

SUSTAINABILITY REPORT 2014

Forbo Flooring Systems
Committed to the Health of One

creating better environments

forbo
FLOORING SYSTEMS



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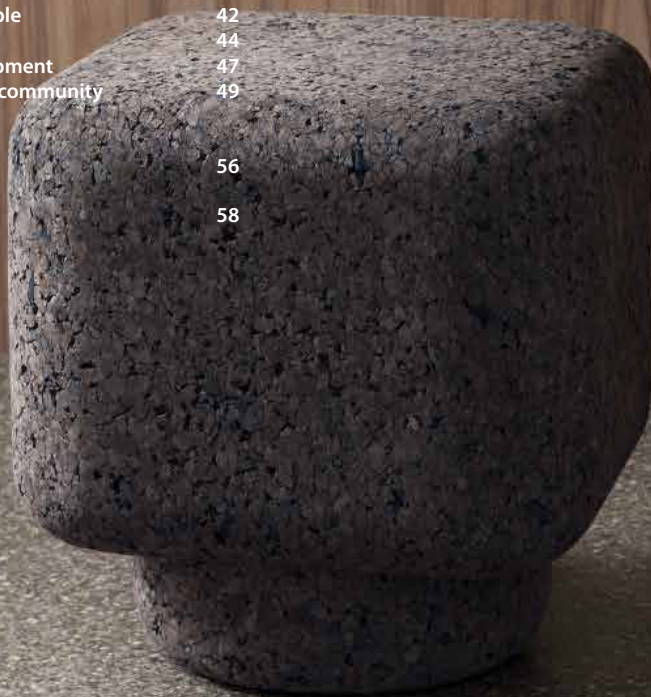
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PREFACE

Forbo Flooring Systems is part of the Forbo Group, a global leader in Flooring and Movement Systems. Flooring Systems manufactures and supplies a full range of resilient and textile floor coverings as well as a comprehensive collection of building and construction adhesives, primers and levelling compounds for floor and wall applications. Flooring Systems manufactures products for commercial and residential markets. Our flooring portfolio comprises linoleum, sheet vinyl, luxury vinyl tiles, electrostatic flooring for clean rooms, flocked flooring, carpet tiles, needlefelt, and textile and ridged aluminium-based entrance flooring. The portfolio combines functionality and durability with coordinated colour and design and aims to deliver the most environmentally responsible offer for any application.

As a leading global floor covering manufacturer, we have an obligation to provide high quality sustainable products that are manufactured responsibly regarding our impact on the environment. For the health and wellbeing of our customers, employees and all our other stakeholders in the wider community, we want to make sure that the products and decisions we make in operating our business take into consideration and respect the needs of our generation without compromising the needs of future generations.



FLOORING SYSTEMS

*) At Forbo we look at sustainability as 'the things that you cannot see'. The sustainability of a product is not limited to the use of renewable raw materials such as linseed, wood flour and jute, but also includes recycling materials such as used fishing nets and PET bottles, using green energy and making green design part of our business when it comes to innovation and the development of products. All these things are leading to improve our sustainability profile. If you want to read more about 'the things you can't see', read all about our footprint and your footsteps on www.forbo-flooring.com/sustainability

MESSAGE FROM MATTHIAS HUENERWADEL

VICE PRESIDENT FLOORING SYSTEMS

‘When I compare the product portfolio of Flooring Systems today with that of a few years ago, I see remarkable changes in the way we manufacture and design our products’

Amid challenging market conditions, we showed growth and positive sales figures during 2014. Among other things, these results have enabled us to strengthen our commitment to sustainability. As this report demonstrates, we have taken important steps towards achieving our ultimate sustainability goal: reducing our environmental footprint by 25% in 2015. At the same time we have embarked on a new challenge. This aims to transform our sustainability goals into targets that are more tangible and personal than they have been in the past.

Our new ‘Committed to the Health of One’ programme sets out to consider our flooring products from the perspective of all the people who interact with them. As such, our commitment to health focuses on the pupils in a school as well as on the wellbeing of their teachers. Likewise we want to make sure that our products are as good for hospital patients and people living in residential homes as they are for the doctors, nurses and other staff that work there. That our products are good for office

workers as well as for cleaners. For hotel management as well as guests. For shop owners as well as shoppers. Our broad floor covering offering makes it possible to offer the right solution for each specific situation every time, while also making sure that the chosen solutions offer the best, most sustainable benefits.

The human focus further applies to everyone we employ and to the people who participate in our value chain. The SA8000 social accountability standard has now been rolled out across all our operations in the Netherlands, United Kingdom and France. The implementation of this auditable standard encourages our local organisations as well as our suppliers to develop and maintain good, socially acceptable practices in their workplaces.

When I compare the product portfolio of Flooring Systems today with that of a few years ago, I see remarkable changes in the way we manufacture and design our products. Linoleum is still our flagship product, and there is no doubt that, compared with

COMMITTED TO THE HEALTH OF ONE



MESSAGE FROM MATTHIAS HUENERWADEL

VICE PRESIDENT FLOORING SYSTEMS

every other resilient floor, it is the real sustainability champion, bar none. However I also see other good things happening. Take our vinyl portfolio. We are leaders in our industry in our commitment to making vinyl flooring a sustainable choice, and we are doing it not by making claims about the future, but by actually implementing change now. All our major vinyl collections use phthalate-free technology, for example. We have introduced loose-lay offers that are easy to install and enable post-consumer recycling of our vinyl floor covering when it reaches the end of its life. We have reduced the journey to our customers by initiating local production of popular collections such as our Luxury Vinyl Tile offer, and by forming strategic sourcing partnerships, as we have done in Asia.

This sustainability report, which has been drafted in line with GRI guidelines, sets out what we have done regarding sustainability in 2014. Our actions and efforts. And in this context I am particularly proud to see that our overriding goals – a 25% reduction in our environmental footprint and our 'Commitment to the Health of One' – are supported by local initiatives

under our employee motivation programme. These include the 'creating better environments' e-learning module that has been rolled out to all employees, and the 'Green Walk' programme that encourages changes in behaviour by getting people to think about always doing the right thing as part of their day-to-day work. For me, these are the best examples of how Flooring Systems is 'living' the journey to a sustainable future.



Kind regards,
Matthias Huenerwadel

MESSAGE FROM JOLIEN STEVELS

PROGRAM MANAGER FOR 'COMMITTED TO THE HEALTH OF ONE'



'Throughout 2014, an international and multidisciplinary team worked on the strategy and implementation of a new and personalised sustainability programme that links our continued commitment to a sustainable future with what is dearest to us all: our health.

'Committed to the Health of One', just like 'creating better environments', is the result of an internal drive and leadership behaviour that aims to set clear goals for the next phase in our market transformation, coming from the top down and the bottom up.

Our commitment to health focuses on three principal areas: health and safety, health and hygiene and health and wellbeing. This was decided after many interviews with both internal and external stakeholders. We recognise that our circle of stakeholders also extends to everyone who uses our floors in their daily environment.

As most of us spend 80%-90% of our lives indoors, the indoor environment has an impact on our health. Common themes that arise when discussing the indoor environment include the use of hazardous substances and emissions from products. More and more is being learned in these areas every year and, thankfully, new regulations have been created to protect the individual. However, when it comes to flooring and interior building products, there are other considerations that contribute to our health.

Floors can have all kinds of properties. They can be allergen-free, bacteriostatic, easy to clean, slip-resistant, noise-reducing or simply the right floor for a particular environment. As an example we now create a wide range of floors that have a higher light reflection value (LRV). These floors enhance the interior environment by working with the building's natural light sources to create environments that are light and pleasurable,

while at the same time reducing energy use because less artificial lighting is required.

Our Flotex flocked flooring creates homely atmospheres in segments like care homes for the elderly, while also offering health-related safety and hygiene benefits. Our 'committed to the health of one' programme is helping to drive innovation and sets the direction for healthy choices and design in our new collections. With it, we focus much more on the requirements of the individuals in each particular segment, rather than just looking at making a product for a particular use.

Through an extended product portfolio our goal is to offer a combination of healthy choices. These include entrance systems and resilient and textile designs, both glued down and loose-lay, that focus on the individual's needs and demands. Working in an office is different to working in a school, a retail store, a healthcare facility or your own home. We know that the health priorities in one country may differ from those in another country. This is why 'committed to the health of one' is about offering healthy choices to the individual rather than simply about developing and making a product.

Our focus on the 'committed to the health of one' programme is giving our organisation a new direction for our continued commitment to sustainability. I am particularly happy to see that people, all people, both our employees and our customers, are at the heart of it. Should you want to know more about Flooring Systems' 'committed to the health of one' programme, please feel free to contact me, as we also believe in leadership through transparency.

Jolien Stevels

contact@forbo.com

ORGANISATIONAL PROFILE



OUR SUSTAINABILITY POLICY

As a global leader in flooring systems, we have a responsibility to all our stakeholders to create a better environment. The way we serve and drive the market sets the pace and standard for world-class flooring solutions. Sustainable development and 'creating better environments' is an integral part of all of Forbo Flooring Systems' activities.

Linoleum was the first product to be made by the companies that would later become Forbo. As a natural product made from renewable natural raw materials that are fully biodegradable and environmentally friendly, we have in effect been at the forefront of sustainable awareness for over 150 years. This global awareness regarding sustainability has grown over the last few decades as it has become more and more clear that global warming and the depletion of natural resources mean we cannot continue as we have in the past if we are to fulfil our obligations to future generations. As a company, we are committed to meeting our obligations to future generations by acting as a sustainable enterprise.

Forbo underwrites the broad and all-inclusive definition of sustainable development as accepted by the United Nations Commission on Environment and Development, General Assembly Resolution, 1987:

"Developments that meet present needs without compromising the ability of future generations to meet their needs".

The United Nations' definition of sustainability recognises three individual dimensions that together make up a sustainable policy. These are:

- **The environmental dimension** – planet: the way in which measures specific to improving the environmental impact of the processes and products of the company are regulated and executed.
- **The social dimension** – people: the way in which social equity and corporate governance are defined and followed within the company.
- **The economic dimension** – profit: the way in which the company organises its position in the marketplace to actively develop its sustainable profile by using its economic stability and profitability for continuous improvement.

Flooring Systems supports these dimensions in a constructive and consistent manner through the following principles:

- 'Compliance plus' – a commitment to go above and beyond government regulations and requirements;
- Integrating sustainability considerations into all our business decisions;
- Regularly monitoring and reviewing progress in sustainability performance;
- Commitment to continuous improvement;
- Promoting sustainability throughout our value chain, and expecting our suppliers and customers to comply with this;
- Ensuring that all staff are fully aware of our sustainability policy and are committed to implementing and improving it.
- Committed to the Health of One - our commitment to the health of the individual

Forbo Flooring Systems is fully committed to being a sustainable partner to all our stakeholders.

FLOORING SYSTEMS' SUSTAINABILITY COMMITMENTS

- Achieve a 25% reduction in our environmental footprint and CO2 emissions by the end of 2015, compared with 2009
- Reduce, renewable, reuse, recycle
- Promote loose-lay installation solutions
- Provide transparent product information
- Implement SA8000 – sustainability with the focus on social equity
- Improve the safety and health of our employees
- Work with the community



COMMITTED TO THE HEALTH OF ONE

When it comes to commitment to the environment, Flooring Systems has always been a pioneer within the floor covering sector. For example, as far back as 1997, the University of Leiden, in the Netherlands, compiled the first complete life cycle assessment (LCA) study for Marmoleum, Forbo's linoleum brand. Our production plants were among the first to switch entirely to the use of green energy. Every product is supported by an environmental product declaration (EPD). And we are well on the way to reducing our ecological footprint by 25%, in line with the aim of the Flooring Systems environmental programme.

A FURTHER DIMENSION

Nonetheless, in environmental issues, it is always possible to improve something, to be more specific, to further refine and define what is truly important. Our slogan, 'creating better environments', is a major commitment that covers all our products, services, customers, suppliers and interest groups. Yet when it comes to the specifics of sustainability, there is a further dimension that matters to everyone: health.

'COMMITTED TO THE HEALTH OF ONE'

The World Health Organisation defines health as follows: "Health is a complete state of physical, mental and social wellbeing". With our range of floor covering products and services, it is our ambition to make a positive contribution towards the health and wellbeing of everybody. Pupils as well as teachers. Patients as well as doctors and nurses. Office workers as well as office cleaners. Architects as well as floor installers. For Flooring Systems, the efforts to create sustainable floor covering solutions represent a commitment to your health, something we summarise as 'committed to the health of one'.

