbon taxes which risk reducing margins and/or sales. > Reduced investor interest in the Group due to the use of fossil fuel-based raw materials and the subsequent impact on the stock price.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group has mapped and assessed the risk of severe climate events for its production sites.
- In 2019, the Group launched its "Change to Win" strategy, which builds on its previous actions, notably the transition to a circular economy and the reduction of greenhouse gas emissions. The shift to a circular economy model will result in greater use of recycled materials, reducing Tarkett's reliance on fossil-based raw materials. For more details, see Sections 3.6 "Eco-design for Life and Coming Full Circle: Creating a Healthy Circular Economy" and 3.7 "Responding to the Climate Emergency with Sound Environmental Management and a Circular Economy Approach".
- For several years, the Group has been making an effort to conserve natural resources by prioritising materials that are consumer-friendly, recyclable and in abundant supply (e.g. calcium carbonate), or renewable (e.g. cork, pine, spruce, oak, ash, walnut, maple, beech and birch) or recycled (including waste products from other industries). This ensures that the materials we use in our products do not contribute to the scarcity of resources. This reduces the amount of fossil fuel-based raw materials. For more details, see Section 3.6.2.1 "Selecting High Quality Materials to Preserve Natural Resources".

Circular economy regulations and market requirements

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
In most of the countries in which the Group operates, there is growing political and regulatory pressure to move to a circular economy (for example, the number one priority of the new European Union Commission's Green Deal for Europe, which builds on the previous European Union Commission's circular economy package) with increasing demands (for example, increased scope of producer responsibility) and raised expectations regarding recycling and the use of recycled materials. Additionally, it is now widely recognised that the transition to a circular economy is a part of the solutions to fight against climate change and preserve natural resources. In this context, inaction or insufficient action to develop and adopt circular solutions is both a risk and an opportunity (and therefore a risk of missed opportunity) in terms of market access (e.g. eco-taxes, customer requirements for end-of-life waste management and recycled content) and material supply (increased costs of virgin materials). Additionally, the society is raising its expectations for companies in terms of use of resources and recycling. Tarkett operates in the construction sector, which naturally generates waste, and the management of which is structurally problematic. In this sector, the principles of the circular economy, especially recycling, are still scarcely deployed. The Group is therefore exposed to increased regulations in the sector, particularly in Europe (30% its activity) particularly in Nordic countries.	> Potential loss of clients and associated sales due to insufficient supply of recycling services and solutions. > The increase in the cost of virgin materials compared to recycled secondary raw materials. > Introduction or increase of eco-taxes for collection and post-use recycling.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group has made the circular economy a key element of its "Change to Win" strategy announced in 2019, building on its past action in this sector. The Group believes in the importance of moving towards a circular economy through the increased use of recycled materials and the development of solutions and competences for the recovery and recycling of post-installation and post-use flooring.
- For more details, see Section 3.6 "Eco-design for Life and Coming Full Circle: Creating a Healthy Circular Economy".

Acceptance of chemical substances

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
Many countries have increased their requirements for the use of resources and chemicals, both in manufacturing processes and in nomenclature. Regulations may ban specific resources or chemicals too quickly, with no relevant alternatives having been found at the time of the ban. Changes in health and environmental regulations and standards relating to the chemical composition and characteristics of flooring products (e.g. phthalate-free plasticisers, alternatives to PVC, volatile organic compound ("VOC") emission levels) and sports surfaces (e.g. alternatives to filling with rubber balls) may lead to a significant decrease in market size and/or profitability. Furthermore, on this subject, any changes in the behaviour of clients and/or decision-makers may significantly contribute to the increase in this risk.	> Some of the Group's products contain chemical substances that produce emissions during at least part of the product's life cycle. Although these emissions fall below the applicable levels under current regulations, the Group could be held liable if it were proven that these emissions have harmful effects on human health at levels below those currently considered safe. Furthermore, the Group is not immune to the rejection, whether or not based on proven facts, of one of its products or product ranges by consumers and/or decision-makers. All of this could have a significant negative impact on the Group's financial position, prospects and reputation. > In the United States, the Group has been sued by third parties alleging previous exposure to asbestos contained in certain products manufactured at some of its sites up to 1982. In the event that current or future litigation should oblige the Group to pay amounts greater than those covered by the provisions recorded in its balance sheet, its insurance policies and the indemnity undertakings made by third parties, these proceedings could have a significant negative impact on the Group's financial position and results (for more details, see section 4.5 "Legal and Administrative Proceedings").

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group's policy is to prioritise the integration of health and safety issues into its products, while adapting to the geographical environments in which the Group produces and sells its products. The Group relies on teams of scientists and experts to ensure product compliance and to anticipate regulatory changes ;
- Since 2011, the Group has been a pioneer in the development in flooring with low or very low VOC emissions in almost all its product ranges. The Group offers products whose total VOC emissions are 10 to 100 times lower than the strictest global standards. For more details, see Section 3.8.1 "Contributing to Healthy Living Spaces and Indoor Air Quality" ;
- Phthalates are mainly used in the plastics industry to make plastics flexible. The Group has been proactively seeking alternatives together with its suppliers. The Group has invested heavily in research and development and has been able to modify formulas and processes in order to manufacture vinyl flooring using phthalate-free plasticiser technology. For more details, see Section 3.8.1 "Contributing to Healthy Living Spaces and Indoor Air Quality".

Recruitment and retention of key personnel

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
In the context of an increasingly tight labour market in the vast majority of countries where Tarket operates, the ability to attract and recruit key employees for the Group's development could be a risk for performing its operations and achieving its results.The same is true for the difficulty in retaining loyalty among key employees, especially since the factors of employee commitment and expectations seem to be undergoing significant changes and diversification. The response to these risks will depend on the Group's ability to promote a genuine employer brand in a market where it is not always recognised by the general public, and also on its ability to implement best practices for finding and recruiting candidates who correspond to the Group's current and future needs. The Group will also have to retain the loyalty of its employees, through appropriate management, well-being in the work place, adaptation of their skills, as well as development and career opportunities that take into account both their expectations and the Group's current and future needs.	> Difficulties in recruiting and retaining loyalty among key employees could limit the ability to offer, sell and deliver the innovative and high-quality products and solutions expected by our clients. This could result in penalties for delays, the loss of clients and damage to our reputation. > In general, strategic initiatives and key projects to develop and strengthen the Group's performance could be delayed. > Employee turnover could also represent a potentially damaging loss of knowledge and expertise. > Difficulty in retaining loyalty among employees would also have an impact on our brand image and client relationships that are built over time. > There would also be an impact on other employees who would have to endure the disorganisation and overload generated by vacant positions. The result of this would be a deterioration in the working atmosphere and the commitment of the teams.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- Improvement of the recruitment process (employer brand, visibility on digital platforms, training, school/university partnerships) ;
- Strengthening talent reviews and succession plans ;
- Focus on internal mobility with a Group objective of 70% ;
- Provisions for retaining and developing the necessary expertise, talents and skills ;
- Tracking and loyalty of key employees ;
- Implementation of individual development plans and training programmes ;
- Recurring Employee Feedback surveys and action plans on the different levels of the organisation ;
- Remuneration policy combining external competition and internal equity (salary studies, grading) ;
- Initiatives to strengthen diversity and, in particular, gender equality in management and throughout the organisation ;
- Implementation of the Workday solution to accelerate digitisation (information on internal opportunities and profiles) and talent management (dashboard, access to information).

6.1.5 Financial risks

Exchange rate volatility

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
As a result of its production and sales activities on an international level, the Group is exposed to the risk of currency fluctuations. With 45% of 2020 sales in North America and 10% in Russia, the Group is mainly exposed to fluctuations in exchange rates for the US dollar (USD) and the Russian ruble (RUB). The Group is also exposed to fluctuations in the British pound (GBP), Norwegian krone (NOK), Australian dollar (AUD) and Brazilian real (BRL). In some markets, significant expenses may be incurred in a currency other than the local currency used for sales due to the import of raw materials or finished goods. In addition, the preparation of the Group's consolidated financial statements, which are prepared in euros, requires the translation of foreign assets, liabilities, revenues and profits into euros at the applicable exchange rate. Subsequently, fluctuations in the exchange rate of the euro against foreign currencies may affect these items in the consolidated financial statements.	> The effect of foreign currencies on the Group's consolidated financial statements has in the past, and may in the future, cause significant changes in the Group's profit, the value of the assets and liabilities its balance sheet and its cash flows from one year to the next. > In addition, insofar as the Group may incur expenses that are not presented in the same currency as that in which the corresponding sales are made, exchange rate fluctuations could lead to an increase in the Group's expenses as a percentage of revenues, thereby affecting its profitability and cash flows. For example, in Russia and the other countries of the Commonwealth of Independent States (CIS), although the Group produces almost all of the products it sells in the region locally, it imports some of the raw materials used in production from Western Europe. For these costs, when suppliers invoice in euros or dollars, the Group is exposed to foreign exchange risks. Overall, about 50% of costs in CIS countries are presented in euros or dollars.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- The Group first seeks to limit exposure to risk, where possible, by balancing local costs with local revenues, in particular by sourcing locally:
  - This is the case in Russia, where Tarkett's partnership with the local plasticiser supplier - Sibur - helps to reduce the risks of the exchange rate with the Russian rouble (RUB) ;
  - This approach is also effective in Sweden, where Tarkett's local costs, with two production plants, are balanced out with local sales in Swedish krona (SEK) ;
  - This approach helps to reduce risks in North America, where local costs in US dollars (USD) are close to local sales in the same currency.
- In countries where costs are less well balanced, such as the United Kingdom and Norway, Tarkett uses derivative financial instruments to hedge part of its foreign exchange risk exposure (for more details, see Section 5.2 - note 7.6).
- In Russia, in addition to local sourcing, Tarkett focuses on adjusting sales prices to transmit most of the impact of the volatility of the Russian rouble (RUB) exchange rate. In this region, the Group's current policy is not to use financial hedging instruments, but rather to integrate exchange rate fluctuations between the Russian rouble and the euro into the price of products sold. The effectiveness of this strategy depends on the Group's ability to maintain its pricing policy, which it may not be able to do systematically in the future. This could have a significant negative effect on the Group's financial results, position and future.

Access to liquidity

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
Liquidity risk corresponds to the inability to meet financing needs at a given time with the available financial resources.	In particular, this risk could occur in the event that: > An unplanned financing requirement should occur that exceeds the capacity of the available credit facilities ; > Market conditions would prevent the Group from raising funds when it needs them ; > The early repayment of a significant amount of the existing credit facilities should be pronounced following a default or non-compliance with contractual financial commitments (covenants).

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

The Group mainly manages this risk in the following way:

- Centralised management of financing and surplus cash of subsidiaries by the Group's Financing and Treasury Department ;
- Diversification of funding sources and their payment schedules ;
- Market intelligence, prospective simulation of financing needs and financial ratios under various scenarios ;
- Controlled overprovisioning of credit facilities and proactive management of their maturity ;
- Measured use of debt leverage ;
- Limitation and optimisation of contractual provisions that may lead to early repayment ;
- Management of liquid cash on the basis of the seasonality of the activity and market conditions.

More information on credit facilities is available in Section 5.2 - note 7.

Changes, complexities and interpretation of tax regulations

RISK FACTOR DESCRIPTION	POTENTIAL IMPACT AFTER RISK MITIGATION
As an international group operating in many countries, the Group is subject to multiple tax laws and various regulatory tax requirements, which affect its business results and financial income and expenses. These risks may originate mainly from the following elements: > Increases in existing taxes ; > The introduction of new taxes ; > Error in the preparation of tax returns ; > Substantial changes in tax regulations or their interpretations ; > Challenges to the interpretation of tax laws and regulations by the Group or by local tax authorities.	> Any violation of tax laws and regulations in the countries where the Group operates or conducts its activities could result in tax adjustments or the payment of late fees, interest, fines and/or penalties; > The Group enters deferred tax assets into its balance sheet to reflect future tax savings arising from differences between the tax bases and book values of its assets and liabilities or from tax losses on carryforwards of entities of the Group. The actual use of these assets in future years depends on tax laws and regulations, the outcome of current or future audits and litigation and the expected future financial income and expenses of the entities concerned. This could have a negative effect on the Group's effective tax rate, cash flows and financial results.

EXAMPLES OF RISK MANAGEMENT AND MITIGATION

- In order to comply with the tax laws and regulations in force locally, the Group relies on its Tax Department, which monitors permanently to understand, follow and coordinate tax issues arising at a national and international level. This department, with assistance from the local finance departments, also ensures that the Group complies with the rules and laws applicable in the main countries, particularly with respect to transfer pricing, and verifies overall compliance with the Group's policy defined in accordance with OECD rules.
- The Group's Tax Department and local professionals undertake not to resort to aggressive tax strategies that are disconnected from the reality of the operations or to artificial tax arrangements. In addition, Tarkett adopts responsible tax practices by not resorting to complex financial arrangements aimed at obtaining a tax advantage contrary to the object or purpose of the applicable tax law. (For more information, see section 3.2.4 Our Commitment to High Ethical Standards).

6.2 Organisation and governance of risk management

The company's risk management and internal control systems, under the responsibility of the Executive Committee and steered by the Group's Control and Internal Audit Department, perform various methods, procedures and actions in order to :

- Identify, analyse and control risks that could have a significant impact on assets, profits, operations or the achievement of the company's objectives, whether they are of an operational, commercial, legal or financial nature or related to compliance with laws and regulations ;
- Ensure effective operations and efficient use of resources ;
- Ensure the reliability of financial information ;
- Ensure the proven nature of the controls put in place under the various compliance programmes.

