

SUSTAINABILITY REPORT 2015

Forbo Flooring Systems
Committed to the Health of One

creating better environments



FLOORING SYSTEMS

PREFACE

Forbo Flooring Systems is part of the Forbo Group, a global leader in flooring and movement systems. The division 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. Our flooring portfolio comprises natural linoleum, sheet vinyl, luxury vinyl tiles, electrostatic flooring for clean rooms, flocked flooring, carpet tiles, needlefelt, and textile as well as ridged aluminum-based entrance flooring. Our portfolio combines functionality and durability with coordinated colors and designs, and aims to deliver the most sustainable and environmentally responsible offer for any application. We manufacture products for commercial and residential properties.

As a leading global floor covering manufacturer, we feel an obligation to provide high quality sustainable products that are manufactured responsibly in terms of our impact on the environment. For the health and wellbeing of our customers, employees and all our other stakeholders in the wider community, we aim to ensure that the products and business decisions we make consider and respect the needs of our generation without compromising the needs of future ones.



FLOORING SYSTEMS

MESSAGE FROM MATTHIAS HUENERWADEL

EXECUTIVE VICE PRESIDENT FLOORING SYSTEMS

“As a flooring manufacturer, our products contribute to the safety, hygiene and wellbeing of every individual – their all-round health.”

2015 marked an important milestone in Forbo Flooring Systems' sustainability commitment as it marked the end of our five-year program to reduce our environmental footprint by 25%. The goal, set in 2011, was ambitious as, at the time, we were already employing highly efficient energy and recycling programs in all our operating sites. Yet, by repeatedly changing the way we construct our products, and finding clever ways to do things even more smartly, we had, by the end of the program, succeeded in reducing our environmental footprint by 23.1%. At the same time, we reduced our contribution to potential global warming expressed in CO2 equivalents by 37.7%. Although the five-year program has now officially ended, we will continue to challenge our organization every year and set goals to find ways to reduce our environmental footprint even further.

While we have spent the last five years focusing on our environmental program, we are also aware that the public debate on sustainability has been moving from economic and environmental parameters to

the social component of what is characterized as a 'sustainable operation'. As a flooring manufacturer, we contribute to the quality of the indoor environment. With over half of the world's population now living in urban and semi-urban areas, and spending 80% to 90% of their time indoors, growing concern has risen about the quality and health aspects of indoor spaces. Environmental ratings for buildings, like those found in the LEED standard and the newly established WELL Building Standard, reflect qualities such as access to fresh air and daylight. Furthermore, the types of materials used can contribute to a good (or poor) indoor environment. As a flooring manufacturer, our products contribute to the safety, hygiene and wellbeing of every individual – their all-round health. For this reason, we started our 'Committed to the health of one' program that aims at creating better indoor environments. This growing program forms part of our R&D and innovation efforts and has a place in each and every one of our new collections and products.

**COMMITTED
TO THE HEALTH
OF ONE**



MESSAGE FROM MATTHIAS HUENERWADEL

EXECUTIVE VICE PRESIDENT FLOORING SYSTEMS

As this report shows, we have been able to push forward in all aspects of our sustainability drive. While our flagship product – linoleum – is, by its nature, a sustainability champion, we have also succeeded in making impressive progress regarding the sustainability of our textile and vinyl products. Today, Forbo Flooring Systems has the largest portfolio of phthalate-free vinyl in the resilient flooring industry. In Textiles, we have achieved improvements in our carpet tiles by introducing new backing mixes that use recycled bitumen, and introduced phthalate-free Flotex in both sheet and tile formats.

Forbo's road ahead is driven by our ambition to play our role as a sustainability champion at the forefront of change. The Forbo Flooring Systems Sustainability Report, which has been drafted in line with GRI guidelines, sets out what we have done regarding sustainability in 2015. Our actions and efforts. I am

particularly proud that these are not limited to the efforts of some of us, but that in all our operations, and at all levels, engagement in creating a better sustainable performance is a key driver in our day to day work.

Matthias Huenerwadel

Executive Vice President Forbo Flooring Systems



CONTENTS

| | |
|--|----|
| Preface | 2 |
| Matthias Huenerwadel Executive Vice President | 3 |
| Our sustainability policy | 6 |
| Committed to the health of one | 7 |
| About this report | 9 |
| Report boundary | 11 |
| Identified material aspects | 12 |
| Governance | 15 |
| Organizational profile | 18 |
| Markets | 20 |
| Manufacturing | 23 |
| Award and certifications | 26 |
| Employees | 28 |
| Promoting health and wellbeing | 29 |
| Health and wellbeing of our products' users | 30 |
| Health, wellbeing and safety of our employees | 34 |
| Health, wellbeing and safety in the supply chain | 38 |
| Reducing environmental impacts | 40 |
| Reducing environmental impacts by using the 4 r's | 43 |
| Organizational development | 53 |
| Sustainable financial performance | 54 |
| Learning organization | 56 |
| Social responsibility | 59 |

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. Worldwide 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 recognizes three individual dimensions that together form 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.