SAFETY, HYGIENE AND WELLBEING

During 2014, Flooring Systems developed a strategy that clearly places the focus on the relationship between our products and services and the health of the individuals they in some way touch. This strategy focuses on three areas: 1. health and safety,

2. health and hygiene and 3. health and wellbeing. The 'committed to the health of one' strategy pays particular attention to the end of the manufacturing chain, namely: the indoor environment and indoor air quality, healthy installation methods, limiting the use of adhesives, the more precise analysis of the composition of raw materials and products, and much more.

WELLBEING

Floors play an important role in creating a pleasant and agreeable environment. By choosing floor coverings with the 'right' designs and colour schemes for a given space and purpose, floors contribute to our sense of wellbeing. The materials, colours, designs and light reflection values can provide a healthy basis for a healthy indoor environment

SAFETY

To us, a 'safe' floor is a healthy floor. It is a floor that is free of any toxic raw materials and which contains no additives that need to be specially and separately labelled. Safe floors also care for people, making them feel comfortable and secure in whatever environment, including in wet as well as in dry conditions.



COMMITTED TO THE HEALTH OF ONE

HYGIENE

We care about the performance of our products over their lifetime. We therefore follow and willingly adopt the state of the art in lacquer and surface finish technology. Ease of cleaning, using a minimum of detergents, is important to us. So too is providing the right floor solution for a specific environment, something that includes factoring in the hygiene considerations and requirements that will be placed on our floor in day to day use.

This commitment to the health of the individual will become our core message to the market. During 2015, for example, we will launch an online and offline campaign to communicate it. An affirmation and explanation of 'committed to the health of one' will be included in all sample books, and all our product information will contain information about the health aspects of our flooring collections.

Flooring Systems North America presents the future of flooring at the Global Center for Health Innovation

The global center for health innovation, in Cleveland, Ohio, is the only facility in the world dedicated to the future of health and healthcare, providing a one-stop resource for industry professionals to learn about state-of-the-art products, technologies and services. Recently, Forbo Flooring Systems North America opened a dynamic showroom there that has quickly become a must-see destination for visitors – not only for the colourful wall of Marmoleum that has been designed to represent Holland's beautiful tulip fields, but also for the showroom's health-related innovations.

The showroom has been created with MedEyes Corp to offer a healthy, innovative flooring solution to common challenges faced by healthcare professionals. Many of the issues addressed affect the health and safety of patients and staff, as well as the bottom line. These issues include hospital-acquired infections, patient injuries and lost equipment.

Through a matrix of antennae installed beneath the Marmoleum flooring, MedEyes' patented Angel System monitors data from patient wrist bands, employee badges and equipment tags. Services provided by this smart system include the ability to track assets such as wheelchairs and defibrillators, alerting staff if a patient falls and reminding staff members to wash their hands upon entering a patient room.

Visitors are encouraged to try the system for themselves through a series of demonstrations in the showroom. The combination of Marmoleum sheet and tile provides a beautiful, durable, hygienic finish for the Angel System, while Flotex tile rounds out the space under the conference table.

Our showroom at the global centre for health innovation is stocked with our full range of product offerings and serves as a dynamic meeting space and design centre for all professionals, including from outside the healthcare industry. Forbo Flooring Systems North America held its 2015 National Sales Meeting at the center and is very excited about the opportunities that will arise from being part of this innovative facility.

To date, we have received very positive feedback from clients who have been invited to the showroom to experience our products and services first-hand.

For more information, visit www.theglobalcenter.com



**COMMITTED
TO THE HEALTH
OF ONE**
WWW.FORBO-FLOORING.COM/CHO

ABOUT THIS REPORT

We published our first Sustainability Report in 2012. Like that, this, our third Sustainability Report, is aligned with the Global Reporting Initiative's (GRI) sustainability reporting framework. We have prepared this report according to the GRI G3.1 Guidelines, at Application Level C.

Based on GRI's sustainability reporting framework, this report aims to provide a transparent overview of our environmental, social and economic performance as defined by the Global Reporting Initiative. We see the compilation of this report not only as a reporting tool, but also as a way to account for our activities and improve our performance over time. This report provides an overview of Forbo Flooring Systems' performance for the 2014 calendar year, in line with our financial reporting cycle.

We would like to thank everyone who participated in the compilation of this report. It could not have been prepared without their assistance and input. Finally, we invite you to let us know your thoughts about our 2014 Sustainability Report. You can do so by contacting us at contact@forbo.com.

SCOPE AND MATERIALITY

Our sustainability reporting is based on a materiality analysis that identifies those aspects that are of significance to Flooring Systems and our stakeholders. This analysis includes the principles of the SA8000 Social Accountability standard and the environmental improvement target to which Flooring Systems has committed itself. The stories and content we provide have been included because the work they reflect is material to both our sustainability strategy and direction, and, more specifically, to our operations.

REPORT BOUNDARY

Unless otherwise stated, environmental data contained in this report is limited to our 12 floor covering manufacturing sites in the United Kingdom, the Netherlands, Russia, France and Switzerland as these entities are considered the most material in terms of environmental impact. The environmental data in this report does not cover our worldwide sales offices and warehouses in Europe, North and South America, Russia and Asia/Pacific. Unless otherwise stated, social and economic information within this report covers all sites and offices worldwide. There have been no changes from the previous reporting period in the scope, boundary or measurement methods applied in this report.

Unless otherwise stated, Flooring Systems Building & Construction Adhesives subsidiary and its three manufacturing sites do not form part of this report.

The total percentage of reused and recycled product waste for 2013 has been recalculated to updated standards resulting in an average reduction of 2.5%.

ABOUT THIS REPORT

STAKEHOLDER CONSULTATION

Effective and ongoing stakeholder engagement is the foundation of both our business and our sustainability reporting initiatives. We engage with stakeholder groups that we have dealt with for many years to ensure we maintain our social license to operate. The selection of stakeholders with which we engage reflects the relevance of those things that have a direct or indirect impact on our everyday business. In particular, we regularly consult local and national government environmental organisations because of the material impact of our environmental activities. Likewise, the social and economic dimensions of our business mean we talk with unions and organisations related to the floor covering industry. Our stakeholder engagement during 2014 involved a range of activities:

- **Internal stakeholders** – through regular meetings;
- **Customers** – through customer feedback mechanisms and surveys;

- **Government (national, state and local)** – through representation on committees and other regular contact regarding environmental and safety compliance;
- **Environmental non-governmental organisations** – through meetings, representation on committees and other regular contact;
- **Suppliers** – through regular meetings and audits;
- **Unions** – through meetings and representation on committees;
- **Communities** – through representation on committees, open days at our manufacturing plants and involvement with charities and schools;
- **Industry associations** – through meetings, representation on committees and other regular contact;

As our sustainability reporting evolves, we continue to engage internal and external stakeholders to determine what areas of our reporting require further explanation and clarification.



GOVERNANCE

Forbo Flooring Systems is part of the Forbo Group, headquartered in Baar, in the canton of Zug, Switzerland. The Forbo Group, including the Forbo Flooring Systems and Forbo Movement Systems divisions, employs more than 5,100 people and has an international network of 24 production and distribution companies, six assembly operations and 42 sales organisations in 36 countries worldwide.

At Forbo, the concept of corporate governance encompasses the entire set of principles and rules on organisation, conduct and transparency that are designed to protect shareholders' interests long term. Forbo's aim is to strike a careful balance between management and control. The central rules are contained in the Articles of Association, the Organisational Regulations and the regulations of the committees of the Board of Directors. The information is set out in line with the Directive on Information relating to Corporate Governance (Directive on Corporate Governance 'DCG') and the relevant publications of the SIX Swiss Exchange. The Forbo corporate governance report is available on our corporate website www.forbo.com/investors

FORBO CODE OF CONDUCT

The Forbo code of conduct sets out our most important business principles and basic values. The code of conduct is central to the way we protect and develop our reputation. It is founded on the principles of integrity, transparency and fairness and describes how we are to behave.

The code of conduct not only ensures compliance with the applicable laws and regulations wherever we do business, it also goes beyond compliance by demonstrating our commitment to acting ethically and with integrity in every situation, while at the same time respecting people's rights as individuals. We expect this of every single employee, everywhere, every day. We also expect this of all our business partners. High standards in our relationships are the foundation for lasting success.

FORBO CORE VALUES

Based on our Forbo Group culture and Forbo Way to Win values programme, we have defined three core values that encompass three guiding principles:



Inspiring

- Developing ideas and seizing opportunities
- Knowing what matters and focusing on it
- Raising enthusiasm and convincing others



Daring

- Taking bold and decisive action
- Giving our all with power and passion
- Achieving goals with determination and stamina



Caring

- Challenging and encouraging oneself and others
- Taking responsibility and making a difference
- Leading by example to shared success

GOVERNANCE

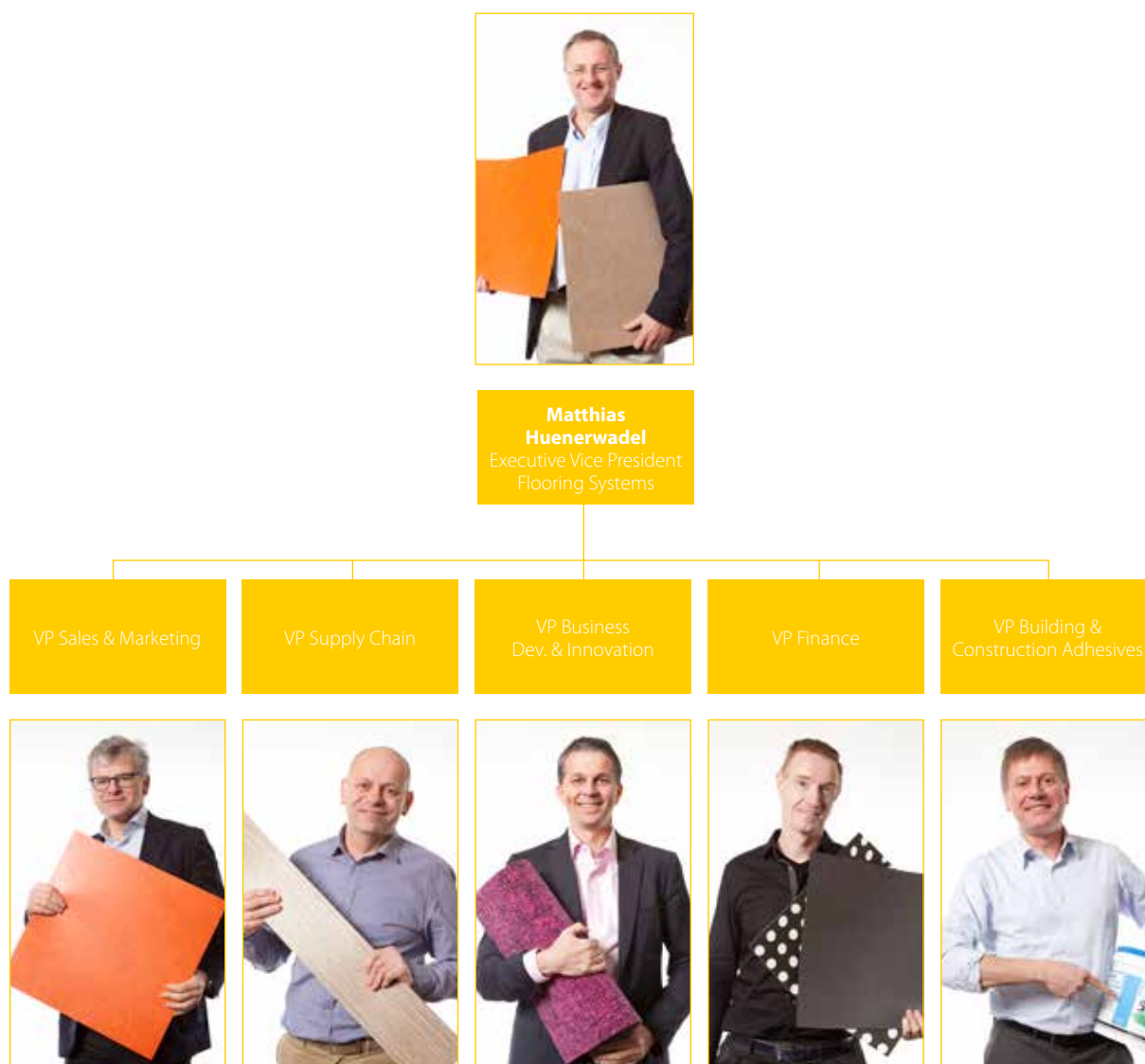
FLOORING SYSTEMS' COMPANY STRUCTURE

Flooring Systems has 12 production facilities in six countries and distribution companies in over 20 countries. The division has sales offices in Europe, North, Central and South America as well as Asia/Pacific. The headquarters of the Flooring Systems division is in Assendelft, the Netherlands. The Flooring Systems division includes a Building & Construction Adhesives activity.