The Group undertakes to comply with all laws and regulations in the countries in which it is present and operates. This commitment is undertaken by all of the Group's employees, whose expected behaviour is defined in particular by a Code of Ethics and by various compliance procedures defined by the Group, the application of which is monitored by the Group Legal Department, local legal departments and the Group's Control and Internal Audit Department.

Risk management and internal control is the responsibility of each and every individual, from all employees to the governing bodies. This system is managed by the Executive Committee, which manages the overall responsibility for organising and supervising risk management, including risks matrix and evaluation, the implementation of measures to reduce their occurrence and reduce their impact, as well as internal control and audit. Each member of the Executive Committee is responsible for the continuous implementation of monitoring, controls and risk mitigation in their area of responsibility. It delegates the organisation and daily supervision of risk management procedures to the Control and Internal Audit Department, which is part of the Group Finance Department.

The Control and Internal Audit Department is responsible for the internal control and risk management system. It organises and carries out the biennial update of the Group's risk matrix and evaluation. It also maintains and ensures compliance with the measures contained within our standard internal control framework, which is called "TRACE" (Tarkett Risks, Audit and Controls Evaluation) and is based on "COSO" (Committee of Sponsoring Organisations of the Treadway Commission) principles. The Control and Internal Audit Department, assisted by a network of internal auditors within certain Divisions, carries out audits to verify compliance, assesses risks and recommends improvements to the internal control systems.

The Control and Internal Audit Department reports functionally to the Audit, Risks and Compliance Committee of the Supervisory Board, which is responsible for monitoring the preparation and control of accounting, financial and non-financial information, but also for ensuring the effectiveness of risk monitoring and internal control procedures to facilitate review and verification by the Supervisory Board.

6.3 Risk matrix and evaluation

Since 2010, the Group has created a risk matrix that is updated every two years, or more frequently in the event of significant changes in the environment. The risk identification process is mainly based on a three-step method:

- The Control and Internal Audit Department, sometimes in collaboration with external experts, interviews members of the Executive Committee and key employees in positions at the Group and Division level in order to identify risks in their sectors;
- The qualification and quantification of risks according to the following elements: Precise definition, identification of causal origins, evaluation of impacts (financial, operational, strategic, legal or reputational) and the level of control by the Group;
- Review and validation of the risk matrix by the Executive Committee and its presentation to the Committee for Auditing, Risks and Compliance and the Supervisory Board.

In 2017, a specific risk matrix for corruption was drawn up, as the first key step in the deployment of a comprehensive corruption prevention programme that meets the requirements of Law No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and economic modernisation.

In 2020, given the emergence of certain risks and the global sanitary crisis, an in-depth review of the Group's matrix was carried out in order to individually re-evaluate each risk in the matrix and integrate any new potential or actual risks. It is for this reason that the risk of a health crisis has been included in the risk matrix. The entire process was carried out through 25 interviews with members of the Executive Committee and individuals with a key role in their sector.

In this context, for each risk identified:

- Their occurrence in a recent period was identified;
- The existence of mitigation devices was identified and their effectiveness was measured;
- Their level of inherent and residual impact was assessed.

The updated risk matrix was presented to the Committee for Auditing, Risks and Compliance and the Supervisory Board. Added to this risk matrix was an assessment of the probability of occurrence of each risk over the next five years in order to better qualify the significance of the risks in accordance with the European Prospectus Regulation (EU 2017/1129) and the guidelines of the European Financial Markets Authorities published in 2019.

Continuous risk monitoring

Risk management is an ongoing process, updated through monitoring procedures relating to competition, technology and compliance, as well as perspectives and comments from functional departments (such as Legal, Finance, Insurance, World Class Manufacturing and HR). Monthly business reviews, ongoing market intelligence, internal controls, audits and potential alerts enable the Group's operating entities and the Control and Internal Audit Department to quickly share information with Group management and facilitate the identification of new risk factors or changes in the risk levels of existing risk factors. Appropriate actions are then taken to adapt and manage these risks.

6.4 Internal control and internal audit

6.4.1 Internal control

Control activities are defined in the TRACE reference framework. For each of the main processes, this reference framework presents the major risks, objectives and description of the associated controls applicable to the entire Group. This system constitutes a common base within the Group, applied by local departments; the latter are responsible for the addition of local control activities to address their specific risks.

Self-assessment

The Group's subsidiaries are subject to an annual internal control self-assessment process to assess their compliance with the TRACE reference framework. This self-assessment is subject to validation from the management of the subsidiaries concerned, which confirms that they are responsible for the implementation of internal controls and the quality of their self-assessment. This self-assessment is performed in a specific computer application (e-TRACE 2.0, developed by Devoteam). All Group subsidiaries are subject to the same system. The Group's Control and Internal Audit Department analyses and disseminates the summary of the results to the various stakeholders. These results are sent and reviewed initially at each division by the Presidents, Chief Financial Officers and internal controllers of the divisions. They are then presented and analysed by the Chairman of the Management Board and the Group Chief Financial Officer. These results are then presented to the Audit, Risks and Compliance Committee. Action plans associated with these reviews are implemented under the responsibility of the local or functional departments concerned.

Internal control tests

Tests of the key controls of the TRACE reference framework carried out by the internal controllers of the Divisions are performed in addition to the self-assessment approach described above.

Internal control performance indicators

The Group's Control and Internal Audit Department has set up a series of internal control performance indicators that it monitors regularly, in particular the compliance rate for 82 key controls in the reference framework, the risks of poor segregation of tasks in information systems and the progress of action plans. They are established monthly or quarterly, depending on the indicators concerned.

6.4.2 Internal audit

Internal audit is carried out by a central team that carries out regular assignments based on an audit plan consisting of recurring assignments, with a strong financial focus, carried out in subsidiaries, as well as "cross-departmental" assignments, that deal with a particular operational process or risk on a divisional level. The annual audit plan is reviewed and approved by the Audit, Risks and Compliance Committee.

Each assignment is carried out on the basis of a work programme established based on the documentation describing the internal control systems defined in the Trace reference framework. Each assignment systematically leads to the preparation of a report, which describes the findings and provides an action plan containing all the recommendations to be implemented by the audited entity. Audit reports are sent to the Audit, Risks and Compliance Committee, as well as to the Group Management and the Division concerned by the audit and of management of the audited subsidiaries. These reports are also sent to the Group's Statutory Auditors. A follow-up process for the action plans ensures that any weaknesses identified are corrected. This process is based on:

- Quarterly reporting on the progress of the action plans and the annual audit plan;
- The execution of follow-up assignments by the internal controllers of the Divisions within 18 months of the mission of the Group's Control and Internal Audit Department; and
- The execution of follow-up assignments by the Group's Control and Internal Audit Department, where necessary, on critical issues for the Group.

In addition, 21 assignments were carried out in 2020 in a selection of entities to test the self-assessment based on the Group's internal control questionnaire (based on the TRACE manual).

In 2020, given the restrictions on international travel due to the sanitary crisis, the Group's Control and Internal Audit Department had to revise its annual audit plan at the Audit, Risks and Compliance Committee meeting in July 2020. In this context, audit missions were carried out either directly on site, when the country's sanitary conditions allowed it, or remotely. A leading audit firm was also used to carry out audit assignments across the Atlantic. Therefore, the Control and Internal Audit Department was able to implement the revised audit plan and carried out 10 audit assignments over the past full year.

6.5 Insurance

The Group's insurance policy is coordinated by the Insurance and Prevention Department, which reports to the Group's Legal Department, in order to identify the main insurable risks and to quantify their potential consequences in order to:

- Reduce certain risks by recommending preventive measures together with other Group departments;
- Transfer the risks to an insurance company, for exceptional high-amplitude and low-frequency risks.

Each Group subsidiary is responsible for providing the Insurance and Prevention Department with the information required to identify and quantify the insured or insurable risks for which the Group is responsible, and for putting into operation the resources required to ensure the continuity of the activities in the event of claim. On this basis, the Insurance and Prevention Department negotiates with the major players in the insurance and reinsurance industry to put in place the coverage best suited to the needs of covering these risks.

Local entities also take out local insurance policies to cover risks that are suited to compulsory local insurance, such as motor insurance.

The establishment of insurance policies is based on the determination of the level of coverage necessary to deal with the reasonably estimated occurrence of liability, damage or other risks. This estimate takes into account the assessments made by the insurers as risk policyholders. Uninsured risks are those for which there is no insurance coverage available on the insurance market or for which the cost of providing insurance is disproportionate to the potential benefit of the insurance or for which the Group considers that the risk does not require insurance.

The Group's insurance programmes take the form of master policies supplemented by local policies, if necessary, in certain countries where master policies alone are not authorised. The master insurance policies are intended to be applied to the Group's operations at a global level, in addition to local policies ("difference in conditions/difference in limits (DIC/DIL)"), if the coverage concerned proves to be insufficient or non-existent to cover the claim locally. Local policies are also taken out to cover specificities or local legislative constraints in the country or countries concerned. The Group has also set up a captive insurance company that makes it possible to reduce the premium bases claimed by insurers and thus reduce the Group's insurance costs.

The insurance policies taken out by the Group contain exclusions, coverage ceilings and deductibles that could expose it to significant negative consequences in the event of a claim or legal action against it.

Additionally, it cannot be excluded that, in certain cases, the Group may be required to pay significant indemnities not covered by existing insurance policies or to incur very significant indemnities that are not or insufficiently reimbursed by its insurance policies.

The Group's main policies, taken out with internationally renowned insurance companies, are as follows:

- General civil liability, which includes operational liability and product or "after-delivery" liability: The overall guarantee limit is EUR 60 million; Professional civil liability is also included in this programme as an additional guarantee to the contract and is subject to a specific limit. The general civil liability guarantee covers damage of all kinds caused to third parties, such as bodily injury, material and immaterial damage;
- Property damage and interruption of operations: The combined overall limit for property damage and interruption of operations is 420 million euros; All sites are covered as long as the values on site exceed the specific deductibles in the contract;
- Responsibility of directors and company officers;
- Civil liability for environmental damage;
- Transport;
- Product liability coverage for aviation risks; and
- Cyber security and digital data protection.

7 INFORMATION ABOUT THE COMPANY, ITS SHAREHOLDER STRUCTURE AND ITS SHARE CAPITAL

7.1 Information about the Company

7.1.1 Company name, registration, legal form and company website

Tarkett is a public limited company with a Management Board and Supervisory Board that is subject to French law and entered in the Nanterre Register of Commerce and Companies under the number 352 849 327.

Tarkett's Legal Entity Identifier (LEI) is: 9695002EVBYM5B2OIP31.

Registered office: 1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense, France.

Telephone: + 33 (0)1 41 20 40 40).

Website: https://www.tarkett.com/fr/home (The information given on the website does not form part of the prospectus)

7.1.2 Date of incorporation and duration

The Company was registered on 29 December 1989 for a duration of ninety-nine years from its registration with the Register of Commerce and Companies, or until 29 December 2088, unless dissolved earlier or extended.

7.2 Information on the share capital

7.2.1 Share capital and changes over the last three financial years

7.2.1.1 Changes

The amount of the Company's share capital was not subject to any change during the financial year ending 31 December 2020.

7.2.1.2 Situation as at 31 December 2020

As at 31 December 2020, the share capital amounts to three hundred and twenty-seven million, seven hundred and fifty-one thousand, four hundred and five (327,751,405) euros, divided into sixty five million, five hundred and fifty-one thousand, two hundred and eighty-one (65,550,281) shares with a nominal value of five (5) euros, of the same category and fully paid up.

As at 31 December 2020, the Company had not issued any non-equity securities or securities conferring entitlement to the share capital, with the exception of the free allocation of shares referred to in Section 2.5 "Performance shares (long-term incentive-plan (LTIP) shares)".

As at 31 December 2020, no delegation of powers or authorisations to issue any shares or other securities had been granted by the General Meeting of Shareholders to the Management Board other than those set out in Section 7.2.4 "Financial authorisations".

7.2.2 Treasury shares held by controlled companies, treasury shares held by the Company itself and purchase by the Company of its own shares

As at 31 December 2020, the Company held:

- Directly, 381,162 of its own shares, i.e., 0.45% of the Company's share capital, of which 51,188 under the liquidity contract (see Section 7.2.3 "Share buyback programme" for details of the different share buyback programmes);
- Indirectly, through its wholly owned subsidiary Tarkett GDL SA, 84,211 of its shares, i.e. 0.13% of the Company's share capital.

7.2.3 Share buyback programme

7.2.3.1 Information on transactions carried out under the share buyback programme during the financial year 2020 (excluding the liquidity contract)

Summary of the share buyback programme authorised by the General Meeting of Shareholders on 30 April 2020

The General Meeting of Shareholders of 30 April 2020, in its sixteenth resolution, authorised the Management Board, for a period of 18 months expiring on 30 October 2021, to purchase the Company's own shares, or have them repurchased, up to a maximum of 10% of the total number of shares making up the share capital, at a maximum price of thirty euros and up to a maximum overall limit of fifty million euros.

It was also decided, in that same resolution, that the number of shares held directly or indirectly by the Company may not exceed 10% of the Company's share capital.