Forbo 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
- A 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 focus on the health of the individual

COMMITTED TO THE HEALTH OF ONE

REPRESENTS AN ADVANCED APPROACH TO SUSTAINABILITY

With 'Committed to the health of one,' Forbo Flooring Systems is taking the next step in our focus on sustainability by creating flooring products that offer **health benefits for the individual.**

Our ambition is based on the belief that the quality of our products, our continuous product innovation and state of the art manufacturing processes can deliver a flooring portfolio that enhances the quality of the indoor environment.

In creating a healthy indoor environment, we focus on all aspects that contribute positively to the safety, hygiene, and wellbeing of our customers, but in particular on the following aspects:

- Indoor air emissions
- Asthma and allergy triggers
- Light reflectance
- Acoustics
- Cleaning and maintenance

'Committed to the health of one' is also Forbo Flooring Systems' commitment to our employees. It involves providing a safe and hygienic environment in our manufacturing facilities and offices through focusing on the continuous improvement of our processes and working conditions by:

- Regularly monitoring and reviewing progress on safety awareness
- Continually improving the safety of our production processes
- Offering health improvement programs
- Regularly monitoring and reviewing the wellbeing of all our employees

Throughout 2015, a multidisciplinary international team worked on the strategy and implementation of a new, personalized sustainability program that links our continued commitment to a sustainable future with that which 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 behavior that sets clear goals for the next phase in our market transformation. This drive comes from both the top down and the bottom up.

In 2015, the 'Committed to the health of one' program was officially presented and rolled out throughout the Forbo Flooring Systems organization, both in sales and marketing as well as in the operational entities. The program and underlying initiative received a positive and enthusiastic reception from customers, suppliers, service providers, and all our other stakeholders as well as from our employees.



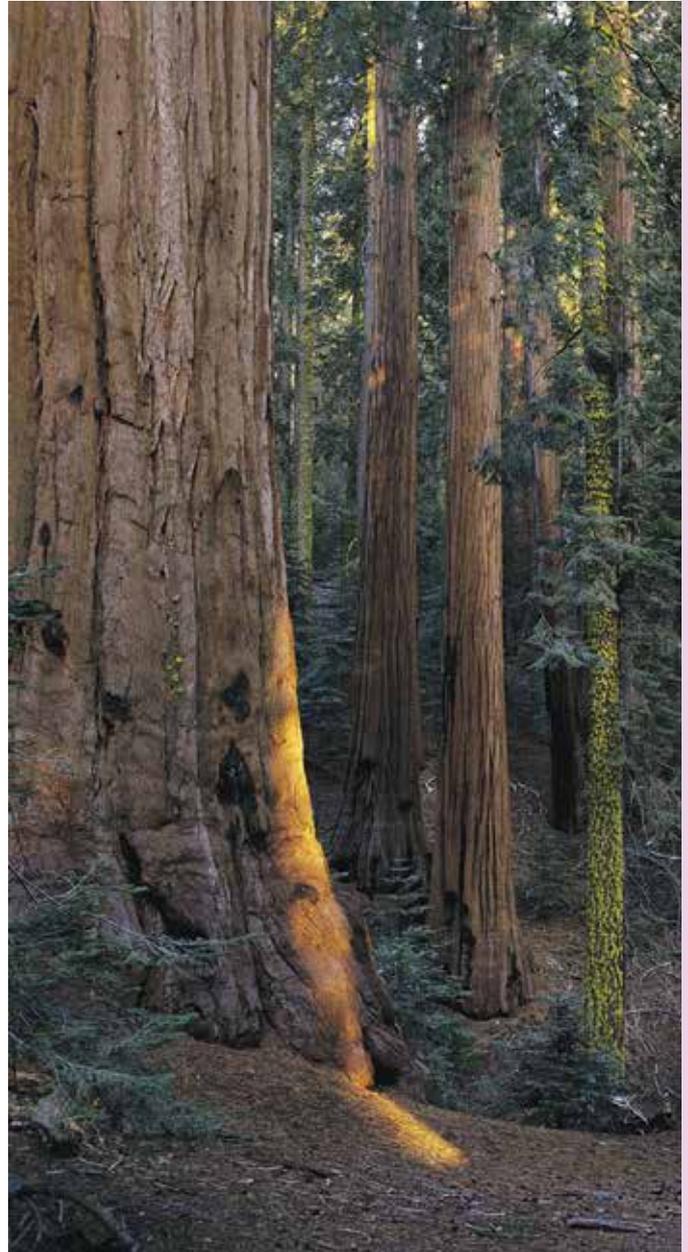
COMMITTED TO THE HEALTH OF ONE

We used a number of communication tools for the launch of the program. These included a press release, a brochure, and web content, all available in 24 languages. In addition, we launched a social media campaign and an advertising campaign in several markets, and the organization started to sign email correspondence with a 'Committed to the health of one' signature, which linked to the official Forbo Flooring Systems websites with background information on the program.