ORGANISATIONAL STRUCTURE

Our flooring products are divided into product categories that include linoleum, project vinyl, cushion vinyl, acoustic vinyl, luxury vinyl tiles, entrance flooring, flocked flooring, carpet tiles and needlefelt. Each of our sales organisations defines the product mix for the country or region it represents. The focus is to sell a segment oriented product portfolio worldwide, with local adaptations.

THE FLOORING SYSTEMS MANAGEMENT TEAM IN 2014



MARKETS

STRATEGY IMPLEMENTATION PAYS OFF

The continuous increase in our sales since mid-2013 confirms that we are on the right track with the systematic implementation of our strategy, in line with changing market conditions. We have expanded our attractive product portfolio for privately financed customer segments such as retail, commercial office and leisure and hospitality. We have also improved customer access to our portfolio with the launch of a new global website that offers information on our segment applications, plus online sample ordering and floor planner tools. The responsive-design website provides an optimal viewing experience across mobile devices as well as computers. In this way it greatly increases the potential of our offer in a worldwide market, helping us to reduce our dependency on our traditional market segments and public sector markets even further. The introduction of new collections and the shift in our product portfolio to modular solutions has provided

opportunities and delivered successes in both our textile and resilient product sales. A focus on loose-lay products has made our offer even more attractive to the demands of applications in private market sectors like retail and office.

In 2014, the German, Austrian, Swiss and UK markets performed well compared to the previous year, as did the markets in eastern and southern European and Scandinavia. The Russian economy suffered a sharp downturn in the course of 2014, although our sales were still significantly higher than the previous year. In North America, market sentiment was more upbeat than in previous years with sales correspondingly firm despite some harsh winter months at the start of the year. The Asia/Pacific markets performed well on the whole, with China and South Korea reporting above average growth, driven by some major customer installations.



MANUFACTURING



All 12 Flooring Systems manufacturing facilities are ISO-9001 and ISO-14001 certified.

MODULARITY TREND GROWS IN IMPORTANCE FOR ALL PRODUCT GROUPS

Resilient and textile flooring has traditionally been based on sheet and broadloom products, a situation that was long perceived as being ideal. Today, looking at the building and construction industry in general, it is clear that floor coverings have for some time been the odd one out and that the trend to modular, easy to install products has become the standard.

The Flooring Systems' portfolio is also undergoing significant change. Sheet vinyl, for example, is being complemented by Luxury Vinyl Tiles (LVT), which is the fastest growing product category in the floor covering market. Even in the traditional market

segments for sheet, such as healthcare and large institutional buildings, LVT is being introduced in reception and restaurant areas.

Reflecting the move to modularity, Flooring Systems launched several important new product programmes in 2014 that clearly focus on this trend. For example, we introduced five LVT collections, with each one serving a different application. We renewed the Flotex Flocked flooring programme, under which, in addition to sheet, all items in the collection are also available as tiles.

Perhaps the most interesting development has taken place in our linoleum product offer, with the introduction of Marmoleum Modular, which firmly moves the category on from its traditional association with institutional marbled floors. Marmoleum

MANUFACTURING

Modular is an exciting tiles and planks programme. Under it, Marmoleum is now available in five differently sized rectangular tiles that can be further combined in a modular mosaic format that includes two sizes of plank.

The collection has four themes:

- Lines, a wood-like linear design
- Shade, a spectrum of concrete-like designs
- Colour, a playful theme of brightly coloured and pastel designs
- Marble, popular marbled designs in various tone-in-tone colours

The fact that customers can mix and combine across both the tile and plank formats as well as the colour and design options makes Marmoleum Modular unique. The result is that this versatile offer is now igniting new interest in what is the most sustainable product category in the resilient flooring market. As such, we expect that new market segments as well as our traditional ones will start to look at linoleum with fresh eyes, considering it a sustainable alternative for both renovation and new-build projects.

LINOLEUM, A NATURAL TALENT

Flooring Systems' linoleum floors, sold under the Marmoleum brand, are made from almost 100% natural raw materials, so it is no surprise that our Marmoleum is the world's leading sustainable resilient flooring. Made from linseed oil, rosin, wood flour, jute and lime stone, there is no better alternative when it comes to having a 'natural' floor covering. Our linoleum brand 'Marmoleum' is the most award-winning and widely certified floor covering in the world: Nature Plus, Blue Angel, Nordic Swan, Cradle to Cradle and numerous national certifications are proof of this. Marmoleum can be used in over 70% of every building's flooring environments, which makes it the number one sustainable choice.

Our brands: **marmoleum®** **marmoleum®click touch®** **bulletin board®** **furniture linoleum** **marmoleum®sport** **marmoleum®modular** **marmoleum®decibel** **marmoleum®ohmex** **corklinoleum**



MANUFACTURING

MAKING VINYL BETTER

Vinyl floors are reliable performers that last a long time. But they can be made even better. We know that by using recycled material drawn from internal recycling schemes and post-consumer waste, plus promoting installation take-back schemes, we can create a loop that has the potential to give a second life to every floor we install. We manufacture all our vinyl in efficient, modern factories that run solely (100%) on green electricity. We aim to create minimum waste, while continuous production helps to avoid stop-start procedures. This approach reduces waste and saves energy.

Our brands: **eternal allura colorex® novilux® novilon® sarlon® step nordstar**

FLOTEX FLOCKED CARPET – A HIGH-TECH CARPET

Flotex is neither a true carpet, nor is it a resilient – so its unique construction succeeds in combining the best of both worlds. Flotex is the high-tech carpet that combines all the comfort benefits of a carpet with the durability, efficiency and low-cost ease of cleaning of a resilient floor. Made from nylon 6.6, Flotex is a durable hygienic floor covering that can be washed and cleaned with water and a simple household detergent. Flotex is antibacterial and the only 'carpet' to be approved by the British Allergy Foundation.

Our brands: **flotex®colour flotex®lineair flotex®vision**



MANUFACTURING

ENTRANCE FLOORING THAT KEEPS THE WORLD OUTSIDE, OUTSIDE

Our Coral textile matting and Nuway rigid entrance flooring prevent 94% of all walk-in dirt and moisture from being carried into a building. Coral uses recycled yarn made from used fishing nets and PET bottles. In this instance, using a sustainable product delivers a sustainable performance, too, as Coral and Nuway reduce typical cleaning and maintenance costs by over 70%.

Our brands: **coral® nuway®**

CARPET TILES THAT CLOSE THE LOOP

All our tufted carpet tiles are made with over 50% recycled content. Our sustainable effort begins with green design principles. These involve designing to reduce raw material requirements, while at the same time aiming for optimal performance. We make Econyle yarns, for the pile, from recycled

waste materials, while the backing is made with 78% recycled material. Our carpet tile production sites in the UK run 100% on green electricity and we reuse and recycle all production waste so that we close the loop.

Our brands: **tessera westbond®**

A NEW ERA FOR NEEDLEFELT

The robust, hard-wearing properties of needlefelt make it ideal for flooring in high-traffic areas and areas where chairs with castors are likely to be used, such as in offices, shops and hotels. The newly designed vivid colours of our needlefelt ranges, combined with their typical surface texture, give our needlefelts a modern and contemporary appeal, so taking them into a new era of interior design.

Our brands: **forte markant akzent showtime**



AWARDS

We are recognised by many certifying bodies for our commitment to the environment, to employees, to the community and to our customers. Some examples:

ENERGY

In 2013, all our manufacturing sites in Switzerland, the Netherlands, the United Kingdom and France were awarded national certificates that recognise that all (100%) of their electricity needs are met from renewable sources.

USA

Winner of Premier, Inc.'s first Supplier Horizon Award
Premier, a leading healthcare improvement company that unites an alliance of approximately 3,000 U.S. hospitals and 110,000 other providers and has contracts with more than 1,100 suppliers.

MedAssets' Platinum Supplier of the Year

MedAssets is a leading healthcare performance improvement company that focuses on helping healthcare providers enhance their operational and financial performance in order to serve their communities sustainably.

UK

Zero Waste Silver Award

Winning a Zero Waste Award demonstrates a commitment to achieving environmental and cost savings for your customers, clients, partners and funders.

FINLAND

Floor of the Year 2014 Award

Kastelli Community Centre in Oulu received the national floor of the Year Award 2014 for a project involving the installation of 10,000 m² of Marmoleum and 3,800 m² of Nordstar.

NORWAY:

Miljøfyrtårnet

The Miljøfyrtårnet award for demonstrating environmental responsibility in practice.

www.eco-lighthouse.org

Our products have received a wide number of national and international certifications:

MARMOLEUM



MARMOLEUM CLICK



MARMOLEUM, FLOTEX



MARMOLEUM, VINYL, CARPET TILES, CORAL, NUWAY, FLOTEX



ENVIRONMENT

1

COMMITMENT:

REDUCE OUR ENVIRONMENTAL FOOTPRINT AND CO2 EMISSIONS BY 25% BY THE END OF 2015 COMPARED WITH 2009

In 2009, Flooring Systems started a programme to reduce our environmental impact by 25% by the end of 2015, versus a baseline year of 2009. To measure our progress, we calculate our environmental impact according to the life cycle assessment (LCA) model of mass weighted mix for all products made. This involves calculating all environmental impacts from cradle to installation, and we also include the energy consumption of all our offices and Forbo-owned warehouses worldwide. The LCA measurement system is independently verified.

The LCA is calculated for one square metre (1 m²) of installed floor covering from cradle to installation. This means that we consider every environmental impact in the supply chain:

- The extraction and production of the raw materials
- The transportation of the raw materials
- The production of the floor covering
- The transportation of the floor covering to the installation site
- The installation of the floor covering

We take into account the following environmental impact categories:

- Acidification potential
- Eutrophication potential
- Ozone layer depletion potential
- Photo oxidant creation potential
- Abiotic depletion potential
- Global warming potential

We strongly believe that creating better environments means reducing all environmental impacts – not only global warming. We therefore weight all six impact categories equally and express them in one index figure.

SUPPLIER PARTICIPATION

Calculating our environmental footprint from cradle to installation, we not only take into account results that relate to the actual development and production of our floor coverings, but also results relating to the production of the raw materials.

To do so, we take into account any changes in the use of raw materials, changes in yields, the recycling or reuse of waste, and the energy usage of all our suppliers of those materials. We have partly integrated the raw materials results: wood flour, PVC and plasticiser. The results for all three materials are very positive as, in all cases, the environmental footprint improved compared with 2009. This was achieved by the wood-flour suppliers for our Assendelft operations in the Netherlands changing to green electricity generated from biomass or wind. This came into force in 2012. Furthermore, the PVC and plasticiser supplied to all our sites was produced using less energy. The weighted energy consumption for the production of PVC fell by 5% in 2012 compared with 2009, and energy consumption for the production of plasticiser reduced by 5% in 2014 compared with 2009.

GREEN DESIGN AND INNOVATION

We use LCA as the main method by which we measure our environmental performance. We believe that design, in environmental terms, is a very important link in the chain, and that to improve our LCA result, design must play a central role.