This authorisation enables the Company to purchase its own shares for the following purposes:

- Awarding performance shares pursuant to Articles L.225-197-1 et seq. of the French Commercial Code (henceforth L.22-10-59 of the French Commercial Code); or
- The free allocation of shares to Company's salaried staff and/or officers or to an affiliated company (and in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to the provisions of Articles L. 22-10-59 et seq. of the French Commercial Code, and in particular under Long-Term Incentive Plans (LTIPs); or
- The cancellation of the shares bought back and not allocated; or
- Maintaining the liquidity of the secondary market in Tarkett shares or the liquidity of Tarkett shares traded through an investment services provider under a liquidity contract in accordance with the Code of Conduct established by the French Financial Markets Association (Association Française des Marchés Financiers - AMAFI) and approved by the French regulator, the French Financial Markets Authority (AMF).

Buy back of own shares in the 2020 financial year

In accordance with Article L.225-211 of the French Commercial Code, it is hereby specified that the Management Board carried out in 2020 the following transactions for the share buyback programme referred to above:

- In July and August 2020: the allocation of 112,568 treasury shares to the 2017-2020 LTIP;

As a result, as at 31 December 2020, the Company held 245,763 treasury shares (i.e., 0.37% of its share capital), with a market value of 3,241,277 euros as at 31 December 2020.

7.2.3.2 Summary of the share buy-back programme to be submitted for approval to the General Meeting of Shareholders on 30 April 2021 (15th resolution)

In accordance with Articles 241-1 et seq. of the French Financial Markets Authority's General Regulations, this description of the share buyback programme is intended to set out the terms and conditions of the Company's share buyback programme to be submitted for approval to the General Meeting of Shareholders on 30 April 2021.

Breakdown by objective of the shares held by the Company

As at 31 December 2020, the Company held directly 245,763 treasury shares (or 0.37% of its share capital), all of which were allocated to covering the LTIPs for 2018-2021 and 2019-2022.

As at 31 December 2020, 51,188 shares were placed in the liquidity account held by Exane BNP Paribas.

Purpose of the share buyback programme

The Company intends to buy back its own shares, or have them bought back, for the following purposes:

- The free allocation of shares pursuant to the provisions of Articles L.22-10-59 et seq. of the French Commercial Code;
- The free allocation of shares to Company's salaried staff and/or officers or to an affiliated company (and in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to the provisions of Articles L.22-10-59 et seq. of the French Commercial Code, and in particular under Long-Term Incentive Plans (LTIPs);
- Cancellation of the shares bought back and not allocated;
- Maintaining the liquidity of the secondary market in Tarkett shares or the liquidity of Tarkett shares traded through an investment services provider under a liquidity contract in accordance with the Code of Conduct approved by the French Financial Markets Authority.

Maximum percentage of the Company's share capital that may be acquired and the maximum number and characteristics of the shares that may be acquired for the purposes of the share buyback programme

The maximum percentage of the share capital for which the buyback is authorised for the purposes of the share buyback programme is 10% of the total shares making up the Company's share capital, namely a maximum number of 6,555,028 shares at 30 April 2021, the date of the General Meeting of Shareholders, it being specified that if the shares are bought back in order to maintain liquidity under the terms and conditions laid down in the French Financial Markets Authority's General Regulations, the number of shares taken into account in calculating the 10% limit indicated above is the number of shares bought less the number of shares resold during the authorisation period. Moreover, the number of shares that the Company holds may not exceed 10% of the shares making up the Company's share capital at any given time.

Characteristics and maximum purchase price of shares likely to be acquired under the share buyback programme

The shares that the Company would be authorised to acquire would be, exclusively, Company's ordinary shares listed for trading on Euronext Paris - Compartment B (ISIN Code FR0004188670).

The maximum purchase price for the purposes of the share buyback programme would be €30 per share. In the event of a change in the share par value, a capital increase by incorporation of reserves, a free allocation of shares, a stock split or a reverse stock split, a distribution of reserves or any other assets, a capital redemption, or any other transactions affecting the share capital, the maximum purchase price indicated above would be adjusted to take into account its impact on the share par value.

Maximum amount of funds available for the purposes of this programme

The total amount allocated to the share buyback programme may not exceed 50 million euros.

Buyback terms and conditions

Subject to the limits authorised under the prevailing statutory and regulatory provisions, shares may be bought, sold or transferred, at any time (other than during a takeover bid for the Company's shares) and by any means, on regulated markets or multilateral trading facilities, through systematic internalisers or over the counter, including through block trades (without limiting the portion of the share buyback programme that may be carried out by this means), under a cash or stock-for-stock takeover bid, or through the use of options or other forward financial instruments traded on regulated markets, multilateral trading facilities, through systematic internalisers or over the counter, or by delivery of shares following the issuance of securities conferring entitlement to the Company's share capital through conversion, exchange, redemption, exercise of a warrant or in any other manner, either directly or indirectly through an investment services provider acting pursuant to the conditions of Article L.225-206 II of the French Commercial Code.

Duration of the programme

Authorisation will be granted for a period of 18 months from 30 April 2021, i.e., until 30 October 2022.

This description will be submitted to the French Financial Markets Authority. It will be made available free of charge at the Company's registered office and on its website (www.tarkett.com).

7.2.3.3 Liquidity contract

On 17 September 2019, and for an initial period from 23 September to 31 December 2019 and then, from 1 January 2020, for a period of 12 months renewable by tacit agreement, the Company entered into a liquidity agreement with Exane BNP Paribas (investment services provider), in accordance with the liquidity contract drawn up by AMAFI and recognised by the AMF.

For the purposes of the liquidity contract granted by the Company to Exane BNP Paribas, the following assets were held in the liquidity account on the renewal date of 31 December 2020:

- 1,492,810 euros;
- 51,188 securities.

On the effective date of the liquidity contract, the assets given in the liquidity contract were 2,000,000 euros.

In 2020, 1,397,557 securities were traded under this liquidity contract for a total amount of 16,338,381 euros, i.e., a capital gain of 262,437 euros.

The management fee for this liquidity contract amounted to 50,000 euros, before tax, in 2020.

7.2.4 Financial authorisations

The table below shows financial authorisations in effect at 31 December 2020.

Financial authorisations in effect in 2020

Nature of the authorisations	**Shareholders Meeting** *(date and resolution)*	**Expiry and duration of the authorisation**	**Maximum nominal amount authorised**	**Use in 2020**
Authorisation to be given to the Management Board to trade in shares of the Company	30 April 2020 *(16th resolution)*	30 October 2021(18 months)	10% of existing shares	See section 7.2.3.1.
Delegation of authority to be given to the Management Board to allocate free shares to employees and/or certain corporate officers	30 April 2020 *(17th resolution)*	General Meeting of Shareholders called to approve the accounts closed on 31 December 2020	1% of existing shares	See Section 2.5.
Delegation of authority to be given to the Management Board to increase the share capital by incorporation of premiums, reserves or otherwise	26 April 2019 *(17th resolution)*	27 June 2021 (26 months)	50 million euros	None
Delegation of authority to be given to the Management Board to reduce the share capital through cancellation of treasury shares held by the Company	26 April 2019 *(19th resolution)*	27 June 2021 (26 months)	10% of existing shares	None

The General Meeting of Shareholders of 30 April 2021 will be asked to renew the following four authorisations, which will expire in 2021.

Table of financial authorisations to be submitted to the General Meeting of Shareholders for approval on 30 April 2021

Nature of the authorisations	**Resolution no.**	**Expiry and duration of the authorisation**	**Maximum nominal amount authorised**
Authorisation to be given to the Management Board to trade in shares of the Company	15	30 October 2022 (18 months)	10% of existing shares
Delegation of authority to be given to the Management Board to allocate free shares to employees and/or certain company officers	17	General Meeting of Shareholders called to approve the accounts closed on 31 December 2021	1% of existing shares
Delegation of authority to be given to the Management Board to increase the share capital by incorporation of premiums, reserves or otherwise	16	30 June 2022 (26 months)	50 million euros
Delegation of authority to be given to the Management Board to reduced the share capital through cancellation of treasury shares held by the Company	18	30 June 2022 (26 months)	10% of existing shares

It is specified that there are no other financial authorisations enabling increase(s) to be made to the share capital or, more generally, stock to be diluted.

7.2.5 Share capital of companies within the Group that is under option or is to be put under option under an agreement

Allsports Construction & Maintenance Limited

Gordon Thomson ("GT") and FieldTurf Tarkett entered into a shareholders' agreement on 19 December 2017 under which FieldTurf Tarkett was granted a put option enabling it to obtain from GT the purchase of its entire shareholding in the capital of Allsports Maintenance Construction & Maintenance Ltd ("Allsports") for a period of five years from the date of its conclusion, in the event of termination by Allsports, under certain limited conditions, of the supply contract entered into between Allsports and FieldTurf Tarkett.

7.2.6 Floating charges, guarantees and collateral

As at 31 December 2020, there were no significant commitments for the type of pledge, guarantee or security interest relating to the Company's shares.

7.3 Information on the shareholder structure

7.3.1 Breakdown and changes to the share capital and voting rights in the last three years

The table below sets out the Company's shareholder structure as at 31 December 2020 and changes thereto in the last three years:

At 31 December 2020	Number of shares	% of capital	Number of voting rights	% of theoretical voting rights	% of actual voting rights
Société Investissement Deconinck (SID)	33,222,659	50.68%	65,297,730	66.39%	66.65%
Deconinck Family and related companies	379,734	0.58%	390,904	0.40%	0.40%
Total for the Deconinck Family Group(1)	**33,602,393**	**51.26%**	**65,688,634**	**66.79%**	**67.05%**
Public	25,721,662	39.24%	26,717,680	27.17%	27.27%
Tweedy, Browne Company LLC.(2)	5,845,064	8.92%	5,559,702 (3)	5.65%	5.68%
Treasury shares held by the Company and by controlled companies(4)	381,162	0.58%	381,162	0.39%	-
Total	**65,550,281**	**100%**	**98,347,178**	**100%**	**100%**

(1)Composed of SID (1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense Cedex) of members of the Deconinck family and related companies, as described in the statutory disclosure thresholds dated 7 November 2018.
(2)Tweedy, Browne Company LLC declared that individually none of its clients for whom it holds Company shares as part of its management activities holds 5% or more of the Company's capital or voting rights.
(3)Tweedy, Browne Company LLC indicated that it held 5,845,064 shares on behalf of its clients and exercised the voting rights of its clients on 5,559,702 of those shares.
4)The treasury shares held by the Company (notably under the liquidity contract) and by companies it controls are the only shares held directly or indirectly by the Company.

To the Company's knowledge, as at 31 December 2020, there were no other shareholders holding, directly or indirectly, individually or jointly, more than 5% of the Company's share capital or voting rights.

At 31 December 2019	Number of shares	% of capital	Number of voting rights	% of theoretical voting rights	% of actual voting rights
Société Investissement Deconinck (SID)	33,222,659	50.68%	65,197,730	66.46%	66.80%
Deconinck Family and related companies	379,734	0.58%	390,904	0.40%	0.40%
Total for the Deconinck Family Group(1)	***33,602,393***	***51.26*%**	***65,588,634***	***66.85*%**	***67.20*%**
Public	25,388,856	38.73%	26,221,090	26.73%	26.87%
Tweedy, Browne Company LLC.(2)	6,052,990	9.23%	5,790,187(3)	5.90%	5.93%
Treasury shares held by the Company and by controlled companies(4)	506,042	0.77%	506,042	0.52%	-
Total	**65,550,281**	**100%**	**98,105,953**	**100%**	**100%**

(1)Composed of SID (1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense Cedex) of members of the Deconinck family and related companies, as described in the statutory disclosure thresholds dated 7 November 2018.
(2)Tweedy, Browne Company LLC declared that individually none of its clients for whom it holds Company shares as part of its management activities holds 5% or more of the Company's capital or voting rights.
(3)Tweedy, Browne Company LLC indicated that it held 6,052,990 shares on behalf of its clients and exercised the voting rights of its clients on 5,790,187 of those shares
(4)The treasury shares held by the Company itself (notably under the liquidity contract) and by companies it controls are the only shares held directly or indirectly by the Company.

At 31 December 2018	Number of shares	% of capital	Number of voting rights	% of theoretical voting rights	% of actual voting rights
Société Investissement Deconinck (SID)	32,075,071	50.34%	64,050,142	66.51%	66.73%
Deconinck Family and related companies	277,361	0.44%	299,748	0.31%	0.31%
Total for the Deconinck Family Group(1)	**32,352,432**	**50.77%**	64,349,890	66.82%	67.04%
Public	25,950,326	40.72%	26,531,569	27.55%	27.64%
Tweedy, Browne Company LLC.(2)	5,109,337	8.02%	5,109,337(3)	5.31%	5.32%
Treasury shares held by the Company and by controlled companies(4)	310,601	0.49%	310,601	0.32%	-
Total	**63,722,696**	**100%**	**96,301,397**	**100%**	**100%**

(1)Composed of SID (1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense Cedex) of members of the Deconinck family and related companies, as described in the statutory disclosure thresholds dated 7 November 2018.
(2)Tweedy, Browne Company LLC has declared that none of its clients, on behalf of whom it holds Company shares within its management activity, holds individually 5% or more of the Company's capital or voting rights. On September 13, 2018, Tweedy, Browne Company LLC (One Station Place, Stamford, CT, 06902 United States), acting on behalf of managed clients and funds, exceeded the legal threshold of 5% of the Company's capital. On 31 October 2018, the Tweedy, Browne Company LLC (One Station Place, Stamford, CT, 06902 United States), acting on behalf of managed clients and funds, exceeded the legal threshold of 5% of the Company voting rights.
(3)Tweedy, Browne Company LLC indicated that it held 5,109,337 shares on behalf of its clients and exercised the voting rights of its clients on 4,937,807 of those shares
(4)The treasury shares held by the Company itself (notably under the liquidity contract) and by companies it controls are the only shares held directly or indirectly by the Company.