Starting in 2015, all literature supplied with new and reprinted collections contains a 'Committed to the health of one' information section about the particular features of the product that relate to our customers' safety, hygiene, and wellbeing – the three pillars that make up the 'Committed to the health of one' program. The literature includes information about the specific contribution a floor can make to enhancing the quality of the indoor environment. These include high light-reflection values, acoustic qualities, or being non-allergenic, low emitting, or created from renewable raw materials.

A short online movie explains the background to the 'Committed to the health of one' program: You will find it on our website www.forbo-flooring.com/cho

The program is now embedded in the organization and throughout this report you will find quotes from our employees on what they consider to be the relevance of the program in their day to day work.



**COMMITTED
TO THE HEALTH
OF ONE**

WWW.FORBO-FLOORING.COM/CHO

ABOUT THIS REPORT



ABOUT THIS REPORT

This is our fourth Sustainability Report and, as previously, has been 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 2015 calendar year, in line with our financial reporting cycle. The 2015 financial report is available at www.forbo.com/en/investors

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 2015 Sustainability Report. You can do so by contacting us at contact@forbo.com.



REPORT BOUNDARY

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.



IDENTIFIED MATERIAL ASPECTS



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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 organizations because of the material impact of our environmental activities. Likewise, the social and economic dimensions of our business mean we talk with unions and organizations related to the floor covering industry.

Our stakeholder engagement involves a range of activities:

- Internal stakeholders – through regular meetings and surveys
- 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 organizations – 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 and trade associations – through meetings, representation on committees, and other regular contact

In 2015, we conducted a materiality assessment

for the first time. Our goal was to validate the importance of specific sustainability topics and examine the relevance of these topics for our stakeholders. To do this, we created an internal working group composed of managers from relevant disciplines with knowledge of, and access to, data on stakeholder priorities.

The workgroup performed the following tasks:

- Identified Forbo Flooring System specific sustainability topics
- Evaluated and identified the main stakeholder groups
- Assessed 'the level of stakeholder concern per sustainability topic for main stakeholder groups based on:
 - Data (feedback, complaints, questionnaires, global media)
 - Internal or external surveys or interviews
 - Own experience
- Assessed impact on Forbo Flooring Systems' success (essential to fulfilling our strategy) for each of the sustainability topics

Based on previous sustainability reports and Forbo Group and Forbo Flooring Systems' principles and strategies, the following sustainability themes and related topics were selected:

Promoting health and wellbeing

- A positive contribution to the health and wellbeing of users of our products
- Health, safety and wellbeing of our employees
- Health, safety and wellbeing in the supply chain

Reducing environmental impact

- HSE 'Compliance plus' for our operations
- Reduction of the environmental footprint of our products
- Employing the '4R's': reduce, renewable, reuse, recycle

IDENTIFIED MATERIAL ASPECTS

Organizational development

- Sustainable financial performance
- Learning organization

Social responsibility

- Product transparency
- Social equity and labor rights (SA8000)
- Working with the community

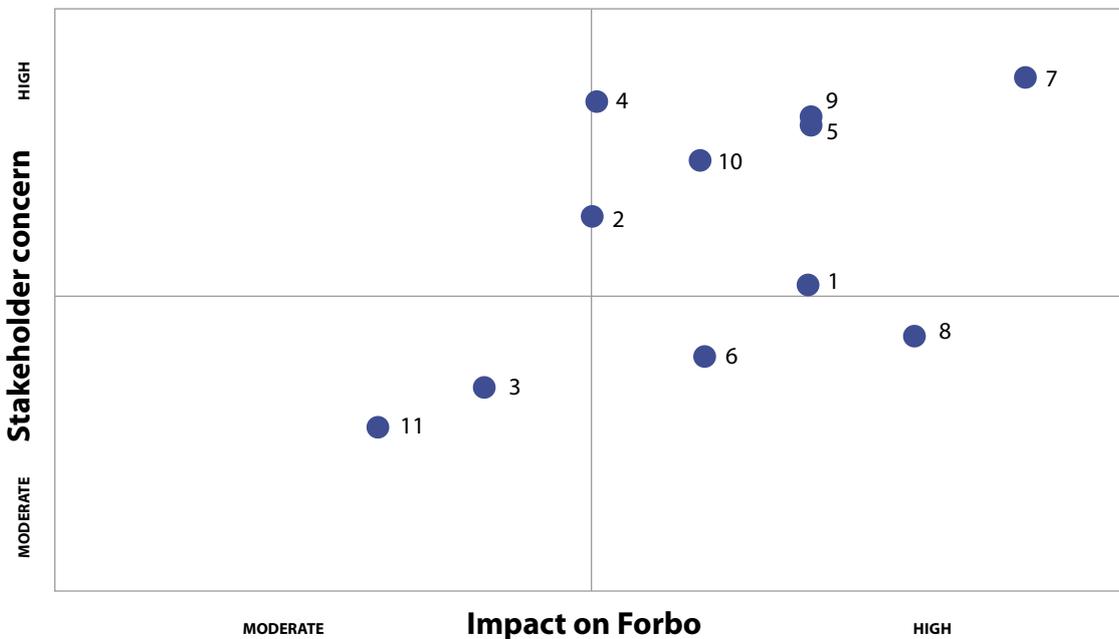
We have identified our material sustainability topics by thoroughly analyzing the resulting data and assessing the topics that are most important to our stakeholders and to Forbo Flooring Systems' business. This analysis will help us to focus our sustainability strategy and reporting this year and in the future. This report includes a significant focus on those material issues as mapped in the upper left quadrant of the materiality matrix.