Most companies typically approach use LCA reactively – they look back, set a baseline and then trust that the improvements they make will have a positive impact. Flooring Systems takes a different view, something that can be seen in the emphasis we place on green

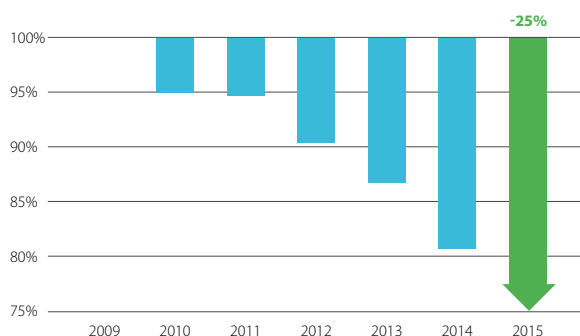
COMMITMENT:

REDUCE OUR ENVIRONMENTAL FOOTPRINT AND CO₂ EMISSIONS BY 25% BY THE END OF 2015 COMPARED WITH 2009

design and innovation. Simply put, we recognise that we have to do things differently if we are to achieve our goals of becoming a sustainable and environmental leader.

When designing and developing products and collections the 4 R's – reduce, renewable, reuse, recycle – are important indicators in our quest to find the greenest product and greenest technology.

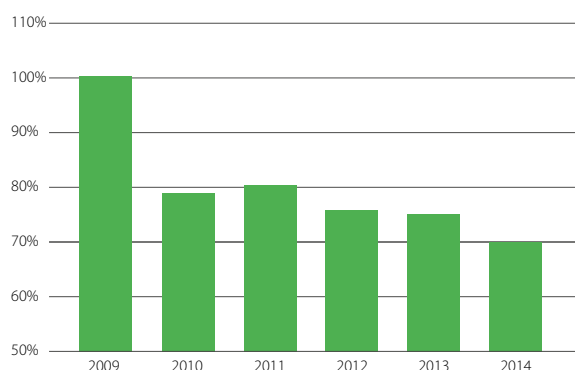
FLOORING SYSTEMS' ENVIRONMENTAL FOOTPRINT IN 2014



Our environmental footprint index improved again in 2014. This achievement was primarily a result of energy savings at our own manufacturing sites as well as those of our suppliers. The main contributor from the supplier side was the average 5% energy saving achieved by our plasticiser producers.

Many of our manufacturing sites also made a positive contribution by reducing raw material use and packaging, and increasing the recycled content of our products. All these improvements are reflected in the reduction of our carbon footprint, as shown in the global warming potential graph.

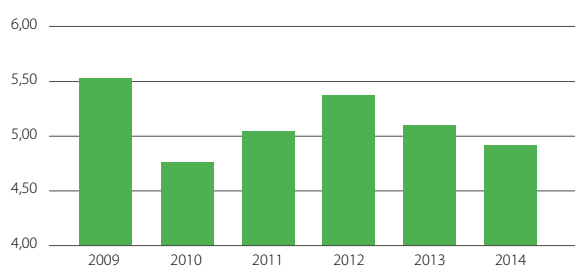
WEIGHTED AVERAGE GLOBAL WARMING POTENTIAL



TOTAL DIRECT AND INDIRECT GREENHOUSE GASES BY WEIGHT

Total greenhouse gas emissions are calculated using life cycle analysis (LCA) for the production stage from 'cradle to gate'. This includes raw material extraction and processing, transportation to the manufacturing site and manufacturing.

KILOGRAMS CO₂ PER M²



COMMITMENT:

REDUCE, RENEWABLE, REUSE, RECYCLE

These 4 R's are at the heart of our efforts to reduce our impact on the environment and are important indicators in our quest to become a more sustainable company.

Flooring Systems is an active user of the '4-R' principle, which covers the lifecycle of any product and points out where the sustainable choice is to be made. For example, the initial idea is to **reduce** the use of raw materials in every product composition or usage situation. This can be done by applying green design principles to reduce the raw materials required to make a given product, or by using alternative materials of which less are required.

In cases where we have to use raw materials, the preference and goal is to opt for either natural **renewable** materials, or materials that are both abundantly available and not used for any other primary purpose, such as food.

In production phase, we aim to both not create any waste and to ensure that any waste that is generated is further **reused** in the composition of the product.

Recycling can be facilitated by identifying other products that could use the waste material generated during the production of the original product. This can also be taken a step further to include the recycling of left-over material from flooring installations, and even the post-consumer recycling of the old floors that are being replaced.

Forbo Flooring Systems is active in all fields of the 4-R principle. With a publicly stated objective of reducing our LCA by 25% by the end of 2015, compared with 2009, it is important to view how we are progressing in each aspect as each aspect has an impact on our overall performance target.

REDUCE

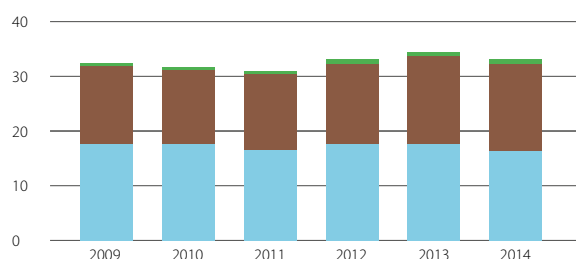
We consider this to be the most important R as reducing our consumption of materials and energy while also cutting waste has the biggest impact both environmentally and financially. Reducing consumption and waste will have a significant impact in reducing our environmental footprint.

REDUCE ENERGY

We have seen a continuing increase in our energy consumption from 2011 to 2013. This is a result of changes in the product mix at some manufacturing sites, which has reduced the efficiency of our production processes, plus a gradual shift in our sales from consumer towards more commercial products. On average, commercial product has a higher square metre weight, which requires more energy to produce. In 2014, however, we managed to again reduce our energy consumption by implementing better monitoring systems and energy saving programmes.

PRIMARY ENERGY INDEX (all energy)

● Direct Energy: Oil MJ/m² ● Direct Energy: Gas MJ/m²
● Indirect Energy: Electricity MJ/m²



COMMITMENT:

REDUCE, RENEWABLE, REUSE, RECYCLE

REDUCE ENERGY BY CROSS-DOCKING

One of our goals when building the cross-dock centre, in Assendelft, the Netherlands, was to create more efficient transport flows: between plants; from plants to our overseas distribution centres; from our overseas distribution centres to our end-customers.

In this case, 'more efficient' means combining different products in one truck so that fewer trucks are used. Combining these product flows improves overall lead times and their reliability, and makes it easier to plan full trucks having more frequent deliveries.

Combining different products in one truck also means that the customer receives (only has to handle) one Forbo Flooring Systems delivery instead of several deliveries by different trucks carrying different Forbo Flooring Systems materials.

Cross-docking further helps the overseas distribution centres to optimise their incoming containers. Instead of shipping small volumes from each manufacturing site, volumes are combined to create full container loads. By monitoring all the shipping volumes of each plant and comparing prices and shipping lead-times, we can determine the optimum cross-docking warehouse and harbour to use to get the container onto the ship.

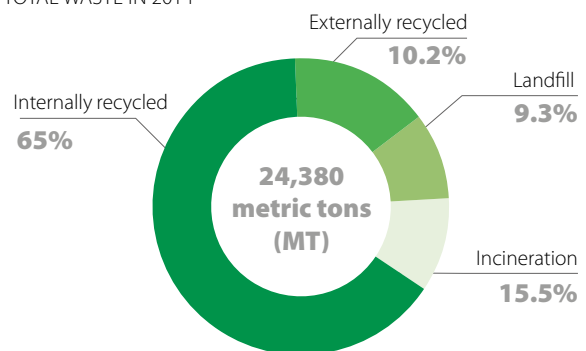
The main cross-dock centre, in Assendelft, has reduced our energy consumption even further by shipping containers to the ports of Rotterdam or Antwerp by barge instead of truck.

The other places we sometimes use as cross-dock locations, mainly for export destinations, are Reims, in France, and Ripley, in the UK.

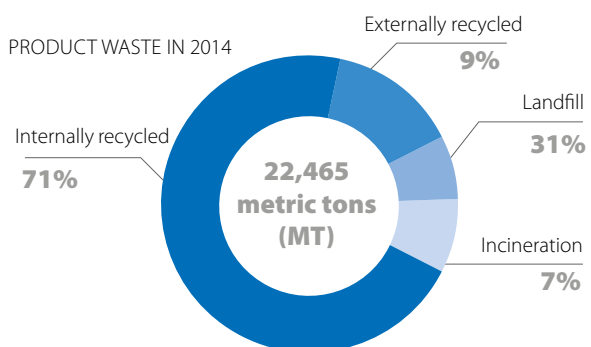
REDUCE WASTE

In 2014, the total amount of waste we created was reduced by 3.5% compared to 2013.

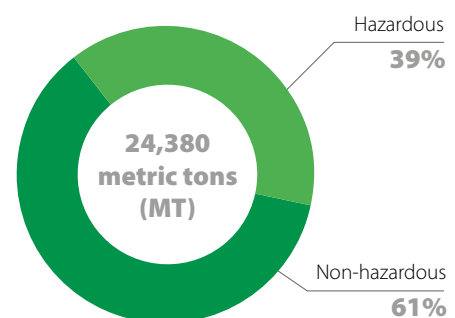
TOTAL WASTE IN 2014



PRODUCT WASTE IN 2014



NON-PRODUCT WASTE IN 2014



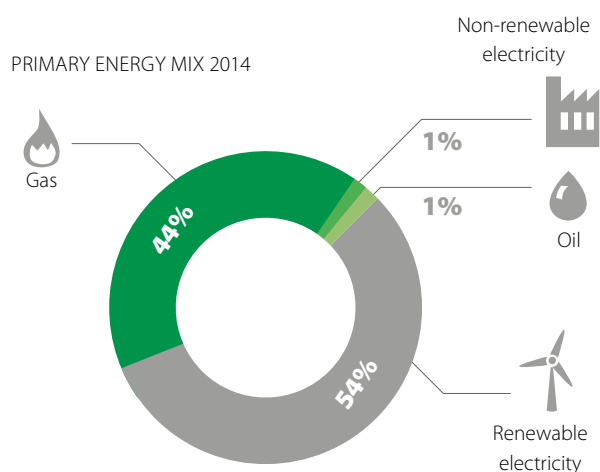
COMMITMENT:

REDUCE, RENEWABLE, REUSE, RECYCLE

RENEWABLE

RENEWABLE ENERGY

We have an ongoing policy of obtaining electricity from renewable sources. In 2014, renewables accounted for 54% of all the energy consumed in our manufacturing facilities, an increase of 2% over 2013. This in turn is helping us to reduce our carbon footprint by reducing the amount of CO₂ we emit into the environment. We continue to believe that limiting environmental impact at source is far better than offsetting.



COMMITMENT:

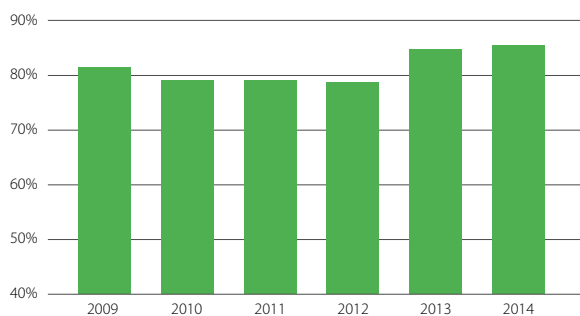
REDUCE, RENEWABLE, REUSE, RECYCLE

REUSE AND RECYCLING

Forbo defines reuse as 'waste that, after reprocessing, can be fed back as a raw material into the same manufacturing processes'. Our definition of recycling is 'material diverted from the waste stream during a manufacturing process that is sent to a third party for them to use as a raw material'. That third party can be another Forbo site or external recyclers.

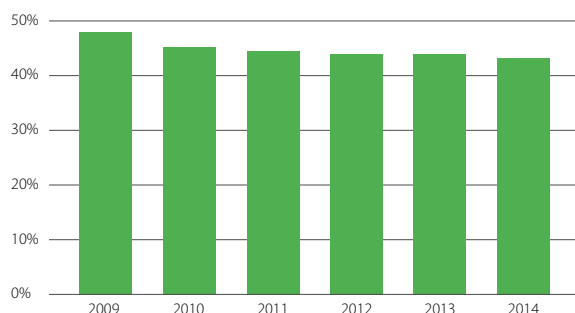
In 2013, we made large investments in recycling in the UK and the Netherlands. This has enabled us to greatly increase the recycled content of our Tessera carpet tile and vinyl products like Allura and Eternal. As a result we outperformed our 2012 recycling result by almost 5% in 2013 and 2014. We reuse and recycle almost 85% of our product waste.