7.3.2 Control of the Company

On 14 November 2018, the Deconinck Family Group, composed of SID, members of the Deconinck family and related companies, disclosed that it had exceeded the legal threshold of two-thirds of the Company's voting rights following the purchase by SID of 100,000 of the Company's shares.

As at 31 December 2020, the Deconinck Family Group therefore held jointly 51.26% of the shares, i.e., 66.79% of the theoretical voting rights and 67.05% of voting rights that can be exercised at the General Meeting of Shareholders.

It is pointed out that the Company established governance rules to ensure that the Supervisory Board and its specialised committees function smoothly and in the interests of all shareholders. In particular, the Company complies with the provisions of the Afep-Medef Code of governance relating to the independence of the Supervisory Board and its specialised committees where there are controlling shareholders. Consequently, as at 31 December 2020, 44% of the Supervisory Board members were classified as independent, this figure rising to 66% for the Committee for Auditing, Risks and Compliance and to 75% for the Nomination, Compensation and Governance Committee, the last two committees being chaired, moreover, by an independent member (see Section 2.2.4). That having been said, the Company believes that there is no risk of control being exercised in an abusive manner.

To the Company's knowledge, as at 31 December 2020, apart from the Deconinck Family Group's members, no individual or legal entity exercised or could exercise control of the Company, directly or indirectly, individually, jointly or in concert.

Insofar as the Company is aware, as at 31 December 2020, there were no agreements that, if implemented, could result in a change in control of the Company at a later date.

7.3.3 Principal direct and indirect shareholders

As at 31 December 2020, to the Company's knowledge, the only shareholders individually holding, directly or indirectly, more than 5% of the Company's share capital or voting rights are Société Investissement Deconinck and Tweedy, Browne Company LLC.

Société Investissement Deconinck (SID)

Simplified joint-stock company under French law, with its registered office at 1 Terrasse Bellini - Tour Initiale - 92919 Paris-La Défense Cedex, entered in the Nanterre Register of Commerce and Companies under the number 421 199 274, is wholly owned, directly and indirectly, by members of the Deconinck family. Its share capital is €44,217,532.47, divided into 290,048 shares, each with a nominal value of €152.45.

As at 31 December 2020, SID's holding represented 50.68% of the Company's capital and 66.65% of voting rights that can be exercised at a General Meeting of Shareholders.

Tweedy, Browne Company LLC.

A US company with its headquarters at One Station Place, Stamford, CT, 06902 United States, an investment adviser registered with the US Securities and Exchange Commission. Tweedy, Browne Company LLC declared having acquired shares in acting on behalf of the clients and funds it manages.

As at 31 December 2020, Tweedy, Browne Company LLC's holding represented 8.92% of the Company's share capital and 5.68% of its voting rights that can be exercised at a General Meeting of Shareholders (Tweedy, Browne Company LLC specified that it held 5,559,702 shares on behalf of its clients, for which it exercised the voting rights of its clients, i.e. 5.68% of the voting rights that can be exercised at a General Meeting of Shareholders).

Shareholding by officers and employees

Certain officers and employees of the Group hold shares of the Company acquired under the profit-sharing incentive schemes put in place by the Company and the incentive schemes involving the free allocation of shares. Shares received under certain of the schemes referred to in this Universal Registration Document or purchased on the market may be held in bearer form or have been sold in full or in part.

For a summary of the plans involving the free allocation of shares and the allocations made under these plans, see Section 2.5 "Performances Shares (LTIP)".

7.3.4 Shareholder voting rights

Article 8 of the Company's Articles of Association states that a double voting right attaches to all fully paid shares held continuously in registered form by the same holder for a minimum period of two (2) years. The duration of the shareholding prior to the date of the Company's initial public offering (22 November 2013) is not taken into account in determining whether the shares held by a shareholder carry double voting rights.

Therefore, the Company has been granting double voting rights to shares meeting the requisite conditions since 22 November 2015.

In accordance with Article L.22-10-46 of the French Commercial Code, in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premiums, the newly issued shares will carry double voting rights if they are granted to a shareholder in relation to existing shares that already carry double voting rights.

Double voting rights may be exercised at any General Meeting of Shareholders of the Company.

Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

Any merger or spin-off of the Company shall not affect double voting rights, which may be exercised within the surviving company, if permitted under the Articles of Association of that company.

7.3.5 Thresholds exceeded

As at 31 December 2020 and the date of this Universal Registration Document, the Company had not received any notification that a shareholding disclosure threshold had been exceeded.

However, given the statutory obligation to make a disclosure to the Company if the 1% of share capital or voting rights threshold, or of any multiple of this percentage, is exceeded, the Company has received during the year various disclosures that the percentage was above or below the statutory thresholds, further to the disposition or and acquisition of shares.

7.3.6 Shareholders' Agreement

To the Company's knowledge, at 31 December 2020, there was no agreement or understanding between its shareholders.

7.4 Articles of Association of the Company and the Internal Regulations of the Supervisory Board

The Company's Articles of Association were drawn up in accordance with French legislation and regulations applicable to a public limited company with a Management Board and Supervisory Board. The principal provisions summarised below are taken from the Company's Articles of Association as adopted on 21 November 2013.

The Articles of Association were amended by resolution of the Supervisory Board on 18 February 2015 to reflect the transfer of the Company's registered office, which resolution was ratified by the General Meeting of Shareholders on 24 April 2015, as well as by the General Meeting of Shareholders of 27 April 2017, in order to determine the conditions under which Supervisory Board members representing employees are appointed. The Management Board, acting on delegation by the General Meeting of Shareholders of 26 April 2019, also amended the Articles of Association to update the Company's share capital following the capital increase through the issuance of new shares for the purposes of paying the 2018 dividend in new shares. Similarly, following the entry into force of the PACTE (Action Plan for Business Growth and Transformation) law, the General Assembly of 30 April 2020 amended the Articles of Association so that a second Member of the Supervisory Board would be appointed by the CSE if the Supervisory Board has more than eight members, in order to delete the expression “attendance fees” and to allow the approval by the Supervisory Board of certain matters by written consultation.

The Supervisory Board also adopted Internal Regulations to set out the way in which it operates, the key provisions of which are summarised below.

7.4.1.1 Corporate objects (Article 3 of the Articles of Association)

The Company's objects, in France and in any other country, are:

- To study, create, develop, operate, direct and manage all businesses or commercial, industrial, real estate or financial companies relating to activities in the flooring industry;
- To participate directly or indirectly in all transactions or undertakings through the creation of companies, establishments or groups of a real property, commercial, industrial or financial nature or to participate in their creation or in the capital increase of existing companies;
- To manage a portfolio of equity investments and securities and the transactions related thereto;
- To own and manage all real property;
- And generally, to carry out all industrial, commercial, financial, securities or real estate transactions whatsoever that may be directly or indirectly related to the objects set out above.

7.4.1.2 Rights and obligations attaching to shares (Articles 6 to 9 of the Articles of Association)

The Company's share capital is composed exclusively of ordinary shares.

The Company's ordinary shares are freely negotiable. The transfer of ordinary shares is carried out by transfer from account to account. Shares may be in registered or bearer form, at the option of the shareholder, under the terms and conditions laid down in the applicable legislation and regulations.

Whenever it is necessary to hold a specific number of shares to exercise any right, or in the event of an exchange or grant of securities giving the right to new shares in return for the return of a specific number of existing shares, any odd-lot shares or shares that fall short of the minimum number required will not provide shareholders with rights vis-à-vis the Company. It is the responsibility of shareholders to group their shares or to purchase or sell the necessary number of shares.

A double voting right is instituted in favour of fully paid shares held continuously in registered form by the same holder for a minimum period of at least two (2) years. The duration of the shareholding prior to 22 November 2013 is not taken into account in determining whether the shares held by a shareholder carry double voting rights.

In accordance with Article L.225-123, paragraph 2, of the French Commercial Code, in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premiums, the newly issued shares will carry double voting rights if they are granted to a shareholder as a result of existing shares that already carry double voting rights.

Double voting rights may be exercised at any General Meeting of shareholders. Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

Each share gives ownership of the Company's assets and of the liquidation surplus in proportion to the share of the capital that it represents.

Shares are indivisible vis-à-vis the Company.

7.4.1.3 Management Board - Powers and duties of the Management Board (Article 16 of the Articles of Association and Article 3.2 of the Supervisory Board's Internal Regulations)

Within the limits of the Company objects and subject to any powers expressly reserved by law to the Supervisory Board and General Meetings of Shareholders and excluding Key Decisions requiring the prior authorisation of members of the Supervisory Board, the Management Board is vested with the broadest powers vis-à-vis third parties to act in all circumstances in the name and on behalf of the Company.

At least once per quarter, the Management Board presents a report to the Supervisory Board. Within three months of the close of each financial year, the Management Board approves and presents to the Supervisory Board, for verification and review, the Company's annual financial statements and any Consolidated Financial Statements, as well as the report to be presented to the Annual General Meeting of Shareholders. It also provides the Supervisory Board with a proposed allocation of the previous year's results.

In addition, the Supervisory Board may ask the Management Board at any time to provide a report on its management and current operations, in addition to provisional Company accounts, if necessary.

The Management Board convenes the General Meetings of Shareholders, sets its agenda and carries out its resolutions.

Subject to Supervisory Board authorisation, the members of the Management Board may allocate their management tasks among themselves. However, any such allocation shall not, under any circumstances, deprive the Management Board of its status as a collegiate body responsible for the management of Tarkett.

In its relationships with third parties, the Company is bound by the acts of the Management Board even when these do not fall within the corporate objects, unless the Company proves that the third party knew that the act went beyond those objects or that the third party could not have been unaware of that fact in light of the circumstances.

However, without prejudice to matters for which the prior authorisation of the Supervisory Board is required by law, the Management Board must seek the prior authorisation of the Supervisory Board before making any of the following decisions ("Key Decisions") within the Company and/or its controlled subsidiaries (together, "the Tarkett Group"), within the meaning of Article L.233-3 of the French Commercial Code):

a) The grant of sureties, avals and guarantees by any company in the Tarkett Group that exceeds the cumulative amount set by the Supervisory Board; if sureties, avals and guarantees are given for an amount exceeding the limit set for the period concerned, the overrun would not be enforceable against third parties that were unaware thereof;

b) Operations resulting in a material change to industrial activities (flooring and sports surfaces) carried on as a principal activity by companies in the Tarkett Group; it is pointed out that any carrying on of new activities on a secondary basis by entities in the Tarkett Group does not require the prior authorisation of the Supervisory Board unless it should also constitute a Key Decision;

c) The acquisition or sale (and more generally any transfer of ownership or investment) or the collateralisation of any asset of the Tarkett Group as part of a project, all asset contributions, and in particular partial asset contribution submitted to the General Meeting of Shareholders under the so-called demerger procedure, all mergers or reorganisations (with a third party or within the Tarkett Group) involving an amount exceeding the thresholds set (either globally or by type of operation) by the Supervisory Board or, failing that, by the Internal Regulations of the Supervisory Board (either globally or by type of operation);

d) An initial public offering of any Tarkett Group company (other than the Company);

e) Entry by a company in the Tarkett Group into a loan for an amount in principal that (i) exceeds the threshold set by the Supervisory Board (or failing that, by the Internal Regulations of the Supervisory Board); or (ii) results in an increase of the aggregate amount of principal of the outstanding Tarkett Group loans above the maximum total commitment limit (in principal) authorised by the Supervisory Board for the period concerned (or failing that, by the Internal Regulations of the Supervisory Board), as well as any material change to the terms and conditions of those loans;

f) Decisions pertaining to, or resulting in, amendments to the Company's Articles of Association, and amendments to the articles of association of any Tarkett Group company (i) with an asset value that exceeds an amount set in the Internal Regulations of the Supervisory Board, or (ii) that owns assets of strategic value for the Tarkett Group, if those amendments affect the rights of the Group company that controls that subsidiary;

g) Approval of major joint venture agreements or partnership agreements (i.e., those involving asset contributions by any Tarkett Group entity (including cash contributions) that exceed a threshold set by the Internal Regulations of the Supervisory Board;

h) Any material change to the accounting principles applied by the Company in preparing its Consolidated Financial Statements (annual or interim), apart from changes required under International Accounting Standards (IASs) or International Financial Reporting Standards (IFRS);

i) Adoption of the Targett Group's annual budget and any material change thereto;

j) Adoption of the medium or long term strategic plan and the annual update thereof (together with the annual budget);

k) Any motion for a resolution by the General Meeting of Shareholders and the exercise of delegations granted by the General Meeting of Shareholders relating to the issuance of shares or transferable securities conferring entitlement, immediately or in due course, to the Company's share capital, as well as any issuance of shares conferring entitlement, immediately or in due course, to the capital of a Tarkett Group company to a third party unrelated to the Tarkett Group;

l) Any acquisition or sale (and more generally any transfer of ownership) of derivatives, foreign-exchange contracts, swaps, options or any other speculative financial instruments, except when made (i) to meet the hedging requirements of the Tarkett Group; or (ii) for a buyback programme relating to the Company's shares;

m) Implementation of any collective insolvency proceedings, dissolution, liquidation or divestiture, moratorium on the payment of debts or suspension of payments (or any similar proceedings in each applicable jurisdiction) relating to a Targett Group company (i) whose number of employees exceeds a threshold set by the Internal Regulations of the Supervisory Board; or (ii) with assets of strategic value to the Tarkett Group (insofar as these changes affect the rights of the Targett Group company that controls that subsidiary;

n) Any grant of a loan by the Tarkett Group other than customer advances, employee advances and any loan granted in the ordinary course of business;

o) (i) any hiring or dismissal (or redundancy) of the main senior executives of the Tarkett group as defined in the internal regulations of the Supervisory Board and (ii) any significant change in their remuneration (including pension plans or special conditions of departure);

p) Implementation or amendment of the management incentive plan (including any incentive in the form of shares or cash);

q) The creation of or change to any stock option plan or plan involving the free allocation of shares of the Company or of any Tarkett Group company (or any other instrument of a similar nature) for the benefit of Tarkett Group executives and/or employees or of certain categories thereof;

r) The conclusion of or a material change to collective labour agreement, pension plan or redundancy plan affecting a given number of employees set by the Internal Regulations of the Supervisory Board;

s) Initiating, stopping or settling any dispute or litigation (including any tax-related dispute) or waiving of any claim where, in each of these cases, the amount involved exceeds the limits set by the Internal Regulations of the Supervisory Board;

t) The appointment, re-appointment or removal from office of the Statutory Auditors;

u) Any grants, corporate sponsorships and, more generally, all forms of donation that exceed one hundred thousand (100,000) euros.