MEMBERSHIPS IN ASSOCIATIONS

In 2015, Forbo Flooring Systems was a member of the following associations:

- European Resilient Flooring Manufacturers' Institute (ERFMI)
- European Carpet and Rug Association (ECRA)
- Multilayer Modular Flooring Association (MMFA)
- Global Reporting Initiative (GRI)
- Various national industry and trade associations
- The Floorcovering Committee of the International Organization for Standardization (ISO) and the European Committee for Standardization (CEN) through national member committees

Materiality Analysis Forbo Flooring Systems



- | | |
|--|--|
| 1. Positive contribution to the health and well-being of users | 6. Using "4R's": reduce, reuse, renewable, recycle |
| 2. Health, well-being and safety of our own employees | 7. Sustainable financial performance |
| 3. Health and well-being in the supply chain | 8. Learning organisation |
| 4. HSE 'Compliance plus' for our operations | 9. Product transparency |
| 5. Reduction of environmental footprint of our products | 10. Social equity and labor rights (SA8000) |
| | 11. Work with community |

GOVERNANCE



GOVERNANCE

Corporate governance at Forbo encompasses the entire set of principles and rules on organization, conduct, and transparency that are designed to protect the company's long-term interests. Forbo's aim is to strike a careful balance between management and control. The central rules are contained in the Articles of Association, the Organizational Regulations, and the regulations of the committees of the Board of Directors. The following 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/en/investors

FORBO CODE OF CONDUCT

In the reporting year, we constantly maintained our efforts to further develop a conscious attitude to what we do. We did this by reinforcing awareness of the contents of the Code of Conduct (by means of an e-learning module), competition law, and anti-corruption principles, and through the uncompromising implementation of the risk management process.

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

FORBO FLOORING SYSTEMS' ORGANIZATIONAL 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

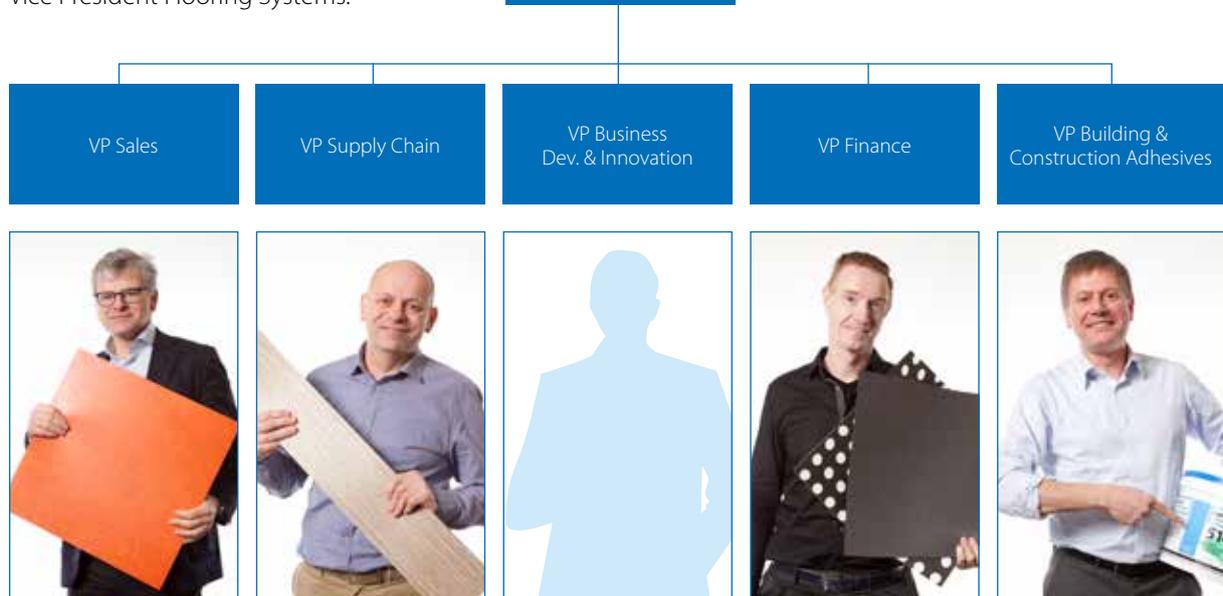
Our flooring products are divided into product categories that include linoleum, project vinyl, cushion vinyl, acoustic vinyl, luxury vinyl tiles, entrance flooring, flocked flooring, carpet tiles, and needlefelt. Each of our sales organizations defines the product mix for the country or region it represents.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

THE FLOORING SYSTEMS MANAGEMENT TEAM

Forbo Flooring Systems has five management team members who are responsible for Sales & Marketing, Supply Chain, Business Development, Finance, and Building & Construction Adhesives respectively. The management team is led by Matthias Huenerwadel, Executive Vice President Flooring Systems.