% REUSED & RECYCLED PRODUCT WASTE

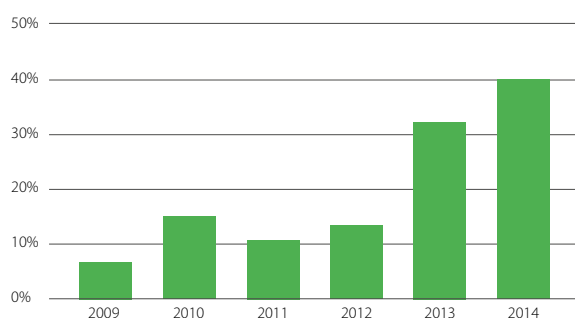


In 2014, the weighted average amount of recycled and reused content in our products came to over 27%, which equates to a 2% improvement over 2013. This is positive in every respect. Marmoleum has long contained the most reused and recycled material of all resilient floor coverings. In 2014, our focus on reusing and recycling waste led to very good results by increasing the recycled content in our Allura, Flotex, Coral and Tessera product ranges. We have a broad portfolio of products that contain recycled content, and this portfolio will continue to grow.

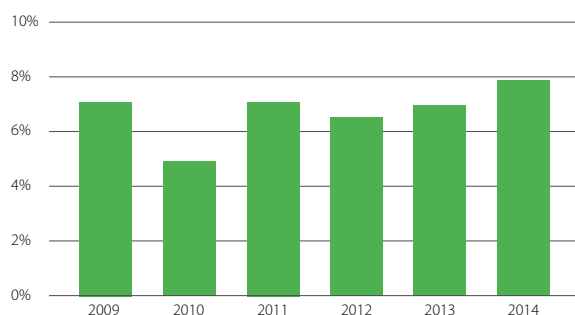
LINOLEUM - % RECYCLED & REUSED



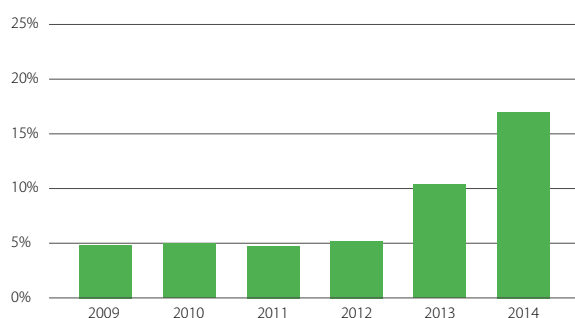
CARPET - % RECYCLED & REUSED



VINYL - % RECYCLED & REUSED



ENTRANCE SYSTEMS - % RECYCLED & REUSED



COMMITMENT:

REDUCE, RENEWABLE, REUSE, RECYCLE

COEVORDEN – SPLITTING SAFETY FLOORING TO MAXIMISE THE REUSE OF WASTE

The main target for all our manufacturing sites is to reduce raw material use by maximising yields and maximising the reuse of product. Most sites began doing this more than 10 years ago. Having completed all our quick wins by upgrading our processes, in recent years we have increasingly found ourselves in the situation that we need to take measures to increase product reuse. We have therefore invested in equipment that makes it possible to reuse more product waste. Not only have we invested in greater capacity, we have also developed new techniques to process waste into usable materials that can be used to replace raw materials.

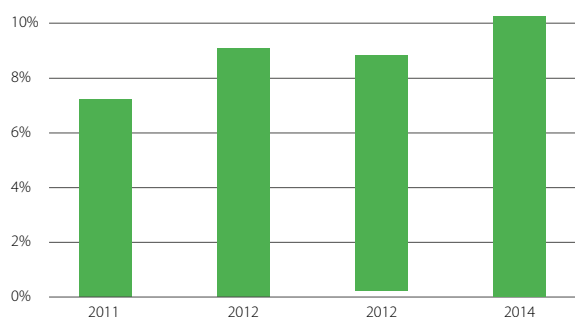
Coevorden, the Netherlands, is a manufacturing site in which we have invested in extending capacity and introducing new techniques. Other key measures to increase reuse and recycling include improved waste management and segregating waste streams better. Today, almost 97% of the product waste in Coevorden is reused or recycled.

One of the products produced in Coevorden is our safety floor range. Safety floors are usually produced as a regular vinyl floor covering with the addition of carborundum (silicon carbide) in the wear layer. This gives the floor its enhanced slip properties.

Until last year, we couldn't process safety floor materials for reuse in our products. Safety floor waste was therefore recycled externally. This changed in the second half of 2014, which is when we began a project to install a 'slitter' that would enable us to split the safety floor wear layer from its backing. Employing this technique we can reuse more than 250 tons a year of vinyl in our own products. The carborundum-containing wear layer is recycled externally. With this

equipment now fully operational, we will be able to maximise our reuse of this product waste in 2015.

% REUSED COEVORDEN PRODUCTS



COMMITMENT:

REDUCE, RENEWABLE, REUSE, RECYCLE



Flotex

The most sustainable carpet tile, it features a recycled and reused content of up to 59%.



Entrance systems

Coral Welcome, Coral Welcome Brush Blend and Coral Welcome Brush Pure is available in 100% post-consumer recycled yarn. Coral Duo is available in 75% post-consumer recycled yarn.



Tessera and Westbond carpet tiles

Tessera is available in 100% post-consumer recycled yarn and with a backing of 78% recycled and reused content. Westbond tiles have a recycled PVC backing.



Vinyl

Vinyl is available with up to 48% recycled and reused content in the backing.



Luxury Vinyl Tile (LVT):

Allura is available with up to 20% recycled and reused content in the backing.



Linoleum

Marmoleum, our linoleum brand, contains up to 43% recycled and reused content.

COMMITMENT:

REDUCE, RENEWABLE, REUSE, RECYCLE

TAKE-BACK PROGRAMMES

Post-installation waste recycling

Over the last few years manufacturers have begun to pay significant attention to post-industrial waste. They have invested heavily to reduce, reuse and recycle waste generated in the manufacturing process.

Installation waste, however, continued to be neglected – as both waste and as a potential resource. Given that we already invest in internal recycling solutions – plus the increasing cost of raw materials – we are now turning our attention to installation waste.

Installation waste can account for up to 6% of an installation. Moreover, from a recycling perspective it is as good to process as post-industrial waste because we know what is in it and it is clean and safe to use. The difficulty has always lain in creating a sustainable logistics infrastructure to make the collection of post-installation waste economically viable.

Flooring Systems is one of the leaders in installation-waste take-back programmes. We have schemes for vinyl in Sweden, the UK and France, and for linoleum in the USA, the Netherlands and the UK.

In the fourth quarter of 2013, we began developing a 'back to the floor' scheme in the UK that involves reprocessing installation off-cuts of Flotex, vinyl and Marmoleum. During 2014, the quantity of vinyl and Marmoleum collected in 2014 rose to 24 tons. Recently, we have begun trials into recycling carpet tiles.

In 2014, we collected and recycled 149 tons of installation waste:

- 26 tons of linoleum in the Netherlands
- 32 tons of vinyl in Sweden
- 12 tons of vinyl in France
- 14 tons of linoleum in the UK
- 10 tons of vinyl in the UK
- 55 tons of linoleum in the USA



COMMITMENT:

PROMOTE LOOSE-LAY INSTALLATION SOLUTIONS

FLOOR-COVERING INSTALLATION

Measured by material weight, the adhesive used to install a floor covering makes a proportionally large contribution to the environmental footprint of 1 m² of flooring. We are therefore continuously developing and introducing new installation systems based on new techniques, plus new types of adhesives that improve the installation sustainability of our floor coverings.

In 2012, we started to introduce new adhesives for Marmoleum. These were Eurocol 614 Eurostar Lino Plus, in Europe, and Sustain 885m, in North America. In 2014 we introduced Eurocol 646, a hard-setting adhesive specially developed for Marmoleum Tiles and Allura. All these adhesives show a better environmental footprint than their predecessors. This is because they have a much lower application weight and the fact that they emit no emissions into the air indoors.

Today and in the future, we will continue to explore possibilities for optimising adhesives for all our products, further improving our environmental footprint.

On a separate but related note, in France we have introduced loose-lay Acoustic Vinyl that uses a 'tackifier' adhesive solution, so enabling 'clean' post-consumer recycling. This is because using a tackifier first prevents any traces of glue being left on the back of the tiles when you remove them.

www.forbo.com/eurocol/en-gl

www.forbo.com/flooring/en-us



COMMITMENT:

PROVIDING TRANSPARENT PRODUCT INFORMATION

While Flooring Systems performs its life cycle analysis (LCA) calculations to international standards, we believe that the element of human health and ecology should also feature in this assessment.

In 2000, Flooring Systems was the first global floor covering company to commit to providing information about eco-toxicity and human toxicity impacts in our LCAs. In 2014, we remained the only company in the world to include these impacts in our environmental product declarations. We use the internationally recognised USEtox method to calculate and assess our products' toxicity performance.

ENVIRONMENTAL PRODUCT DECLARATION (EPD)

An EPD presents quantified environmental data for a product. It is based on information from a life cycle assessment. An EPD communicates verifiable, accurate and non-misleading environmental information for products and their applications, is third-party verified, and has a uniform and internationally standardised format. EPDs are in increasing demand from architects and planners as they can be directly incorporated into sustainable building design tools, such as carrying out a building life cycle assessment.

Flooring Systems continues to publish third-party-certified EPDs for its individual floor covering products. By the end of 2014, 21 Flooring Systems products had been EPD certificated and published. All the LCA calculations were third-party verified by UL Environment.

www.forbo-flooring.com/epd

Our EPDs are based on the product category rules (PCR) set out in the EN-15804 and ISO-14025 standards. Product category rules define how to conduct a life cycle assessment for a product group and what data to include in the resulting report,

thereby supporting scientifically based fair choices and stimulating the potential for market-driven continuous environmental improvement.

In principle, the benchmark when using EPDs to compare products is the contribution they make to the environmental performance of a building. As a result, using EPD information to compare environmental performance with that of alternative floor covering products reflects a product's use in a building and the impact it has on the building.

DINP PLASTICISER

We use DINP plasticiser in several of our vinyl products. This plasticiser is the worldwide accepted standard for compliance with all regulations.

Special interest groups have claimed that DINP plasticiser in vinyl products poses a health risk to consumers. The basis for their claim is that it contains an ortho-phthalate group. Regulators throughout the world, including the US Environmental Protection Agency and ECHA in Europe, have said that the DINP we use is safe, and that its use in floor coverings is not a health concern. DINP that meets global specifications is permitted for use in every country in which we sell our products.

From a precautionary principle, Flooring Systems decided to start using plasticisers that are both 'non-suspicious' and free of ortho-phthalate. During 2014, we implemented alternative formulas, and at the start of 2015 we had replaced more than 60% of the DINP we use, with an alternative. We intend to expand the use of this alternative plasticiser as the necessary manufacturing capacity becomes available.

PEOPLE

A group of people are gathered in a modern gallery space, looking at various artworks displayed on the walls. The floor is dark and features several large, colorful, grid-like art installations. The word "PEOPLE" is written in large white letters at the top left, and a large white number "2" is at the bottom right.

2

COMMITMENT:

SA8000 – SUSTAINABILITY THAT FOCUSES ON SOCIAL EQUITY

SA8000 – SOCIAL ACCOUNTABILITY INTERNATIONAL

Corporate citizenship and accountability are no longer restricted to publishing an annual report and becoming energy efficient. Today, society, shareholders, employees and other stakeholders demand that organisations act responsibly and that their growth and development don't compromise the ability of future generations to meet their needs. At Flooring Systems, we take our continuous endeavours to strengthen our corporate responsibility very seriously. With our sustainability policy we commit ourselves, to all our stakeholders, to create a better environment. We do that by acting on all three dimensions of sustainability: the environmental, the economic and the social. For the social dimension, we have chosen to commit ourselves to the SA8000 social accountability international standard.

We consider human and workplace rights – as

articulated in the United Nations' Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work – to be inviolable. We take a proactive approach to respecting these rights in every workplace of Flooring Systems, in our supply chain, and in the communities in which we operate.