At least once per quarter, the Management Board presents a report to the Supervisory Board. Within three months of the close of each financial year, the Management Board presents the annual financial statements to the Supervisory Board for their verification and review.

7.4.1.4 Statutory provisions likely to have an influence the occurrence of a change of control

None.

7.4.1.5 Shareholders' meetings (Article 25 of the Bylaws)

Shareholders' meetings are convened subject to the conditions provided for by law. They meet at the Company's head office or at any other location indicated in the notice of meeting.

The Management Board is authorized to decide at the time it convenes the shareholders' meeting to broadcast the meeting publicly by videoconference or any other means of telecommunication or transmission, including the Internet. A shareholder may give a proxy to another shareholder or to any other individual or entity to represent him at the shareholders' meeting.

The proxy, as well as, where applicable, its revocation, must be in writing and delivered to the Company in accordance with the conditions provided for by applicable regulations.

Shareholders may participate in meetings either in person or by proxy by proving their identity and their ownership of shares in the form in which such shares are held, pursuant to applicable laws and regulations.

Joint owners of indivisible shares are represented at meetings by one of the joint owners or by a proxy chosen by mutual agreement of the joint owners. In the event that the joint owners fail to reach an agreement as to the choice of a proxy, a proxy may be designated by order of the presiding judge of the commercial court, ruling on an interim basis at the request of the more diligent joint owner.

If the Management Board so provides in the notice of meeting, shareholders may also participate in such meeting by videoconference or other means of telecommunication or electronic transmission, including the Internet, pursuant to legal and regulatory requirements. Such shareholders are deemed present for purposes of calculating quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board, or, in his absence, by the Vice Chairman, or, in his absence, by any Member of the Supervisory Board specially delegated for such purpose by the Supervisory Board. Otherwise, the meeting elects its own chairman.

The two members of the meeting who are present, agree to serve such role and have the greatest number of voting rights serve as scrutineers.

The meeting officers designate a secretary, who need not be a shareholder.

An attendance sheet is kept at each meeting containing the information required by law.

Copies or extracts of the minutes of shareholders' meetings may be certified by the Chairman of the Supervisory Board, the Vice Chairman, a member of the Management Board acting as Managing Director or by the secretary of the shareholders' meeting.

Ordinary and extraordinary shareholders' meetings voting pursuant to their respective quorum and majority requirements exercise the powers assigned to them by the law.

7.5 Equity investments by the Company outside the Tarkett Group

Information about the companies in which the Company holds a fraction of the share capital likely to have a material impact on the valuation of its assets and liabilities, financial situation or its results is given in Section 4.1.1.5 “Acquisitions” and in Notes 2 “Scope of Consolidation” and 13 “Principal Consolidated Entities” in Section 5.2 “Notes to the Consolidated Financial Statements”.

7.6 Elements likely to have an influence in the event of a public offering

To the Company's knowledge, there are no agreements as at 31 December 2020 that could lead to a change in its control.

The applicable information required under Article L.22-10-11 (referring to Article L.22-10-20) of the French Commercial Code is included in this Universal Registration Document as follows:

- The capital structure and direct and indirect holdings in the Company's capital of which the Company is aware are set out in Section 7.2;
- The powers of the Management Board, particularly with regard to the issuing or redemption of shares, are described in Section 7.2.3;
- The agreements entered into by the Company that are changed or terminated in the event of a change in control of the Company are set out in Sections 4.3.4 “Details of the renewable, multi-currency syndicated loan” and Section 4.3.5 “Private placements governed by German law, known as Schuldschein” (promissory notes);
- Finally, it is specified that, to the Company's knowledge, there are no agreements, other than as set out in Sections 2.3 “Remuneration” and 2.4 “Other Information relating to company officers”, that establish indemnities for members of the Management Board or employees who cease to be employed as a result of a takeover bid, nor has the Company entered into any agreement that may be changed or terminated in the event of a change of control of the Company.

7.7 Stock market information

Tarkett's shares are listed on the Paris stock market (Euronext Paris - Compartment A as at 31 January 2020 and Compartment B since 1 February 2020 - ISIN code: FR00004188670 - Ticker symbol: TKTT).

	2020	2019	2018
Closing price (in euros)			
High	16.56	22.36	36.92
Low	7.53	11.25	16.90
As at 31 December	14.40	14.40	17.51
Number of shares as at 31 December	65,550,281	65,550,281	63,722,696
Market capitalisation as at 31 December (in millions of euros)	944	944	1,116

Source: Euronext.

Evolution of the stock price over the year 2020

8 SHAREHOLDERS' MEETING OF 30 APRIL 2021

8.1 Agenda

Ordinary business

Resolution no. 1

Approval of the company financial statements for the year ended 31 December 2020;

Resolution no. 2

Approval of the consolidated financial statements for the year ended 31 December 2020;

Resolution no. 3

Proposed allocation of the results for the year ended 31 December 2020;

Resolution no. 4

Special report by the Statutory Auditors on related-party agreements referred to in Articles L.225-86 et seq. and L.22-10-29 and L.22-10-30 of the French Commercial Code;

Resolution no. 5

Renewal of the appointment of Agnès Touraine as member of the Supervisory Board;

Resolution no. 6

Renewal of the appointment by Sabine Roux de Bézieux as member of the Supervisory Board;

Resolution no. 7

Appointment of Véronique Laury as member of the Supervisory Board;

Resolution no. 8

Approval of information relating to the 2020 remuneration of all corporate officers;

Resolution no. 9

Approval of the remuneration paid or awarded to Fabrice Barthélemy, Chairman of the Management Board, for the 2020 financial year;

Resolution no. 10

Approval of the remuneration paid or awarded to Eric La Bonnardière, Chairman of the Supervisory Board, for the 2020 financial year;

Resolution no. 11

Approval of the items of the Chairman of the Management Board's remuneration policy;

Resolution no. 12

Approval of the items of the member of the Management Board's remuneration policy;

Resolution no. 13

Approval of the items of the Chairman of the Supervisory Board's remuneration policy;

Resolution no. 14

Approval of the items of the Supervisory Board members' remuneration policy;

Resolution no. 15

Authorisation to be given to the Management Board to trade in shares of the Company;

Extraordinary business

Resolution no. 16

Delegation of authority to be granted to the Management Board to decide upon an increase in the share capital by incorporation of premiums, reserves, profits or otherwise;

Resolution no. 17

Authorisation to be given to the Management Board to award performance shares to salaried employees and/or certain company officers of the Company or related companies, specifying the duration of the authorisation, the limits thereon and the duration of the vesting and retention periods;

Resolution no. 18

Delegation of authority to be given to the Management Board to reduce the share capital through cancellation of treasury shares held by the Company;

Ordinary business

Resolution no. 19

Powers for formalities.

8.2 Presentation of draft resolutions - Report of the Management Board

8.2.1 Approval of the annual company and consolidated financial statement for the 2020 financial year (1st and 2nd resolutions)

In its first and second resolutions, the Management Board asks the Shareholders' Meeting to approve the annual company and consolidated financial statements for the year ended 31 December 2020, which include:

- For the company financial statements, an income statement showing a net profit of €39.5 million in 2020 compared with €46.4 million in 2019;
- For the consolidated financial statements, a net loss Group Share of €-19.1 million in 2020 compared with €39.6 million in 2019. Details of the financial statements and the corresponding reports by the Statutory Auditors are provided in Chapters 4 "Review of the financial position and results" and 5 "Financial statements" of the 2020 Universal Registration Document.

8.2.2 Approval of the result for the 2020 financial year (3rd resolution)

The purpose of the third resolution is to ask the Shareholders' Meeting to approve and allocate the entire net income for the year to the "Retained Earnings" account.

8.2.3 Special report by the Statutory Auditors on related-party agreements (4th resolution)

Over the course of the fiscal year 2020, no new regulated agreements, other than those already approved by the Shareholders' Meeting of 30 April 2020, were submitted to the Supervisory Board. Pursuant to the law, the Supervisory Board has carried out the annual review of agreements entered into and authorised during previous years and which continued during the year ended 31 December 2020. The fourth resolution asks you to acknowledge that the Statutory Auditors' special report on related-party agreements does not mention any new agreement. This Special Report by the Statutory Auditors on related party agreements and commitments is available in Section 8.7 of the 2020 Universal Registration Document.

8.2.4 Renewal of terms of office on the Supervisory Board (5th and 6th resolutions)

The Meeting is asked to:

- To renew the appointment of Agnès Touraine and Sabine Roux de Bézieux as members of the Supervisory Board for a term of four (4) years (5th and 6th resolutions).

8.2.5 Appointment to the Supervisory Board (7th resolution)

On the recommendation of the Nomination, Compensation and Governance Committee, the Meeting is asked to appoint Véronique Laury as a member of the Supervisory Board for a term of four (4) years to replace Guylaine Saucier whose term of office expires at this Shareholders' Meeting. The Nomination, Compensation and Governance Committee and the Supervisory Board considered that Véronique Laury will be able to provide the Supervisory Board with the benefit of her commercial expertise.

A summary of Véronique Laury's career and skills is provided in Section 2.2.3.4 of the 2020 Universal Registration Document. Thus, at the end of the Shareholders' Meeting, considering the resignation of Jean-Hubert Guillot and subject to the approval of this resolution, the Supervisory Board would be composed of eleven members (including one observer and one member representing employees), and would have three independent members (33%) and four women (44%).

8.2.6 Approval of the remuneration paid or awarded to the company officers for the 2020 financial year (8th to 10th resolutions)

Pursuant to the provisions of Article L.22-10-34 of the French Commercial Code, you are asked, by voting on the 8th to 10th resolutions to approve the remuneration paid or awarded to the executive company officers and the Supervisory Board members for the 2020 financial year (commonly called "***ex-post vote***"). It is therefore proposed to approve:

> Information relating to the 2020 remuneration of all company officers (8th resolution);
> The remuneration and benefits of any nature paid or awarded to Fabrice Barthélemy, Chairman of the Management Board, for the financial year ended 31 December 2020 (9th resolution);
> The remuneration and benefits of any nature paid or awarded to Eric La Bonnardière, Chairman of the Supervisory Board, for the financial year ended 31 December 2020 (10th resolution).

You are asked to vote in favour of all of these remuneration items, which have been analysed by the Nomination, Compensation and Governance Committee and have been decided by the Supervisory Board on this Committee's recommendations. All these items are described in detail in the Supervisory Board's corporate governance report contained in Section 2.6 of the 2020 Registration Document.

8.2.7 Approval of the items of the company officers' remuneration policy (11th to 14th resolutions)

In accordance with Article L.22-10-26 of the French Commercial Code, the Shareholders' Meeting is asked to approve the items of the remuneration policy applicable to the Chairman of the Management Board (11th resolution), to the member of the Management Board (12th resolution), to the Chairman of the Supervisory Board (13th resolution) and to the members of the Supervisory Board (14th resolution) (commonly called "***ex-ante vote***").

The items of the remuneration policy are described in detail in the report contained in Section 2.6 of the 2020 Universal Registration Document.

You are asked to vote in favour of the items of the company officers' remuneration policies, which have been analysed by the Nomination, Compensation and Governance Committee before being decided by the Supervisory Board.

8.2.8 Authorisation to be given to the Management Board to trade in the Company's shares (15th resolution)

The Shareholders' Meeting of 30 April 2020 authorised the Management Board to trade in the Company's shares. The transactions carried out in the framework of this authorisation are described in Chapter 7 of the 2020 Registration Document. As this authorisation will expire on 30 October 2021, we ask you, in the 15th resolution, to authorise the Management Board for a period of 18 months, to trade in the Company's shares at a maximum purchase price set at €30 per share, with the right to sub-delegate in the manner defined by law.