Matthias Huenerwadel
Executive Vice President
Flooring Systems



ORGANIZATIONAL PROFILE



ORGANIZATIONAL PROFILE

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 5,200 people and has an international network of 24 production and distribution companies, six assembly operations, and 42 sales organizations in 35 countries worldwide.



MARKETS

Over the past year, we continued to focus on our previously defined long-term goals. We did this by aligning our product portfolio even more closely to the needs and applications of customers in the private sector, and by adding further attractive collections to our product range. To support these efforts, we have invested in new products as well as in measures to boost efficiency over a wide range of operational areas. Despite all these steps, we were unable to repeat the positive sales and earnings performance achieved in 2014. Public sector investments remain at a modest level and continue to be constrained. Our efforts to expand and energize customer segments in the private sector are having an effect. However, weaker demand in our high-revenue core markets has put a damper on growth. With our refreshed product portfolio and new initiatives to boost growth, customer focus, and cost consciousness, we believe we will strengthen our

market position as a leading systems supplier in the commercial segment, and so return to the growth path.

The market we operate in has shown a very mixed performance for a number of years and has been further depressed by a persistently low level of demand in the public sector. These factors are increasingly affecting our high-revenue segments in the healthcare and education sectors. In the year under review, our major core markets, in particular France, the United Kingdom, and North America, had to contend with a number of challenges. In France, demand declined owing to the ongoing market situation and a very competitive environment. Sales in the UK showed a downtrend in the reporting year following significant growth the previous year, which was driven by large-scale projects. In North America, demand was muted, especially in our core



MARKETS

segments of healthcare and education. Some of our smaller markets also had to contend with adverse market conditions. Switzerland, for example, reported a negative impact on sales as a result of the strengthening of the Swiss franc against the euro, while markets in Eastern Europe and South America, which had been growing, recorded a significant drop in demand owing to the current market environment.

The markets in southern Europe performed very well. Sweden, too, reported encouraging sales growth on the back of an overall strong market, while Germany performed well and posted growth amid tough competition. In the Netherlands, sales stabilized after declining in recent years. China and South Korea again reported above-average sales growth owing to large-scale customer installations in various customer segments.

INVESTMENTS TO SUPPORT GROWTH

In addition to refreshing our product portfolio,

we have taken targeted measures to strengthen distribution channels. In Turkey, we expanded the sales team we had set up in 2014 and provided it with local warehouse capacity. In Indonesia, we established a local sales team. In Poland and the Czech Republic, we put in place local customer service. And in Sweden, we opened an additional service depot in Malmö and expanded the central warehouse in Gothenburg.

All these measures strengthen our customer focus in two ways. First, they reduce delivery times (and also increase efficiency). Second, they bring us closer to our customers, which helps us to deal with their local needs and requirements.

OFFERING TOTAL SOLUTIONS FOR THE BUILT ENVIRONMENT

Forbo Flooring Systems' product portfolio traces its roots to the start of the 20th century, when natural linoleum was introduced as the new and revolutionary alternative to stone and wooden floors, both bare and covered with textiles, such as carpets and rugs.

Linoleum created a new category of resilient flooring that covered a floor wall to wall without leaving any seams or gaps. Linoleum floors were correctly seen as being hygienic and easy to clean, which made them popular choices for public institutions like hospitals, schools, and public buildings such as government offices, libraries, communities halls, etc. Natural linoleum retained its crown as the only resilient floor covering until the mid-1950s.

Forbo's linoleum factories formed the founding member of the 'Continental Linoleum Union' (1928), which represented factories all over Europe. The introduction, in the early 1950s, of PVC as a construction material brought with it the advent of vinyl floor covering, first in the home and later for



MARKETS

professional use. With our Novilon brand, Forbo was one of the first to herald the new era of vinyl floor coverings, yet we stayed in touch with our heritage by remaining the world's largest linoleum producer.

Today, linoleum continues to hold a special position in a Forbo portfolio that includes a wide range of flooring products, each with their own role in enabling us to offer our customers a 'total solution.' Where linoleum was for years considered the main choice in healthcare, education, and public buildings, these environments are changing and now require multiple products in order to fulfil the demands placed on them today. A hospital doesn't only cure and care, it also welcomes visitors and offers places to meet, to relax, to eat, and to recover. Restaurants, shops, and offices are just as common in healthcare buildings as they are everywhere else. The same is true for schools. As well as classrooms, they often include study centers, theaters, sports arenas, and a restaurant. Offices are similarly becoming multifunctional environments. And similar trends can be seen in retail, leisure, and hospitality, too.

For these reasons, a flooring supplier must be able to supply the right product for every environment – a total solution, whether in textile or resilient flooring. At Forbo Flooring Systems, we make all our products to the same quality standards, the same environmental profile, the same design parameters, and under the same commercial conditions – reliably, on time, and with guaranteed performance. As a result, the Forbo organization has moved from a product-focused portfolio offer to one based on segment-focused solutions. This not only serves our customers better, but also brings our company together as one entity serving the market.