The SA8000 standard is the world's first third-party-auditable social certification standard for human rights and decent workplaces across all industrial sectors. It is based on conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social compliance. In order to protect the basic human rights of workers throughout the supply chain, SA8000 integrates nine core elements:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining



COMMITMENT:

SA8000 – SUSTAINABILITY THAT FOCUSES ON SOCIAL EQUITY

- Working conditions are safe and hygienic
- Child labour shall not be used
- Remuneration shall meet at least the minimum legal or industry standard
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

SA8000 is a process-type standard, not a product-type standard. There is no seal or label placed on goods produced by companies that are certified as meeting the standard.

WHY SA8000?

Governments, shareholders, customers and other interested parties want to buy from socially responsible organisations. Our SA8000 certifications demonstrate our social responsibility to our customers, something more and more of them demand. We have also included the SA8000 standard in our supplier conditions and we continuously monitor and audit their performance. We work with our suppliers to help them meet our social requirements and stimulate them to demand similar standards of their suppliers. In other words, we are committed to the SA8000 standard because we believe that protecting the basic rights of workers is the right thing to do to, and because our customers expect and demand it of us.

In 2014, we received SA8000 certification for all our sites in the UK. All our sites in the Netherlands were certified in January 2015. In France, we received SA8000 for all our sites in 2013. Together this means that the vast majority of our employees now work at SA8000-certified sites.

SA8000 SOCIAL REQUIREMENTS

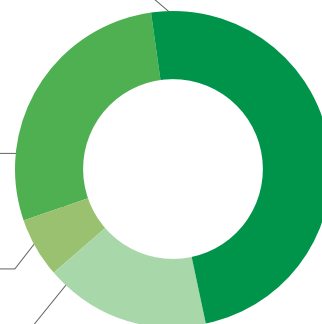
SA8000 SOCIAL REQUIREMENTS

Work and labour rights-
Conditions of Employment

Work and labour rights-
Conditions of Work

Work and labour rights-
Conditions of Workers

Fundamental rights



SA8000 COMMITMENT OF SUPPLIERS AND CONTRACTORS

We expect our suppliers and contractors to comply with all applicable laws and regulations. In addition, we encourage them to go beyond compliance by continuously improving quality, ethical, environmental and social management.

Flooring Systems expects its business partners to commit to the SA8000 social accountability requirements. We not only require a written commitment; local audits can form part of our supplier approval procedures. In fact, suppliers in countries with weak labour protection are always monitored via local audits. Ethical business practices have always been part of Floorings Systems' policies and it was therefore no surprise that compliance with SA8000 proved to be no problem for our suppliers in these countries. It required, at most, a little extra effort or small improvements in existing procedures.

COMMITMENT:

SA8000 – SUSTAINABILITY THAT FOCUSES ON SOCIAL EQUITY

Interview with Mahmud Huq, owner of Janata Jute Mills in Bangladesh – supplier of jute backing for Marmoleum.

What is Janata Jute Mills?

Janata is a family owned business founded in 1967 by my late father Mozammel Huq. My brother Najmul Huq succeeded him as managing director, and I am responsible for worldwide sales. Janata has two mills – Janata Jute Mills Ltd & Sadat Jute Industries Ltd – that, combined, form the largest manufacturer and exporter of jute products in the Bangladeshi private sector. We export yarn, woven fabric, like your linoleum backing, and sacks, especially for potatoes.

Did Janata have any problems fulfilling the SA8000 requirements?

No insurmountable problems. Social responsibility has always been one of the pillars of our way of doing business. Janata has its own medical centre and its own school – ‘Janata Adarshya Biddypit’ – for the children of employees and the local community. My late father set up several trust funds to provide scholarships for meritorious and poor students of workers and people in the local villages. In addition, Janata and Sadat has set up two funds to give financial support to employees when needed. These are entirely funded by the company.

Did Forbo Flooring Systems perform an SA8000 audit locally, at the factory?

From the start of our business with Flooring Systems, in 2000, Flooring Systems’ audit teams have frequently visited our mills in Bangladesh to audit our quality, environmental and social performance. When Flooring Systems asked us to comply with the requirements of SA8000, one of their auditors performed an audit, in early 2013, to check our compliance with this standard.

Who was interviewed by the auditor and did he or she inspect the factory?

The auditor spoke with the general manager and his team, the mill managers and supervisors, HR management and the workers union’s chairman and secretary. The factory was visited as usual, but special attention was given to inspecting the workers’ facilities, such as dormitories and sanitation sanitary facilities.

What were the audit conclusions? Were any improvements required?

In general, we were in compliance with the SA8000 requirements, but it was recommended that we improve risk assessment and our accident control programme. Meanwhile, the mill management team have improved their risk assessments and now perform quarterly analyses of all accidents, implementing corrective and preventive actions as necessary. Some examples from this process are:

- Clothing regulations for people working with machinery.
- Health and safety instructions for all new workers and all workers transferred to another department. Instructions on paper are signed off; if people are not able to read then they receive verbal instruction.
- General safety instructions on the walls and specific instructions in departments and by machinery.
- Special attention is given to fire instruction and emergency exits. Fire extinguishing equipment and materials have been reorganised and are more easily available in the case of an emergency.

As a result of the above steps, the accident rate is going down.

COMMITMENT:

SA8000 – SUSTAINABILITY THAT FOCUSES ON SOCIAL EQUITY

What about child labour, forced labour and freedom of association?

We employ only workers of 18 years or older and we have strict procedures to enforce this, because, unlike in European countries, civil registration only started a few years ago, so simply asking for an ID is not possible. All employees are members of a union, and that is one of the guarantees that prevents forced labour or harsh treatment. The mill management team meets regularly with the union representatives.

Do your workers get paid enough to meet their basic needs and leave them some discretionary income?

We pay in excess of the legally required minimum wages and we can confirm that we pay a living wage.

Do you think requirements like those in the SA8000 standard help social equity in Bangladesh and are improving the local labour conditions?

Absolutely, and I fully support this initiative by Flooring Systems and other companies.



Mahmud Huq

COMMITMENT:

SA8000 – SUSTAINABILITY THAT FOCUSES ON SOCIAL EQUITY

THE SA8000 WORKER REPRESENTATIVE

The SA8000 worker representative is an employee chosen by non-management personnel to facilitate communication with senior management on matters related to SA8000.

The SA8000 standard provides employees with a way to report, anonymously or not, any concerns or examples of non-conformance to the worker representative, without having to go through legal staff representatives (trade unions, health and safety committee, works council...). This is another confidential means of communication that fosters

exchanges and communication on issues which are sensitive or hard to express.

This approach will only be sustainable if every single concern or non-conformance is addressed quickly and systematically. In order to do so, we have implemented a standardised procedure to handle complaints. Complaints are reported directly to the SA8000 worker representative and handled by the management team. It is important to say that this SA8000 procedure is not intended to replace other legal committees or procedures.

A short interview with Danny Goebert, worker representative, Krommenie, the Netherlands

How long have you worked for Flooring Systems and what is your job?

I joined Flooring Systems in November 2010 and I work in the vinyl department, where we produce the backing for our Forbo Coral products.

Why did you volunteer to be the SA8000 worker representative, and can you tell us a bit about how the election was organised?

I am a member of the works council on our site, and in that role I already have many contacts with colleagues from all departments. It seemed a good combination to also become the SA8000 worker representative and, of course, I also see it as possibility to develop my skills and help my colleagues when they need it. No other candidates volunteered for this function, which is not very surprising as Krommenie is a small operations site with only 50 employees, so no elections were held.

What does SA8000 mean for employees, what does it improve and what do your colleagues think of it?

It means a safe working environment and a focus on preventing discrimination and sexual harassment, and respecting the labour agreement and working hours. My colleagues appreciate the introduction of SA8000 as it shows Forbo's social responsibility and provides employees with a way to report, anonymously or not, any concerns or non-conformances to the worker representative. Other than that, no big changes have been introduced as, in Krommenie, we already have a safe and enjoyable working environment.

COMMITMENT:

SA8000 – SUSTAINABILITY THAT FOCUSES ON SOCIAL EQUITY

Did the introduction of the SA8000 management system cause a lot of changes in management procedures? And how was the employee introduction organised?

To achieve certification in such a short time proves that we were already doing pretty good, so we only had to do some fine-tuning to existing procedures and to our company rules, and to introduce an SA8000 policy statement.

The introduction of SA8000 to the employees began with a kick-off meeting with all employees. This was followed up with more information during the implementation by means of newsletters, online presentations and departmental meetings.

SA8000 certification includes interviews by the auditors with randomly chosen employees. What was the reaction to these interviews?

That was a very positive experience. It was much appreciated that you could answer the questions anonymously or give input your input on the relevant SA8000 subjects.

How do you see your role as worker representative? Can you contribute to better communication between employees and management?

Until now I have not received any request for help. If a problem or concern should arise, I will definitely play my role. But even without problems being reported, I will always keep an eye open, monitoring good relations between colleagues and management, especially when it comes to discrimination or intimidation.



Danny Goebert

INSPIRING OUR PEOPLE

OUR COMMITMENT TO ALL OUR STAKEHOLDERS

Flooring Systems recognises its corporate responsibility to five main groups in our community.

We are committed:

- **To employees:** to respect the rights of all employees, whether directly employed or sub-contracted.
- **To customers:** to win and retain customers who adhere to business principles consistent with our own by developing and providing services that offer value in terms of price, quality, safety and environmental impact. To be responsive to customer comments and complaints.
- **To shareholders:** to build shareholder value by consistently increasing earnings. To conduct our operations in accordance with accepted principles of good corporate governance. To provide timely and accurate information to all shareholders on our activities and performance.
- **To suppliers and business partners:** to seek

mutually beneficial relationships with suppliers and joint venture partners. To require that, as far as is practicable, all of these adhere to business principles consistent with our own.

- **To the wider community:** to conduct business as responsible corporate citizens, to give proper regard to the health, safety and the environment of local communities, and to be sensitive to and supportive of local cultural, social, educational and economic needs.

EMPLOYEES

Our people are a core value of Flooring Systems. They are the ones who make and sell our floors, see the potential, have the ideas, talk things through with colleagues and clients, do things as well as they know how – and then find ways of doing them better.

We nurture their potential by encouraging self-reliance and initiative – both in individuals and in teams – through training and a management



INSPIRING OUR PEOPLE



approach that doesn't just connect people through hierarchy, but interconnects them through dialogue.

We invest in our people and try to offer them a stimulating working environment. We want our people to be the most knowledgeable, skilled and trusted partners in the industry and focus on education as well as a safe and pleasant working environment.

We recognise that by looking after our employees, our business operates more successfully across the world. Our workforce includes those from our head office in Assendelft, the Netherlands, everyone in operations and warehousing, and all our sales and marketing offices worldwide. At the end of 2014, the total workforce at Flooring Systems was to 3,059 people.

We aim to take good care of our people. We aim to stimulate their wellbeing, performance and engagement, and as a result we enjoy a low turnover rate. As we believe that values and behaviour are even more important than knowledge and skills, we have adapted our hiring processes accordingly.

STRATEGIC WORKFORCE PLANNING

Our mission is to become a global leader in commercial flooring. In line with this, we continued in 2014 to pursue our strategy of expanding our business in Asia/Pacific and the Americas by strengthening our local sales offices. In Europe, the main focus for strategic workforce planning was linked to our private sector growth strategy, expanding our product portfolio to the privately financed customer segments. Within our supply chain operations, we continued our efforts to optimise and increase the flexibility of our workforce, based on market demand.

With the increases in the state pension age in most European countries, the ageing workforces in these countries is increasingly becoming another aspect of strategic workforce planning.

Legislation such as 'compte pénibilité' in France, or trade union agreements like sustainable employability, in the Netherlands, also raise challenges for future strategic workforce planning. These challenges are discussed with the employee representative bodies in order to find solutions that meet the current and future expectations of the organisation and its employees.

COMMITMENT:

IMPROVE THE SAFETY AND HEALTH OF OUR EMPLOYEES

SAFETY OF OUR WORKERS IN OUR MANUFACTURING FACILITIES

The safety of our employees is our top priority across Flooring Systems. Many employees at our manufacturing and distribution sites work with complex machinery in busy environments, so stringent adherence to our occupational health and safety rules is essential. It is our policy to have all our sites certified to OHSAS 18001. OHSAS stands for Occupational Health and Safety Management Systems and is an internationally applied British

Standard that aims to help all kinds of organisations put in place demonstrably sound occupational health and safety systems.