This authorisation would enable the Management Board, with the right to sub-delegate in the manner defined by law, to acquire a number of Company shares representing 10% of the Company's share capital at the most, with a view to:

> Awarding performance shares pursuant to the provisions of Articles L.22-10-59 et L.22-10-60 of the French Commercial Code; or
> Awarding performance shares to employees or officers of the Company or an affiliate of the Company (in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to Articles L.22-10-59 et L.22-10-60 of the French Commercial Code, and in particular under Long Term Incentive Plans; or
> Cancelling the shares bought back and not awarded; or
> Trading in the secondary market or maintaining the liquidity of Tarkett's shares through an investment services provider in the framework of a liquidity contract that complies with the market ethics charter recognized by the AMF.

The share buyback programme could also be used to carry out any market practice permitted by the AMF, and, more generally, to carry out any other transaction that complies with applicable regulations.

The Company's shareholding is subject to applicable regulations.

Purchases, sales and transfers could be carried out at any time, up to the limits authorised by applicable laws and regulations (other than during a tender offer), and by any means.

The Company may buy back a number of shares such that:

> The number of shares that the Company buys during the term of the share buyback programme does not exceed 10% of the shares comprising the Company's share capital at any time, this percentage applying to the capital as adjusted following any transaction affecting it subsequent to the Shareholders' Meeting (such number being 6,555,028 shares as of 31 December 2020), provided that when the shares are bought in order to

maintain liquidity pursuant to the conditions defined by the AMF's General Regulation, the number of shares taken into account for purposes of calculating the 10% limit provided for above is the number of shares bought minus the number of shares resold during the period of the authorisation;

> The number of shares that the Company holds may not at any time exceed 10% of the shares comprising the Company's share capital on the date in question.

Shares may be bought, sold or transferred at any time (other than during a tender offer of the Company's shares) up to the limits authorised by applicable laws and regulations, and by any means, on regulated markets or multilateral trading facilities, through systematic internalisers or over the counter, including through block trades (without limiting the portion of the share buyback programme that may be carried out by this means), by tender or exchange offer, or through the use of options or other forward financial instruments traded on regulated markets, multilateral trading facilities, through systematic internalisers or over the counter, or by delivery of shares following the issuance of securities giving access to the Company's share capital by conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through an investment services provider acting pursuant to the provisions of Article L.225-206 II of the French Commercial Code.

The Shareholders' Meeting is asked to set the maximum purchase price at €30 per share.

The Shareholders' Meeting would delegate power to the Management Board to adjust the abovementioned maximum purchase price, in order to account for the effect of the following transactions on the share value: change in the share's nominal value, capital increase by incorporation of reserves, award of performance shares, stock split or reverse stock split, distribution of reserves or of any other assets, capital redemption or any other transaction affecting shareholders' equity.

The total amount allocated to the share buyback programme authorised above may not be greater than fifty million (50,000,000) Euros.

As of the date of the Shareholders' Meeting and up to the amount, if any, that has not yet been used, this authorisation would cancel any delegation previously given to the Management Board to trade in Company's shares.

This authorisation would be given for a period of 18 months from the date of the Shareholders' Meeting.

8.2.9 Delegation of authority to be granted to the Management Board to decide upon an increase in the share capital by incorporation of premiums, reserves, profits or otherwise (16th resolution)

Pursuant to the provisions of Article L.225-130 of the French Commercial Code, you are being asked to renew for a period of twenty-six months the authorisation granted to the Management Board on 26 April 2019 for the purpose of increasing the share capital, on one or more occasions, by incorporating premiums, reserves, profits or other items to the share capital.

The maximum nominal amount of the capital increases that may be carried out in this respect may not exceed fifty million (50,000,000) euros. This authorisation would be given for a minimum period of 26 months from the date of the Shareholders' Meeting.

8.2.10 Authorisation to be given to the Management Board to award performance shares to salaried employees and/or certain company officers of the Company or related companies, specifying the duration of the delegation, the limits thereon and the duration of the vesting and retention periods (17th resolution)

We ask you to authorise the Management Board to award, subject to the achievement of performance conditions determined by the Management Board in agreement with the Supervisory Board and upon the recommendation of the Nomination, Compensation and Governance Committee, of existing Company shares not representing more than 1% of the Company's share capital on the date of the Shareholders' Meeting, to employees or certain employees and/or certain company officers of the Company or its related companies. We note that the awards that would be made under this resolution to members of the Management Board would be approved in advance by the Supervisory Board, would be fully subject to performance conditions, and could not represent more than 30% of the shares covered by this resolution.

In connection with this authorisation, we ask you to provide the Management Board with the authority, each time it makes decision to grant shares, to determine, on the basis of the recommendations of the Nomination, Compensation and Governance Committee and in accordance with to the law, the vesting period following which the shares will be definitively awarded, which period may not be less than two years from the share grant date.

We also ask you to approve that the Management Board will have the authority, each time it makes decision to grant shares, to determine, on the basis of the recommendations of the Nomination, Compensation and Governance Committee, where applicable, the retention period to which the beneficiaries will be bound, which period shall run from the vesting date of the shares and which may be eliminated, provided that the vesting period may not be less than two years.

We also ask you to provide that in the event that a recipient becomes disabled, as defined in the second or third category set forth in Article L.341-4 of the French Social Security Code, the shares shall be definitively granted before the end of the remaining vesting period, and shall be immediately transferable.

We propose that the existing shares that may be awarded pursuant to this authorisation be acquired by the Company, either pursuant to Article L.225-208 of the French Commercial Code, or, where applicable, under the share buyback programme authorised by the Shareholders' Meeting as proposed in the sixteenth resolution above, in accordance with Article L.22-10-62 of the French Commercial Code, or any other share buyback programme that may apply at a later date.

We ask you to grant this authorisation as of the date of the Shareholders' Meeting of 30 April 2021, for a period to expire at the close of the Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2021.

In this framework, you will be asked to grant full powers to the Management Board, within the limits set forth above and subject to the prior authorisation of the Supervisory Board, to implement this authorisation, and, in particular, to:

- Determine the beneficiaries, the award criteria (in particular with respect to continued employment and, where applicable, performance), the number of shares to be awarded to each of them, the terms and conditions of the award of shares and, in particular, the vesting period and retention period applicable to each award, subject to the minimum periods defined by this resolution;
- Set, upon the proposal of the Nomination, Compensation and Governance Committee, in accordance with legal conditions and limits, the dates on which such performance share awards shall be made;
- Determine the dividend date for the newly issued shares;
- Decide on the terms pursuant to which the number of performance shares awarded will be adjusted in order to preserve the beneficiaries' rights; and
- More generally, with the right to delegate and sub-delegate as permitted by law, enter into any agreements, prepare any documents, and carry out any formalities or filings with any bodies, and do all that may otherwise be necessary.

8.2.11 Delegation of authority to be granted to the Management Board to reduce the share capital through cancellation of treasury shares held by the Company itself (18th resolution)

Pursuant to the provisions of Article L.22-10-62 of the French Commercial Code, the Meeting is asked to renew for a period of twenty-six months the authorisation granted to the Management Board on 26 April 2019 for the purpose of reducing the share capital, on one or more occasions, by cancelling treasury shares and/or shares that it would acquire under the share buyback programme.

The maximum number of shares that may be cancelled by the Company during a period of 24 months would be 10% of the shares comprising the Company's share capital.

It is noted that during the year ended 31 December 2020, the Company did not cancel any shares.

This authorisation would be given for a maximum period of 26 months from the date of the Shareholders' Meeting.

8.2.12 Powers (19th resolution)

You are asked to grant powers to proceed with the filings, formalities and publications required by law.

We hope that you will approve all of the resolutions submitted for your vote.

The Management Board

8.3 Draft resolutions

First resolution:

(Approval of the company financial statements for the year ended 31 December 2020)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings and after reviewing (i) the Management Board report, (ii) the observations of the Supervisory Board and (iii) the Statutory Auditors' report on the company financial statements for the year ended 31 December 2020, **approves** the financial statements for the year ended 31 December 2020 as presented to them and including the balance sheet, income statement and notes thereto, showing a net profit of €39,508,323.77, and the transactions reflected in such financial statements and summarised in such reports.

Pursuant to Article 223 quater of the French General Tax Code, the Shareholders' Meeting also **takes note** that total expenses and charges as referred to in Article 39-4 of the French General Tax Code amounted to €44,043.89 for the previous financial year.

Second resolution:

(Approval of the consolidated financial statements for the year ended 31 December 2020)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings and after reviewing (i) the Management Board's report, (ii) the observations of the Supervisory Board and (iii) the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2020, **approves** the consolidated financial statements for the year ended 31 December 2020 as presented to them and including the balance sheet, income statement and notes thereto, showing a net loss - Group share - of €-19.1 million, and the transactions reflected in such financial statements and summarised in such reports.

Third resolution:

(Proposed allocation of the results for the year ended 31 December 2020)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings and after reviewing (i) the Management Board's report, (ii) the observations of the Supervisory Board and (iii) the Statutory Auditors' report on the company annual financial statements, noting that the financial statements for the year ended 31 December 2020 show a net profit of €39,508,323.77, **decides**, upon the motion of the Management Board, to appropriate the entire profit to the "Retained Earnings" account, thereby increasing it to €795,261,411.67.

In accordance with legal provisions, the Shareholders' Meeting **notes** that the dividend for the past three financial years has been set as follows:

Dividends paid over the past three financial years	**Year of payment**		
	2020	**2019**	**2018**
Total dividend (in millions of Euros)[1]	None	38.1	37.9
Dividend per share (in Euros)	None	0.60	0.60

[1] The amounts presented in this table represent total dividends after deduction of the treasury shares held by the Company.

Fourth resolution:

(Special report by the Statutory Auditors on related-party agreements referred to in Articles L.225-86 et seq. and L.22-10-29 and L.22-10-30 of the French Commercial Code)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, **notes** that the special report by the Statutory Auditors on the agreements mentioned in Articles L. 225-86 et seq. and L.22-10-29 and L.22-10-30 of the French Commercial Code required by applicable legislative and regulatory provisions, which does not mention any new agreement made during the year ended 31 December 2020 has been submitted to it.

Fifth resolution:

(Renewal of the appointment of Agnès Touraine as member of the Supervisory Board)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, **decides** to renew the appointment of Ms Agnès Touraine as Supervisory Board member for a term of four (4) years, i.e. until the close of the annual Shareholders' Meeting to be convened in 2025 to approve the financial statements for the year ending 31 December 2024.

Sixth resolution:

(Renewal of the appointment by Sabine Roux de Bézieux as member of the Supervisory Board)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, **decides** to renew the appointment of Ms Sabine Roux de Bézieux as Supervisory Board member for a term of four (4) years, i.e. until the close of the annual Shareholders' Meeting to be convened in 2025 to approve the financial statements for the year ending 31 December 2024.

Seventh resolution:

(Appointment of Véronique Laury as member of the Supervisory Board)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the Management Board's report, **decides** to appoint Ms Véronique Laury as Supervisory Board member for a term of four (4) years, i.e. until the close of the annual Shareholders' Meeting to be convened in 2025 to approve the financial statements for the year ending 31 December 2024. Ms Véronique Laury has already indicated that she would accept her appointment, should it be decided by this Shareholders' Meeting, and that she does not hold any position and is not subject to any measure that could prevent her from holding office.

Eighth resolution:

(Approval of information relating to the 2020 remuneration of all company officers)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code, **approves**, pursuant to Article L.22-10-34 I of the French Commercial Code, the information relating to the remuneration in 2020 of the company officers, as mentioned in Article L.22-10-9 of the French Commercial Code, as are stated in Section 2.6.2 of the 2020 Universal Registration Document.

Ninth resolution:

(Approval of the remuneration paid or awarded for the 2020 financial year to Fabrice Barthélemy, **Chairman** of the Management Board)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code, **approves**, pursuant to Article L.22-10-34 I of the French Commercial Code, the fixed, variable and exceptional items comprising the total remuneration and benefits of any nature paid or awarded for the 2020 financial year to Fabrice Barthélemy, Chairman of the Management Board, as mentioned in Section 2.6.2.1 of the 2020 Universal Registration Document.

Tenth resolution:

(Approval of the remuneration paid or awarded for the 2020 financial year to Eric La Bonnardière, Chairman of the Supervisory Board)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code, **approves**, pursuant to Article L.22-10-34 I of the French Commercial Code, the fixed, variable and exceptional items comprising the total remuneration and benefits of any nature paid or awarded for the 2020 financial year to Eric La Bonnardière in his capacity as Chairman of the Supervisory Board, as mentioned in Sections 2.6.2.2 and 2.6.2.4 of the 2020 Universal Registration Document.

Eleventh Resolution:

(Approval of the items of the **Chairman** of the Management Board's remuneration policy)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code describing the items of the company officers' remuneration policy determined pursuant to Article L.22-10-26 of the French Commercial Code, **approves** the items of the Chairman of the Management Board's remuneration policy, as mentioned in Sections 2.6.1.1 and 2.6.1.2 of the 2020 Universal Registration Document.