David Jones, Director of Sales Middle East

"In my work, I need to explain and emphasize the quality of our products and the reliability of our company. But actually, that is what all other companies are doing as well. To have a program like 'Committed to the health of one' really helps me to explain that our products do more than just cover the floor. You can imagine that in the Middle East, where, because of the climate, almost 99% of peoples' lives are spent indoors, it is good to know that our products can actually help to improve the quality of the indoor environment because of their special attributes, their natural raw materials, and the state of the art composition of our products. It helps me to not sell 'just products,' but really makes the concept of a 'total solution' offer more meaningful."

MANUFACTURING



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

LINOLEUM, A CLASSIC REINVENTED

Forbo Flooring Systems' linoleum floors, sold under the Marmoleum brand, are made from almost 97% natural raw materials (some of the pigments used as well as materials in the surface finish account for the 3% that we do not classify as 'natural'). Forbo Marmoleum is therefore 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 employing a 'natural' floor covering. In addition to the classic sheet format linoleum, Forbo Flooring Systems introduced a complete range of modular tiles and planks in 2015,

further extending the appeal of Marmoleum for use in retail shops, leisure environments offices, hospitality venues, and other commercial buildings.

Marmoleum is a natural champion, no other floor covering, can boast so many labels and certifications. Nature Plus, Blue Angel, Nordic Swan, and numerous national certifications are proof of this, as are Marmoleum's accreditation in the LEED and BREEAM environmental building ratings.

Our brands: **marmoleum marmoleum modular, marmoleum click touch, bulletin board, furniture linoleum, marmoleum sport, marmoleum decibel, marmoleum ohmex, cork linoleum**

MANUFACTURING

PRESENTING THE MOST ADVANCED SUSTAINABLE VINYL OFFER IN THE INDUSTRY

2015 was a special year for our vinyl portfolio. We introduced collections with phthalate-free vinyl technology in all our vinyl manufacturing locations. We are offering more and more collections with loose-lay options in sheet and modular formats, and we have increased the recycled content in each of our new product introductions. Vinyl floors are reliable performers that last a long time, and we intend to make them even better. 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, smaragd, allura, colorex, novilux, novilon, sarlon, step, nordstar**

FLOTEX, THE HIGH TECH TEXTILE PERFORMER

How do you define Flotex? With over 80 million fibers in one single square meter, Flotex is neither a true carpet nor a resilient floor. Instead, 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 traditional 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 the only 'carpet' to be approved by the British Allergy Foundation. Thanks to its unlimited bespoke and digital printing opportunities, Flotex works in a designer environment every bit as well as

it does in high-traffic areas and senior care facilities where hygiene is paramount.

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

ENTRANCE FLOORING THAT KEEPS OUT 94% OF ALL WALK-IN DIRT AND MOISTURE

The reason we recommend cleaning our Coral textile entrance floors on a daily basis is simple: every day, Coral entrance floors capture 94% of all the dirt and moisture that otherwise would be walked into a building. Our entrance flooring systems are not a form of mat. Instead, they are made of an intricate combination of absorbent bristle and scraper yarns.

As well as textile entrance flooring, we also manufacture rigid entrance floors, marketed under the Nuway brand. Tuftiguard is our original entrance mat and lies at the heart of the Nuway range. It has the durability, strength, and structural integrity to deliver both excellent performance and appearance-retention in intense-traffic locations, and to remove high levels of soil from the soles of shoes and wheel treads, where this is necessary. Each Tuftiguard mat is assembled using aluminum (100% recycled) or Bamboo scraper bars, and buffed or unbuffed prime rubber and polyamide fiber composite wiper strips.

Our brands: **coral nuway**

TURNING FISHERMEN'S NETS INTO CARPET TILES

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 use Econyl® yarns for the pile. This is made from recycled waste materials, such as worn out fishermen's nets,

MANUFACTURING

which are turned into yarn. We have also replaced the usual bitumen backing of our tiles with a new composition that uses 78% recycled material. Our carpet production sites in the UK run solely on green electricity (100%), and we reuse and recycle all production waste so that we close the loop.

Our brands: **tessera, westbond**

NEEDLEFELT, A SUPER-TOUGH NON-WOVEN THAT ACTS LIKE A TEXTILE

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 schools, offices, shops, and hotels. Forbo carries both coarse and fine fiber needlefelt ranges. The newly designed vivid colors of our Showtime needlefelt collection, combined with their velour like surface texture, gives this needlefelt range a modern and contemporary appeal, making them into desirable design icons.

Our brands: **forte, markant, akzent, showtime**



AWARD AND CERTIFICATIONS

We are recognized by many certifying bodies for our commitment to the environment, to employees, to the community, and to our customers.

ENERGY AWARDS

In 2015, all our manufacturing sites in Switzerland, the Netherlands, the United Kingdom, and France were awarded national certificates that recognize that all (100%) of their electricity needs are met from renewable sources.