All our UK sites received OHSAS 18001 certification in 2014. The Assendelft and Reims sites were already OHSAS-18001 certified, and we are now introducing this safety management system at our other manufacturing sites as we are convinced this will contribute to a safer working environment.



COMMITMENT:

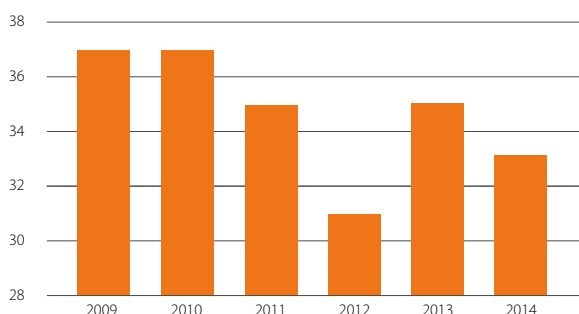
IMPROVE THE SAFETY AND HEALTH OF OUR EMPLOYEES

The key indicators of our safety performance are:

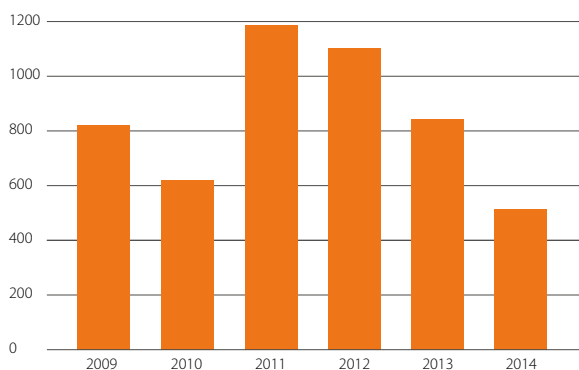
- Lost time accidents
- Lost days injury
- Total accident frequency rate
- Safety concerns frequency rate

These key performance indicators are measured and reported monthly at all sites. All sites have safety awareness programmes to reduce the number of accidents. Despite all these efforts, the number of Lost Time Accidents in 2013 increased, but the downward trend picked up again in 2014. Lost time accidents are now at their lowest level in six years, and the lost days injury rate is at its lowest level ever.

LOST TIME ACCIDENTS



LOST DAYS INJURY



We began reporting our total accident frequency rate and safety concern frequency rate in 2012. Total accidents are defined as all accidents, including those with no injuries. A safety concern is defined as all

reported unsafe situations and near misses. These two indicators are reported to management every month to improve our overall safety performance. The growing safety awareness of our workforce resulted in a lower total accident frequency rate. A safer working environment is also supported by better reporting of safety concerns, and this is reflected in the higher numbers noted for 2014.

Year	2012	2013	2014
Total Accident Frequency Rate	83	107	82
Safety Concern Frequency Rate	404	586	610

OUR SAFETY INITIATIVES

Site policy and procedures across all of our operations cover the following areas to ensure employee safety:

- Provision of personal protective equipment
- Joint management/employee health and safety committees
- Participation of worker representatives in health and safety inspections, audits and accident investigations
- Periodic training and education
- Safety concerns reporting mechanisms
- Periodic site inspections
- Mandatory safety instructions for all contractors and visitors

While we are investing resources to improve our work systems and upgrade equipment, we also recognise that variability in safety performance can often be attributed to behavioural factors. Sustainable behavioural change is therefore key to our long-term OHS strategy and the focus of many of our training programmes.

COMMITMENT:

IMPROVE THE SAFETY AND HEALTH OF OUR EMPLOYEES

HEALTH

Although it is very important to have a good absenteeism protocol, prevention is increasingly important, especially with an ageing workforce in our production facilities.

We therefore have a number of initiatives to promote the health and wellbeing of our employees. For example:

- Medical check-ups
- Healthy lifestyle programmes
- Promoting healthy food
- Stop smoking programmes
- Sponsored fitness activities
- Facilitating sports activities



EMPLOYEE DEVELOPMENT AND REWARD

In developing our people we are in effect developing our organisation, and vice versa, and it is with this in mind that the core of our performance management system is an active and rigorously applied employee development programme. Every individual deserves to be recognised for their contribution and our performance appraisal system is the formal process by which this recognition is established. The performance appraisal forms the starting point for further development actions, such as training, coaching or job enlargement. The performance appraisal is also used for our internal succession planning process. In 2014, the performance appraisal completion rate was 72%.

Flooring Systems is committed to offering flexibility, so employees can balance work and family responsibilities. Flexibility regarding start and finish times, part-time work and return to work after

parental leave are all part of the way we ensure that work-life balance is integral to being employed by Flooring Systems.

Our reward system is based on our belief that people should be fairly rewarded for their individual contribution. Our staff Employee remuneration is graded against an acknowledged job evaluation process, and is influenced by the financial performance of the company and specialist remuneration surveys and reviews. An annual salary review process is in place in which salary survey and economic data are taken into consideration.

PROCEDURES FOR LOCAL HIRING

Flooring Systems has no personnel policy or employment practices that provide for the preferential treatment of people living locally when hiring managers for our country organisations.



EMPLOYEE DEVELOPMENT AND REWARD

The annual performance appraisal provides the starting point for training. In this, individual training requirements are matched with the training requirements indicated in the Flooring Systems strategy as well as any legal training requirements that are in place.

Flooring Systems conducts a wide range of training, from management development to the enhancement of factory floor skills. Other specialist employees have the opportunity to attend seminars and conferences.

On-the-job training for our production and warehousing operators includes:

- Site and company introduction
- Hazard identification, control and risk assessment
- Job safety analysis
- Job-specific training

Several local and international training programmes are in place. In 2014, we provided the following international programmes:

- Forbo leadership & management courses
- Flooring management training programmes
- Project management training
- Sales training programme
- Product training programme
- Prevention of corruption training
- Storyline training for presentations
- Introduction to Flooring Systems and its portfolio
- Flooring Systems, creating better environments

The development of learning and training programmes is evaluated every year and improvements are implemented.

E-LEARNING AND 'CREATING BETTER ENVIRONMENTS'

In previous years, e-learning was mainly used within the sales & marketing organisation and by managers in other disciplines. In 2014, however, we introduced e-learning to a larger part of the worldwide organisation, and in particular supply chain, with the 'creating better environments' e-learning module.

This e-learning course has been developed to explain our ambitious environmental target and to inform all employees about our environmental performance. It also reinforces our main message, that continuously improving our environmental performance involves us all.

82% of the targeted audience completed this e-learning module in 2014.

SA8000 E-LEARNING STARTED IN THE NETHERLANDS

In the final quarter of 2014, we launched the SA8000 e-learning module in the Netherlands. Some 66% of the targeted audience completed the module in 2014. The module is being rolled-out in the UK and France in 2015.

E-learning usage in 2014 (all modules):

- > 1,800 users have accessed Forbo's learning management system
- 3,480 completions were achieved

COMMITMENT:

WORKING WITH THE COMMUNITY

We believe that building meaningful, long-term relationships with employees, customers, suppliers and communities is good business practice. This is, and always has been, the founding principle of our commitment to social equity.

Flooring Systems plays an active role in the communities in which we operate. We conduct a stakeholder and impact assessment analysis at all our operations as part of environmental management, in accordance with ISO-14001. The fact that this management system is third-party certified ensures improvement and development programmes are ongoing.

REIMS, FRANCE – HELPING UNEMPLOYED PEOPLE TO GET A JOB

Over the past 15 years, Forbo Flooring Systems in Sarlino, our French operating company, has given unemployed people the opportunity to train as professional floor installers. This takes place during various sessions in an 18-month, work-linked, apprenticeship training programme. The programme is open to people of all ages.

Trainees receive a testimonial at the end of each session and finishing the complete training course qualifies them for the title of 'floor installer'. This is the only title for this type of skill that is recognised by both the French state and the building industry.

This training programme is effective in promoting the integration and reintegration of young and older unemployed people into the labour market.

Forbo Flooring Systems in Sarlino has created four vocational training centres for floor installers:

- In Reims, since 2000
- In Rennes, since 2004
- In Montpellier, since 2007
- In Tours, since 2009

Bernard Delecourt, Sarlino's Technical Department and Training Centres Director, initiated and designed this training course to reconcile the need for skilled flooring installers with the high unemployment rate among school-leavers.

Since 2000, around 500 people have been trained. Approximately 90% of them have remained at the company with which they were doing their internship during the programme. The others quickly got a job at other companies.

These people trained by Flooring Systems and working at floor installing companies contribute to strengthening our policy of being the best in class regarding:

- The quality of the installed floor
- The technical skills and expertise of the recommended installation companies
- The support provided to the related companies

Forbo Flooring Systems in Sarlino also provides our customers in general with various technical training modules that cover the installation of our products. This results in more than 250 people being trained every year.

Ultimately, all these training initiatives can be considered as ways to help society by reducing the unemployment rate. At the same time, they are sustainably strengthening the business of Forbo Flooring Systems and our customers by reinforcing the skills and knowledge of flooring installers, so guaranteeing the best possible floor installation.

COEVORDEN, THE NETHERLANDS – TRANSPARENT COMMUNICATION WITH THE COMMUNITY

Through proactive engagement, we support local economies and contribute to the social fabric. Flooring Systems understands that in order to operate in our communities, we must minimise any

COMMITMENT:

WORKING WITH THE COMMUNITY

potential negative impact of our operations. We do this by operating transparently and communicating clearly with these communities, mitigating our environmental impacts where possible, monitoring our environmental performance and engaging in community consultation.

In March 2014, a limited amount of vapour was emitted into the air at our Coevorden plant, in the Netherlands. It was the result of a broken air filter. The vapour condensed in the cold air and the strong winds that day blew the droplets into a nearby residential neighbourhood. Production was stopped to investigate the cause of the problem. We found the cause of the emission problem quickly: it was the result of the failure of a part in the filter.

With the investigation ongoing, everyone living in the area was sent a letter explaining what had caused the problem, and reassuring them that there were no health risks. They were also invited to join a meeting at the factory. This transparent communication of the facts and the cause of the problem was much appreciated by residents.

Forbo Quickfit panels produced by a sheltered workshop

Taking great care, they are sawing large, 3 mm and 4 mm thick plates of MDF into panels measuring 120 cm by 60 cm. Taking great care – but not going as fast as one might expect with such a big, computer-controlled beam saw. The plates are fed virtually automatically into this special saw, but the workers have to turn and stack the panels that come out of it before they can go to the next production stage.

The person applying the adhesive with rollers is sitting, unable to do this work standing up. He pushes the panels between the rollers one by one, year after year, usually with a female colleague on the other side, working

together in harmony. She places the now adhesive-coated panels, produced by him, into the drying racks. She's doing fine; she can walk and she enjoys rolling the full rack, with its 70 panels, into the drying chamber.

After stacking the dried panels another team of five workers packs the panels in blue-and-white Forbo shrink wrap. The team, either five men or a mixed team with one or two women, are working carefully, at an easy pace, placing the stacks of panels on the roller conveyor. After the wrap has been shrunk around the stacks in the oven, the packages are placed on a lift table with a manual vacuum lifter and prepared for shipment.

Wherever you look, you see groups of workers who are clearly happy to be working, working with care and attention, but also with a lot of tools to assist them, and in a very structured working environment. You see people you wouldn't meet in an ordinary factory.



COMMITMENT:

WORKING WITH THE COMMUNITY

It's almost 20 years ago that a product development team from Forbo Flooring Systems came to De Bolder, on the Dutch island of Texel, to see if they could make an underlay floor together. This underlay is an alternative to using a fluid levelling compound on wooden subfloors and would be sold with Marmoleum.

It was the start of a long-term working relationship between De Bolder and Flooring Systems. A relationship with a focus on social equity for everybody as part of doing sustainable business. Every year, De Bolder produces and supplies tens of thousands of square metres of Forbo Quickfit underlay panels to the company's customers. Forbo Quickfit are MDF panels that are produced from natural raw materials and which can be recycled easily.

De Bolder is a sheltered workshop, one of 90 in the Netherlands. As such it enables residents of Texel who are physically or mentally disabled to get a job, something they cannot get at a regular company as they are too expensive to employ without subsidies. The municipality of Texel, which owns De Bolder, has offered work for its disabled residents for more than 60 years. Some of them work in public gardens, hoeing weeds, some produce toys, and others, men and women, work in the laundry, washing and drying sheets from the hotels on the island.