Twelfth resolution:

(Approval of the items of the member of the Management Board's remuneration policy)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code describing the items of the corporate officers' remuneration policy determined pursuant to Article L.22-10-26 of the French Commercial Code, **approves** the items of the member of the Management Board's remuneration policy, as mentioned in Sections 2.6.1.1 and 2.6.1.3 of the 2020 Universal Registration Document.

Thirteenth resolution:

(Approval of the items of the Chairman of the Supervisory Board's remuneration policy)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code describing the items of the company officers' remuneration policy determined pursuant to Article L.22-10-26 of the French Commercial Code, **approves** the items of the Chairman of the Supervisory Board's remuneration policy, as mentioned in Section 2.6.1.4 of the 2020 Universal Registration Document.

Fourteenth resolution:

(Approval of the items of the Supervisory Board members' remuneration policy)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the corporate governance report provided for by Articles L.225-68 and L.22-10-20 of the French Commercial Code describing the items of the company officers' remuneration policy determined pursuant to Article L.22-10-26 of the French Commercial Code, **approves** the items of the members of the Supervisory Board's remuneration policy, as mentioned in Section 2.6.1.4 of the 2020 Universal Registration Document, it being specified that this remuneration policy has been subject to an upward revaluation compared to the remuneration policy for members of the Supervisory Board approved for the year 2020.

Fifteenth resolution:

(Authorisation given to the Management Board to trade on the Company's shares)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having reviewed the report by the Management Board, **authorises** the Management Board to purchase or cause the purchase of the Company's shares, with the right to sub-delegate as permitted by law, in accordance with Articles L.22-10-62 et seq. of the French Commercial Code, for the purpose of:

> Awarding performance shares pursuant to Articles L.22-10-59 et seq. of the French Commercial Code; or

> The delivery of shares on the exercise of rights attached to securities giving the right, by redemption, conversion, exchange, presentation of a warrant or in any other way, to the allocation of ordinary shares of the Company; or

> Awarding performance shares to employees or officers of the Company or an affiliate of the Company (in particular the Company's direct and indirect subsidiaries) under any plan that is not subject to Articles L.22-10-59 et seq. of the French Commercial Code, and in particular under Long Term Incentive Plans; or

> The cancellation of the shares bought back and not allocated; or

- Trading in the secondary market or maintaining the liquidity of Tarkett's shares through an investment services provider in the framework of a liquidity contract that complies with the market ethics charter recognised by the AMF.

The Company may buy back a number of shares such that:

- The number of shares that the Company buys during the term of the share buyback programme does not exceed 10% of the shares comprising the Company's share capital at any time, this percentage applying to the capital as adjusted following any transaction affecting it subsequent to the Shareholders' Meeting (such number being 6,555,028 shares as of 31 December 2020), provided that where the shares are bought in order to maintain liquidity pursuant to the conditions defined by the AMF's General Regulation, the number of shares taken into account for purposes of calculating the 10% limit provided for above is the number of shares bought minus the number of shares resold during the period of the authorisation;
- The number of shares that the Company holds may not at any time exceed 10% of the shares comprising the Company's share capital on the date in question.

Shares may be bought, sold or transferred at any time (other than during a tender offer on the Company's capital) up to the limits authorised by applicable laws and regulations, on regulated markets or multilateral trading facilities, through systematic internalisers or over the counter, including through block trades (without limiting the portion of the share buyback programme that may be carried out by this means), by tender or exchange offer, or through the use of options or other forward financial instruments traded on regulated markets, multilateral trading facilities, through systematic internalisers or over the counter, or by delivery of shares following the issuance of securities granting access to the Company's share capital by conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through an investment services provider acting pursuant to the conditions of Article L.225-206 II of the French Commercial Code.

The maximum share purchase price in the framework of this resolution is €30.

The Shareholders' Meeting **delegates** to the Management Board, in the event of a change in the share's nominal value, a capital increase by incorporation of reserves, an award of performance shares, a stock split or a reverse stock split, a distribution of reserves or of any other assets, a capital redemption, or any other transaction affecting shareholders' equity, the power to adjust the maximum purchase price stated above in order to account for the effect of such transactions on the share value.

The total amount allocated to the share buyback programme authorised above may not be greater than €50,000,000.

The Shareholders' Meeting **grants** full powers to the Management Board, with the right to sub-delegate as permitted by law, to decide upon and implement this authorisation, to specify, if necessary, its terms and conditions, to carry out the share buyback programme, and in particular to place any stock market order, to enter into any agreement, to allocate or reallocate the acquired shares for their intended purposes in accordance with applicable laws and regulations, to define the terms and conditions governing the maintenance of shareholder or option holder rights in accordance with legal, regulatory or contractual provisions, to file any declarations to the AMF or any other competent authority and to carry out all other formalities and, generally, to perform all necessary acts. As of the date hereof and up to the amount, if any, that has not yet been used, this authorisation cancels any delegation previously given to the Management Board to trade in the Company's shares. It is given for a period of 18 months as of the date hereof.

Extraordinary business

Sixteenth resolution:

(Delegation of authority to be given to the Management Board to increase the share capital by incorporation of premiums, reserves or otherwise)

The Shareholders' Meeting, voting with the quorum and majority required for ordinary shareholders' meetings, having read the Management Board's report, and in accordance with the provisions of Article L.225-130 et L.22-10-50 of the French Commercial Code:

> **Delegates** to the Management Board, with the right to sub-delegate as permitted by law, its authority to decide to increase the share capital, on one or more occasions, in the proportions and at the times it deems appropriate, with the exception of periods of a public offer for the Company's share capital, by incorporation of premiums, reserves or otherwise that may be incorporated in accordance with the law and the Company's by-laws, in the form of an issue of new shares or an increase in the maximum nominal of existing shares, or by using a combination of these two methods. The maximum nominal amount of the capital increases that may be carried out in this respect may not exceed fifty million (50,000,000) euros or the equivalent in any other currency or monetary unit established by reference to several currencies;

> In the event that the Management Board makes use of this delegation of authority, **delegates** to the latter all powers, with the option to sub-delegate under the conditions set forth by law, to implement this delegation of authority, in particular for the purpose of:

- Setting the amount and nature of the sums to be incorporated into the capital, setting the number of new equity securities to be issued and/or the amount by which the par value of the existing equity securities will be increased, determining the date, even retroactively, from which the new equity securities will carry dividend rights or the date on which the increase in the par value of the existing equity securities will take effect,
- Deciding, in the case of distributions of free capital securities:
  - That the rights forming fractional shares will not be negotiable and that the corresponding equity securities will be sold; The sums from the sale will be allocated to the holders of the rights under the conditions provided for by the law and regulations,
  - That the shares that will be allocated by virtue of this delegation in respect of previous shares benefiting from double voting rights will benefit from this right as soon as they are issued,
- Determining and making all adjustments to take into account the impact of transactions affecting the Company's share capital, in particular in the event of a change in the share par value, a capital increase by incorporation of reserves, a free allocation of shares or equity securities, a stock split or a reverse stock split, a distribution of dividends, reserves or premiums, or any other assets, a capital redemption, or any other transactions affecting the equity attributable to equity holders of the parent or the share capital (including in the event of a public offer and/or a change of control), and setting all other terms and conditions to ensure, where applicable, the preservation of the rights of holders of securities giving access to the capital (including by way of cash adjustments).
- Recording the completion of each capital increase and making the corresponding amendments to the Articles of Association,
- In general, entering into any agreement, taking all measures and carrying out all formalities necessary for the issue, listing and financial servicing of the securities issued pursuant to this delegation and for the exercise of the rights attached thereto.

This delegation renders ineffective any delegation previously given with the same purpose. It is given for a period of 26 months as of the date hereof.

Seventeenth resolution:

(Authorisation to be given to the Management Board to award performance shares to salaried employees and/or certain company officers of the Company or related companies, specifying the duration of the authorisation, the limits thereon and the duration of the vesting and retention periods)

The Shareholders' Meeting, voting with the quorum and majority required for extraordinary shareholders' meetings and in accordance with applicable legal provisions, particularly Article L.22-10-59 and L.22-10-60 of the French Commercial Code, after reviewing the Management Board's report and the special report by the Statutory Auditors:

Authorises the Management Board, as from the date of this Shareholders' Meeting, and for a duration to expire at the close of the Shareholders' Meeting to be convened to approve the financial statements for the financial year ending 31 December 2021, to carry out, with the prior authorisation of the Supervisory Board, one or more awards of existing Company shares, subject to the performance conditions set by the Management Board and approved by the Supervisory Board and upon the proposal of the Nomination, Compensation and Governance Committee, pursuant to the terms set forth below.

The total number of existing Company shares to be awarded as performance shares pursuant to this resolution may not represent more than 1% of the Company's share capital on the date of this Meeting, it being specified that the awards made pursuant to this Resolution to each of the members of the Company's Management Board must be authorised in advance by the Supervisory Board, must be fully subject to performance conditions, and may not represent more than 30% of the number of shares authorised by this resolution.

The recipients will be some or all of the eligible employees and/or company officers (within the meaning of Article L.225-197-1 II paragraph 1 of the French Commercial Code and subject to compliance with Articles L.22-10-58 and L.22-10-60 of such Code) of the Company or of companies or groups that are related to the Company within the meaning of Article L.225-197-2 of the French Commercial Code, or certain categories thereof.

At the time of each award decision, the Management Board shall determine, on the basis of the recommendations of the Nomination, Compensation and Governance Committee and as permitted by law, the vesting period following which the share award shall become final. The vesting period may not be less than two years from the date of the share award.

At the time of each award decision, the Management Board shall determine, on the basis of the recommendations of the Nomination, Compensation and Governance Committee, where applicable, the retention period to which the award recipients will be bound, which period shall run from the vesting date of the shares and which may be eliminated, since the vesting period may not be less than two years.

In the event that a recipient becomes disabled, as defined in the second or third category set forth in Article L.341-4 of the French Social Security Code, the shares shall be definitively awarded before the end of the remaining vesting period, and shall be immediately transferable.

The existing shares that may be awarded pursuant to this resolution shall be acquired by the Company, under the share buyback programme proposed in the fifteenth resolution above, in accordance with Article L.22-10-62 of the French Commercial Code, or any other share buyback program that may apply at a later date.

In this framework, the Shareholders' Meeting **grants** full powers to the Management Board, subject to the prior authorisation of the Supervisory Board, to implement this authorisation and, in particular, to:

- determine the beneficiaries, the award criteria (in particular with respect to continued employment and performance), the number of shares to be awarded to each of them, the terms and conditions of the share awards and, in particular, the vesting period and retention period applicable to each award, within the limit of the minimum periods defined by this resolution;
- set, upon the proposal of the Nomination, Compensation and Governance Committee, pursuant to legal conditions and limits, the dates on which such performance share awards shall be made;
- determine the dividend date for the newly issued shares, which date may be retroactive;
- decide on the terms pursuant to which the number of performance shares awarded will be adjusted in order to preserve the beneficiaries' rights; and
- more generally, enter into any agreements, prepare any documents, and carry out any formalities or filings with any organisation, and do all that may otherwise be necessary.

Each year, the Management Board shall inform the Ordinary Shareholders' Meeting of the awards carried out pursuant to this resolution, in accordance with Article L.225-197-4 of the French Commercial Code.

Eighteenth resolution:

(Delegation of authority to be given to the Management Board to reduce the share capital through cancellation of treasury shares held by the Company itself)

The Shareholders' Meeting, voting with the quorum and majority of extraordinary meetings, after reviewing the Management Board's report and the special report by the Statutory Auditors, **authorises** the Management Board to reduce the share capital, on one or more occasions, in the proportions and at the times it decides, by cancelling any number of treasury shares held by the Company itself that it may decide, within the limits set by law, in accordance with the provisions of Articles L.22-10-61 et seq. of the French Commercial Code and L.225-213 of the same Code.

The maximum number of shares that may be cancelled by the Company during a twenty-four-month period pursuant to this authorisation is ten percent (10%) of the shares comprising the Company's share capital at any time, it being recalled that this limit applies to an amount of the Company's share capital that will be adjusted, if necessary, to take into account transactions affecting the share capital subsequent to this Shareholders' Meeting.

This delegation renders ineffective any delegation previously given with the same purpose. It is given for a period of 26 months as of the date hereof.

The Shareholders' Meeting **grants** full powers to the Management Board, with the option to delegate such powers, to carry out the cancellation(s) and capital reduction(s) that may be carried out pursuant to this authorisation, to amend the Articles of Association accordingly and to carry out all formalities.

Ordinary business

Nineteenth resolution:

(Powers for formalities)

The Shareholders' Meeting grants full powers to the bearer of an original, a copy of or an extract from the minutes of this Shareholders' Meeting to carry out all filings, formalities and publications required by law.

8.4 Supervisory Board's observations on the Management Board report and the financial statements for the year ended 31 December 2020

Ladies and Gentlemen,

Our Company's Management Board has called you to the Shareholders' Meeting, in accordance with law and the by-laws, in order to report to you on the activity and financial position of our Company and of our Group during the year ended 31 December 2020, and to submit the financial statements for such financial year and the appropriation of profit to you for approval.

We inform you that the Management Board has provided the annual company financial statements, the consolidated financial statements and the management report to the Supervisory Board within the legal time limits.

In accordance with Article L.225-68 of the French Commercial Code, we have examined the company financial statements, the Consolidated Financial Statements, and the Management Board's management report, and we believe that such documents do not call for any particular observations.