Our products have received many national and international certifications:

MARMOLEUM



MARMOLEUM CLICK



MARMOLEUM, FLOTEX



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



FORBO FLOORING SUPPORTS LEED

Leadership in Energy and Environmental Design (LEED) is one of the most popular green building certification programs in the world. Initially developed by the non-profit U.S. Green Building Council (USGBC), and now rolled out worldwide through national Green Building Councils, it includes a set of rating systems for the design, construction, operation, and maintenance of sustainable buildings, homes, and neighborhoods that aims to help building owners and operators be environmentally responsible and use resources efficiently.

CERTIFICATION LEVEL

Buildings can qualify for four levels of certification:

- Certified: 40–49 points
- Silver: 50–59 points
- Gold: 60–79 points
- Platinum: 80 points and above

CREDIT POINTS

There are 100 possible base points distributed across six credit categories: Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, Indoor Environmental Quality, and Innovation in Design.

AWARD AND CERTIFICATIONS

FORBO MARMOLEUM SCORES THE HIGHEST NUMBER OF LEED CREDIT POINTS

Marmoleum, Forbo's linoleum brand and core product, scores the most LEED points of any flooring material in the 'materials and resources' category, giving Forbo an advantage over the competition for projects in which a LEED certification is desired.

THE STOCKTON COURTHOUSE

LEED Gold Certification is underway for the newly built Superior Court of California, San Joaquin County Courthouse. The 13-story facility, designed by NBBJ Architects of Seattle, balances classic design with modern function. With LEED Gold Certification in mind, the design process has resulted in a high-performance building that creates a healthier interior environment for courthouse employees and visitors. Sustainable materials chosen for the courthouse include Marmoleum Real on the floors and Bulletin Board for wall coverings and pin boards.

Other 2015 projects in the USA that involve LEED certification:

- Ohio State University's Wexner James Cancer Hospital and Solove Research Institute, Columbus, OH
- The Global Center for Health Innovation, Cleveland, OH – LEED Gold Certification
- Swarthmore University Towne Center, Swarthmore, PA – in the certification process
- Saint-Gobain's US Headquarters & Showroom, Malvern, PA – LEED Gold registered

More information about LEED and LEED-certified buildings can be found at: www.usgbc.org/leed

**Kevin Makarewicz,
Hazleton Warehouse Manager,
United States**

“When I see the amount of Marmoleum floor covering we are shipping to schools and healthcare institutions all over the United States, I am actually proud that we’re offering a good and healthy solution that will not only brighten up the indoor environment, but actually also make a contribution to the health of everyone using our floors.”

EMPLOYEES

Our people are central to Forbo 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 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 to focus on education as well as a safe and pleasant working environment.

We recognize that by looking after our employees, our business operates more successfully across the world. We therefore aim to take good care of our people and to stimulate their wellbeing, performance, and engagement. As a result, we enjoy a low turnover rate. Our workforce includes those at our divisional head office in Assendelft, the Netherlands, everyone in operations and warehousing, and all our sales and marketing offices worldwide. At the end of 2015, we employed 3,006 people within Forbo Flooring Systems.