Despite the subsidies and sheltered nature of the work, the De Bolder business model is based on selling at regular market prices, with a government subsidy to cover the additional costs arising from the extra time the workers need. Another difference with a normal production company is that the production processes are mechanised, but not automated. This is to maintain employment. Employing people is the only reason for De Bolder to exist. On Texel, it is almost impossible to find regular companies that will

employ disabled people, and certainly not the 150 people currently employed by De Bolder.

De Bolder is a company that is also part of the community, just like the garbage collection crews and other local council services. Including support staff as well, it employs more than 160 people, making it the largest company on the island. Thanks to customers like Flooring Systems, hotels, toy stores, municipal gardening services and clients that need packing services, it is possible to provide decent work for disabled people, with only limited additional money from the community.

But, on top of this, and thanks to its customers, employees of De Bolder can say: "We are participating in the job market, despite...."

Leen Noordzij – Managing Director of De Bolder

COMMITMENT:

WORKING WITH THE COMMUNITY

CHARITY

Flooring Systems wants to make a sustainable contribution to improving people's quality of life. To this end, we support various charity projects with products, expertise and financial contributions. The focus is on small, locally initiated projects and partnerships. Examples from 2014 include:

Russia:

- Donating floor covering and adhesives to the children's library in Stariy Oskol.

Belgium:

- Fundraising for and sponsoring the 'For a Better Life' social project for those in need around the world.
www.forabetterlife.be

USA:

- Donating to a breast cancer research fundraiser, The Common Thread for the Cause, organised by interior designers.
- Fundraising for Children's Mercy Hospital.
- Donation in kind to Earthlinks Colorado, an organisation that provides support and education for people who are homeless or struggling with poverty www.earthlinks-colorado.org
- Donation in kind for transitional housing for homeless families.
- Sponsoring the Green Building Alliance.
- Donation and organising an annual fundraiser for Slippery Rock University.

The Netherlands:

- Donation in kind to a Mennonite Church community centre.
- Donation in kind to two educational museums.

Finland:

- Donation to a new children's hospital project.

Norway

- Donation to the Norwegian Cancer Society.
<https://kreftforeningen.no/en/main-priorities>

Japan

- Sponsoring an 'architectural rookies' contest and award.

SUPPORTING OUTWARD BOUND - THE UK

For over a decade, Flooring Systems has supported The Outward Bound Trust. This educational charity helps young people in the UK discover their potential by placing them in challenging yet supportive outdoor environments a long way from home.

A simple request to advise Outward Bound on a flooring project turned out to be the start of a long-standing relationship with this charitable body, says Forbo Flooring Systems UK's Garry Bateman.

"The Outward Bound Trust's origins go back to 1941, with survival training for young seamen cast adrift in open seas after their ships had been sunk – the younger seamen had a much lower life expectancy than older seamen. This training was carried out at the Aberdovey Centre, in Wales, which still offers experiential wilderness programmes today, and at four other residential centres.

"One of the main ways we help is by providing flooring products free of charge for the Trust's activity centres. Also, each year a number of our employees volunteer to mentor groups of young people from disadvantaged areas during week-long activity trips to Aberdovey.

COMMITMENT:

WORKING WITH THE COMMUNITY

"My relationship with Outward Bound has grown since the early days and my role is now both flooring advisor for all centres and coordinator of flooring requests for ad-hoc areas or major projects.

"The Trust really benefits in having our technical expertise to recommend which product is best suited to each area within the centres – be it dormitories, kit stores, dining rooms, etc, ensuring that the centres are fit for purpose by having durable, contemporary flooring. As 26,000 young people a year come through the doors – that's a lot of muddy wet boots!

"It is a real pleasure to help such dedicated individuals within the Outward Bound team to create functional and attractive interiors for the young people on their courses. For my part, I also get to visit centres located in some of the most picturesque parts of the UK – Wales, Cumbria and Scotland – and always with a welcome cup of tea and a home baked treat!"

For more information on The Outward Bound Trust, please visit www.outwardbound.org.uk



Garry Bateman

SUPPORTING AND SPONSORING

MARKLUND - THE USA

Donating money to Marklund is one of our major sponsor activities in the USA.

Marklund is a home, school, non-profit organisation and philosophy of care that focuses on supporting infants, children, teens and adults who have serious and profound developmental disabilities and special healthcare needs.

Marklund operates two residential homes in Illinois for nearly 120 clients – at Marklund at Mill Creek, in Geneva, and the Marklund Philip Center, in Bloomingdale. In addition it provides day school services focusing on multi-needs and life skills programmes for children and young adults with special needs, and those diagnosed with autism. It is a skilled nursing unit for medically fragile children and adults, and a developmental training centre for adults who need extra assistance in managing their disabilities.

For more information on Marklund, please visit www.marklund.org

COMMITMENT:

WORKING WITH THE COMMUNITY

SANITATION AND WATER PROJECT – BANGLADESH

Flooring Systems sources raw materials from all over the world. In doing so, we have long been committed to ethical trading, based on the belief that business can be both responsible as well as profitable to all parties involved.

In 2013, we and one of our suppliers, Janata Jute Mills, explored possibilities for developing social and medical aid projects in Bangladesh, one of the poorest countries in the world.

Bangladesh and the state of West Bengal, in India, together form the historic former state of Bengal, a distinct geographical and ethno-linguistic region in South Asia. Jute is an important crop for the farmers in this region. The fibres of the jute plant are spun into yarn and woven into cloth locally. This jute cloth is used as backing for our Marmoleum products.

Janata Jute Mills.

Together with Najmul Huq and Mahmud Huq, the owners of Janata Jute Mills, which is located in Palash, a village in the rural Narsingdi district northeast of the Bangladeshi capital, Dhaka, Flooring Systems identified, developed and sponsored several water and sanitation projects.

SAFE SANITATION AND CLEAN WATER

Clean drinking water and good sanitation are essential for good health and preventing the spread of disease. In Bangladesh, where flooding frequently occurs, this is even more important. Yet both are scarce.

In 2013, we started a project to give everyone who works in the Janata linoleum weaving mill a domestic toilet, a tube well for drinking water and in some cases both.

The inventory of the 154 people who work in the factory showed we needed to provide 41 tube wells for drinking water and 43 toilets. We began, in 2013, with those people living closest to the mill as they also comprised the greatest portion of those in need. In 2014 we started to include the surrounding districts. Janata made all the local arrangements, such as hiring a contractor and inspecting the potential installation sites, and completed the installations.

In 2014, 10 tube wells and 13 toilets were provided. Adding these to the work that was completed in 2013 means 24 tube wells and 28 toilets have now been provided. Along the way we have learned that tube wells are commonly shared among neighbours, so scaling up the impact of each well. We have made a further donation to enable the project to continue in 2015.

The human right to water and sanitation

In 2010, the United Nations General Assembly passed a non-binding resolution by majority vote to officially recognise the human right to water and sanitation, and declared that clean drinking water and sanitation are 'essential to the realisation of all human rights.' The UN called upon nations and international organisations to provide financial resources, capacity building and technology to help all countries provide safe, clean, accessible and affordable drinking water and sanitation for all residents.

ECONOMIC

3

ECONOMIC

Maintaining a strong financial position is central to our objective of being a sustainable organisation and is something that will be enhanced by continuous improvement and innovation in the design, service, performance, scope and quality of our offer to all our stakeholders. We will of course achieve this while respecting the responsibilities covered by corporate governance, risk and crisis management, codes of conduct and compliance with international laws and regulations.

BUSINESS INTEGRITY

Flooring Systems insists on integrity, honesty and equality in all aspects of our business and we seek the same from those with whom we do business, directly and indirectly. No employee may directly or indirectly offer, pay, solicit or accept a bribe or other such payment that may be construed as such, in any form. Forbo's code of conduct applies to all our employees

and clearly stipulates that the company will not engage in or tolerate any questionable or corrupt business practices. The code of conduct is part of Forbo's education programme and is mandatory training for all employees.

RISK MANAGEMENT

Risk management and risk assessment are an integral part of Forbo's organisational processes and are included in every decision-making process. Periodically, financial and hazard risks are identified and assessed internally or by third parties. Once risks have been identified and assessed, we manage the risk by applying techniques that fall under one or more of the following major categories:

- Avoidance (eliminate)
- Reduction (mitigate)
- Sharing (or insure)
- Retention (accept and budget)



ECONOMIC

RISK ASSESSMENT

Forbo Group conducts an annual risk assessment that analyses all the business areas within the company. The assessment covers internal controls and business risk, and includes targeted questions concerning fraud and corruption. An additional and more focused risk assessment devoted entirely to fraud and corruption is conducted annually with key executives. This risk assessment addresses corruption in business areas on a materiality basis.

OUR ECONOMIC PERFORMANCE

Flooring Systems' consolidated financial results for 2014 include the division's Building & Construction Adhesives activity.

Significant indicators for the generation and distribution of value plus the organisation's total capitalisation, with breakdown in debt and equity in accordance with GRI requirements, can be found in the Forbo Group annual financial report:

www.forbo.com/en/investors

SELECTION OF LOCALLY BASED SUPPLIERS

Flooring Systems pursues a procurement policy that focuses on low costs, safety and independence. Before a collaboration agreement is concluded, a multiple-stage risk analysis and assessment – including environmental and social risks – is carried out for every new supplier (see also the section on SA8000). Wherever possible, we buy goods and services from local businesses. However there are no directives regarding preferential treatment of local suppliers or for suppliers from certain countries.

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EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	NR
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	57
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	47
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	NR
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NR
Environmental		
Materials		
EN1	Materials used by weight or volume.	NR
EN2	Percentage of materials used that are recycled input materials.	29
Energy		
EN3	Direct energy consumption by primary energy source.	26
EN4	Indirect energy consumption by primary source.	26
EN5	Energy saved due to conservation and efficiency improvements.	26, 27, 28
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	NR
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	NR
Water		
EN8	Total water withdrawal by source.	NR
EN9	Water sources significantly affected by withdrawal of water.	NR
EN10	Percentage and total volume of water recycled and reused.	NR
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NR
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NR
EN13	Habitats protected or restored.	NR
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	NR
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NR
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	25
EN17	Other relevant indirect greenhouse gas emissions by weight.	NR
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	25, 26, 27, 28
EN19	Emissions of ozone-depleting substances by weight.	NR
EN20	NOx, SOx, and other significant air emissions by type and weight.	NR

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Indicator	Description	Reported
EN21	Total water discharge by quality and destination.	NR
EN22	Total weight of waste by type and disposal method.	27
EN23	Total number and volume of significant spills.	NR
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NR
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NR
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	34
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	NR
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	NR
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	NR
Overall		
EN30	Total environmental protection expenditures and investments by type.	NR
Social: Labor Practices and Decent Work		
Employment		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	43-P
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	NR
LA3	Benefits provided to full-time employees that are NR provided to temporary or part-time employees, by major operations.	NR
LA15	Return to work and retention rates after parental leave, by gender.	NR
Labor/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	NR
LA5	Minimum NRice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	NR
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	NR
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	44, 45
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	45, 46, 48
LA9	Health and safety topics covered in formal agreements with trade unions.	NR
Training and education		
LA10	Average hours of training per year per employee by gender, and by employee category.	48-P
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	48
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	47-P
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	NR
Equal remuneration for women and men		
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	NR
Social: Human Rights		
Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	37-P

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Indicator	Description	Reported
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	37-P
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	NR
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	NR
Freedom of association and collective bargaining		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	37-P
Child labor		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	37-P
Forced and compulsory labor		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	37-P
Security practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	NR
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	NR
Assessment		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	NR
Remediation		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	NR
Social: Society		
Local communities		
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	49
S09	Operations with significant potential or actual negative impacts on local communities.	NR
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	NR
Corruption		
S02	Percentage and total number of business units analyzed for risks related to corruption.	NR
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	NR
S04	Actions taken in response to incidents of corruption.	NR
Public policy		
S05	Public policy positions and participation in public policy development and lobbying.	NR
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	NR
Anti-competitive behavior		
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	NR
Compliance		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	NR
Social: Product Responsibility		
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	NR
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	NR

NR: Not Reporting P: Partial

Indicator	Description	Reported
Product and service labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	NR
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	NR
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	NR
Marketing communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	NR
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	NR
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	NR
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	NR