We hope that all of the recommendations that the Management Board has made to you in its report will meet with your approval, and that you will decide to adopt the resolutions submitted for your approval.

The Supervisory Board

8.5 Statutory Auditors' special report on the authorisation to award performance shares

General Meeting of Shareholders of 30 April 2021 - 17th resolution

Ladies and Gentlemen, Stockholders,

In our capacity as your company's Statutory Auditors and in accordance with the terms of our engagement defined by article L.225-197-1 of the French Commercial Code, we hereby report to you on the project of authorization to allocate existing bonus shares to the members of salaried personnel and/or corporate officers of your company, or companies or groups related to it in the meaning of article L.225-197-2 of the French Commercial Code, an operation which is submitted to your approval.

The total number of shares that may be allocated for free under the seventeenth resolution may not exceed 1% of your company's share capital at the date of the present Shareholders' Meeting.

Your Management Board proposes, on the basis of its report, to authorize it for a term expiring at the close of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021, to allocate existing bonus shares of your company.

It is the responsibility of your Management Board to prepare a report on this proposed operation. Our responsibility is to report on the information provided to you on the proposed operation.

We have performed the procedures that we have considered necessary regarding professional standards of the French Institute of Auditors (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted notably in verifying that the terms given in the Management Board report are in compliance with the provisions of French law.

We have no matters to report on the information given in the Management Board report in connection with the proposed operation to allocate existing bonus shares.

The Statutory Auditors, **Paris La Défense,** 4 March 2021

KPMG Audit	Mazars
Renaud Laggiard	Anne-Laure Rousselou

8.6 Statutory Auditors' report on the reduction in capital

General Meeting of Shareholders of 30 April 2021 - 18th resolution

Ladies and Gentlemen, Stockholders,

In our capacity as your company's Statutory Auditors and in accordance with the terms of our engagement defined by article L.22-10-62 of the French Commercial Code in case of reduction of share capital by cancellation of treasury shares, we present below our report setting out our opinion on the grounds for, and the terms and conditions of, the proposed reduction of share capital.

Your Management Board proposes that, on the basis of its report, it be empowered for a period of twenty-six months starting on the date of the current General meeting, to cancel the repurchased shares up to a maximum of 10% of its total share capital, by periods of twenty-four months in accordance with the above-mentioned article.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) related to this operation. These procedures are designed to examine whether the terms and conditions for the proposed reduction in capital, which is not aimed to derogate from the principle of equality between shareholders, are fair.

We have no comment to make on the reasons for and terms of the proposed reduction in the capital.

The Statutory Auditors, **Paris La Défense,** 4 March 2021

KPMG Audit	Mazars
Renaud Laggiard	Anne-Laure Rousselou

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8.7 Statutory Auditors' special report on related-party agreements

To the Shareholders,

In our capacity as your company's Statutory Auditors, we hereby report to you on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-58 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

1. Agreements submitted to the Shareholders' Meeting for approval

We inform you that there was no agreement authorized by the Supervisory Board in accordance with article L.225-88 of the French Commercial Code.

2. Agreements already approved by the Shareholders' Meeting

Related-party agreements approved during previous years and which continued to be performed during the past year

In accordance with article R.225-57 of the French Commercial Code, we have been informed of the following agreements approved in prior years and which remained current during the last year.

With Société Investissement Deconinck ("S.I.D. »)

Persons concerned: Mr. Julien, Mr. Didier and Mr. Eric Deconinck and Mr. Eric La Bonnardière, members of Tarkett's Supervisory Board and shareholders, directly and indirectly, of S.I.D., a Tarkett's shareholder with 50.68% holding more than 10% of Tarkett's voting rights.

1) Services agreement

The agreement was authorized by your Supervisory Board on 17 December 2013, amended by your Supervisory Board from 26 June 2018, retroactive to 1 January 2018 continued into 2020. It states that Tarkett provides in favor of S.I.D. legal, social and fiscal services necessary for its business. Tarkett billed the S.I.D. for the 2020 financial year 55,000 euros (excluding taxes) under this agreement.

2) Assistance and guidance agreement

The agreement was authorized by your Supervisory Board on 9 October 2013, amended by your Supervisory Board from 26 June 2018, retroactive to 1 January 2018 continued into 2020. It states that S.I.D. assists Tarkett in defining its strategic objectives and major decision-making. The S.I.D. billed Tarkett for the 2020 financial year 300,000 euros (excluding taxes) under this agreement.

Paris La Défense, 22 March 2021

The Statutory Auditors

KPMG Audit

Renaud Laggiard

Mazars

Anne-Laure Rousselou

9 ADDITIONAL INFORMATION

9.1 Person responsible for the Universal Registration Document

Fabrice Barthélemy

Chairman of the Management Board.

9.2 Certification by the person responsible

"I certify that, to the best of my knowledge, the information contained in this Universal Registration Document is in accordance with the facts and makes no omission likely to affect its scope.

I attest that, to the best of my knowledge, the financial statements are drawn up in accordance with the applicable accounting standards and provide a true and fair view of the assets, financial situation and results of the Company and of all the companies falling within the scope of consolidation, and that the management report, the elements of which appear in the concordance table under section 9.7.3 of the present Universal Registration Document, presents a true and fair overview of the changes in the business, results and financial situation of the Company and of all the companies falling within the scope of consolidation, and that it sets out the main risks and uncertainties to which they are exposed.

I have obtained an audit completion letter from the Statutory Auditors, in which they indicate that they have verified the information relating to the financial position and the financial statements given in this document and that they have read the entire document."

25 March 2021

Fabrice Barthélemy
Chairman of the Management Board

9.3 Person responsible for the financial information

MR Raphaël Bauer

Group Chief Financial Officer

9.4 Indicative calendar for financial information

The financial information communicated to the public by the Company will be made available on its website.

As an indication, Tarkett's calendar for financial communications until 31 December 2021 should be the following:

	2021 calendar
First quarter results	28 April 2021
General Meeting	30 April 2021
First half-year results	29 July 2021
Third quarter results	28 October 2021

9.5 Statutory Auditors

	Last mandate renewal date	Term end date[1]
KPMG Audit, a department of KPMG S.A. Represented by Mr Renaud Laggiard Tour Eqho - 2 avenue Gambetta 92066 Paris-La Défense	AGM 2020	AGM 2026
Cabinet Mazars Represented by Ms Anne-Laure Rousselou 61 rue Henri Regnault - Exaltis 92400 Courbevoie	AGM 2020	AGM 2026
Salustro Reydel Represented by Ms Béatrice De Blauwe Tour Eqho - 2 avenue Gambetta 92066 Paris-La Défense	AGM 2020	AGM 2026
Mr Jérôme de Pastors	AGM 2020	AGM 2026
61 rue Henri Regnault - Exaltis 92400 Courbevoie		

[1] *Date of the General Meeting of Shareholders convened to approve the financial statements for the financial year in which the mandate expires.*

9.6 Documents available to the public

This document may be consulted on the Company's website (www.tarkett.com) and on the website of the French Financial Markets Authority (www.amf-france.org).

During the period for which this Universal Registration Document is valid, the following documents (or a copy of these documents) may be consulted:

- the Company's Articles of Association;
- all reports, correspondence and other documents, historical financial information, assessments and declarations established by an expert at the Company's request, parts of which are included or referred to in this Universal Registration Document; and
- the historical financial information included in this Universal Registration Document.

All these legal and financial documents relating to the Company and which must be made available to the shareholders in accordance with the prevailing legislation and regulations may be consulted at the Company's registered office.

The regulated information, as defined by the provisions of the French Financial Markets Authority's General Regulations, is available on the Company's website.

9.7 Concordance tables

9.7.1 Universal Registration Document

The concordance table below identifies the headings established in Annexes I and II of Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019 and reference is made to the sections of this Universal Registration Document where the information relating to each of those headings is given.

Headings		Sections
1.	Persons responsible, third party information, experts' reports and competent authority approval	9.1 to 9.3
2.	Statutory Auditors	9.5
3.	Risk factors	6.1
4.	Information about the issuer	1 and 7.1.1
5.	Investments	4.2
6.	Overview of the business	
6.1	Principal activities	1.4
6.2	Principal markets	1.5
6.3	Important events in the development of the issuer's business	4.6
6.4	Strategy and objectives	1.3 and 4.6
6.5	Reliance of the Issuer	1.6.2.1
6.6	Competitive position	1.5
7.	Organisation chart	
7.1	Brief description of the Group	1.7
7.2	Significant subsidiaries of the Group	5.6
8.	Real estate property, plant and equipment	
8.1.	Significant tangible fixed assets	1.6.2.2
8.2	Environmental issues	3
9.	Examination of the financial situation and of the results	
9.1	Financial situation	4.1
9.2	Operating results	4.1
10.	Cash and capital resources	4.3

Headings		Sections
11.	Research and development, patents and licences	1.6.4
12.	Trend information	4.6
13.	Profit forecasts or estimates	N/A
14.	Administrative, management and supervisory bodies and senior management	
14.1	Information concerning members	2.2
14.2	Conflicts of interest	2.9.1.1
15.	Remuneration and benefits	2.3, 2.5 and 2.6
16.	Practices of the administrative and management bodies	
16.1	Expiry dates of terms of office	2.2.2.2 and 2.2.3.2
16.2	Contracts between members of the administrative, management or supervisory bodies	2.9
16.3	Information on Supervisory Board committees	2.2.4
16.4	Compliance with the corporate governance regime	2.1.1
17.	Employees	
17.1	Number of employees	1.1.2
17.2	Shareholdings and share subscription or purchase options	2.4 and 2.7
18.	Major shareholders	7.3
19.	Related party transactions	2.9
20.	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
20.1	Historical financial information	5.1 and 5.2
20.2	Pro-forma financial information	N/A
20.3	Financial statements	5
20.4	Audited historical annual financial information	5.9 and 5.10
20.5	Date of the latest financial information	5.1 to 5.5
20.6	Interim and other financial information	N/A
20.7	Dividend distribution policy	5.7
20.8	Legal and arbitration proceedings	4.5
20.9	Significant change in the financial or commercial position	4.1

Headings		Sections
21.	Additional information	
21.1	Share capital	7.2
21.2	Memorandum and Articles of Association	7.4
22.	Material contracts	4.4
23.	Information from third parties, expert declarations and declarations of interest	N/A
24.	Documents available to the public	9.6

9.7.2 Annual financial report

Information under Article L. 451-1-2 of the French Monetary and Financial Code		Sections
1.	Management report	9.7.3
2.	Consolidated Financial Statements	5.1 and 5.2
3.	Company financial statements	5.3
4.	Statutory Auditors' report on the Consolidated and Company Financial Statements	5.9 and 5.10
5.	Declaration of the persons responsible for the annual financial report	9.1 to 9.3

9.7.3 Management Board Report

The table below identifies the sections of this Universal Registration Document containing all of the elements of the Management Board report required under the statutory and regulatory provisions.

Elements of the management report required under Article L.22-10-34 of the French Commercial Code		Sections
1.	Performance and activities of the Company during the past financial year	1.4
2.	Significant events during the 2020 financial year	1.1 and 5.4 (Note 1)
3.	Company profit in 2020	5.3 and 5.4
4.	Group indebtedness	4.3.3 to 4.3.7
5.	Group internal control, accounting, and financial risk management procedures	6.2
6.	Description of the principal risks and uncertainties to which the Company is exposed	6.1
7.	Research and development activities	1.6.4
8.	Significant events since the close	5.2 (Note 11)
9.	Foreseeable developments and future outlook	4.6
10.	Allocation of results	8.3
11.	Table of results for the past five years	5.5
12.	Dividends	5.7
13.	Non-tax-deductible expenses	8.3
14.	Subsidiaries and equity investments	5.6
15.	Shareholders	7.3
16.	Stock option or stock purchase plans and free share allocation incentive plans	2.5
17.	Transactions on the Company's securities carried out by company officers and related parties (Article L.621-18-2 of the French Monetary and Financial Code)	2.8
18.	Share buybacks	7.2.3
19.	Information on supplier or client payment times	5.4 (Note 2.5)
20.	Human resource, environmental and social information (Articles L.22-10-36, R.225-104 and R.225-105-1 of the French Commercial Code, as amended by Decree no. 2012-557 of 24 April 2012 - article 1.)	3 (concordance table in section 3.9.3)
21.	Vigilance plan	3.4
22.	Corporate Governance Report	2 and 9.7.4
23.	Group profit in 2020	Consolidated Financial Statements

9.7.4 Supervisory Board corporate governance report

Information required under Article L.22-10-20 of the French Commercial Code	Sections
Diversity policy applied to the members of the Supervisory Board	2.2.3.6
Preparation and organisation conditions	2.2.1, 2.2.2.1 and 2.2.3.1
Limitation of the Management Board's powers	7.4.1.3
Mandates and functions exercised by each corporate officer	2.2.2.4 and 2.2.3.5
Company officer remuneration and benefits of any kind	2.3
Consultation on the remuneration of company officers	2.6
Provisions of the Afep-Medef Corporate Governance Code that were discounted	2.1.1
Where the Afep-Medef Code can be consulted	2.1.1
Specific terms and conditions for attending general meetings	7.4.1.5
Delegations for capital increases	7.2.4
Elements likely to have an influence in the event of a public offering	7.6
Supervisory Board observations on the management report and the financial statements for the past financial year	8.4
Agreements concluded between a director or significant shareholder and a subsidiary	2.9.2 and 8.6

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