STRATEGIC WORKFORCE PLANNING

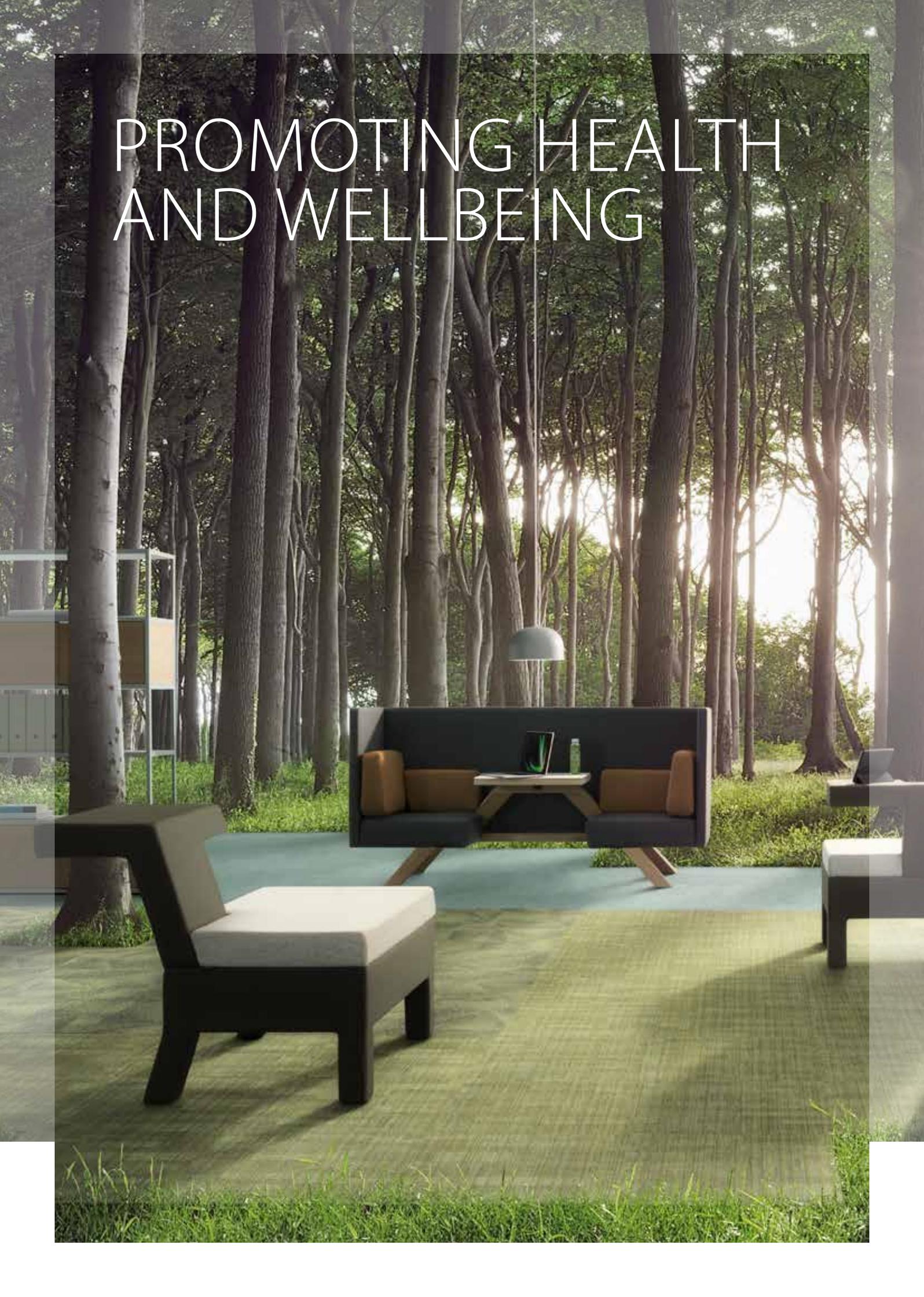
In 2015, we pursued our strategy of expanding our business in Asia/Pacific and the Americas by strengthening our local sales offices. In Europe, the main focus for strategic workforce planning was linked to our private sector growth strategy of expanding our product portfolio to privately financed customer segments. Within our supply chain operations, we continued our efforts to optimize and increase the flexibility of our workforce, based on market demand.

Monika Framska, Marketing Manager Poland

“In Poland, Forbo Flooring Systems is seen as a responsible company, a trusted partner, that is reliable and delivers high quality products. The ‘Committed to the health of one’ campaign is really helping us to tell the story about our ambition and what really matters to us. In Poland, we have made a lot of effort to make our customers aware of the campaign and to make them understand that we actually care about safety, hygiene, and wellbeing, and that our products can support you in these.”

With increases in the state pension age in most European countries, dealing with an aging workforce is increasingly becoming another aspect of strategic workforce planning. Employee turnover will be lower, while will reduce employee development requirements in general. We discuss these challenges with our employee representative bodies to find solutions that meet the current and future expectations of the organization and our employees.

PROMOTING HEALTH AND WELLBEING



HEALTH AND WELLBEING OF OUR PRODUCTS' USERS

Floor covering is omnipresent for everyone in Europe, the Americas, Asia/Pacific, and all the large urban areas in Africa. We don't always realize it, but whenever we get up, have breakfast, arrive at work, arrive at school, take part in sports or leisure activities and more, almost every building we enter employs some sort of floor covering on every floor and in every room. Realizing this gives us an insight into where we, as a society, spend our time. From early morning to late evening, whether for work or relaxation, for professional or private reasons, we spend our time indoors. In fact, we tend to spend 80-90% of our lives indoors, very often in enclosed environments that are managed with air conditioning and air management systems that make 'being inside' a euphemism for being shut in.

Forbo's products form part of this environment, which is why, many years ago, we made it our goal to help 'create better environments.' The motto 'Creating better environments' has, of course, a double meaning. It's about creating a better indoor environment through our flooring materials, use

of color and design, and creating a better 'global' environment by making responsible choices and using materials that are made of natural raw ingredients and which won't place a burden on our future.

As a program, 'Committed to the health of one' has helped and is helping our organization to focus our development roadmap and collection strategy. We really believe that flooring, and our flooring in particular, can make a difference when it comes to the health and wellbeing of every person in an indoor environment.

In creating a healthy indoor environment, we focus on all aspects that contribute positively to the safety, hygiene, and wellbeing of our customers, but in particular on the following aspects:

- Indoor air emissions
- Asthma and allergy triggers
- Light reflectance
- Acoustics
- Cleaning and maintenance

'Committed to the health of one': the right flooring for classrooms



Children spend most of their time indoors, both at home and in school. Measurements of indoor air quality indicate that elementary school children are subjected to large concentrations of CO₂ and exposed to increased levels of particulate VOCs and biological contaminants. Asthma and allergic diseases are the most prevalent chronic diseases among children and have increased quite rapidly in recent decades. The findings cannot be explained by genetic changes and is more likely to be due to changes in environmental exposure and/or in lifestyle.

HEALTH AND WELLBEING OF OUR PRODUCTS' USERS

Forbo Flooring Systems recognizes that it is important to minimize exposure to the causes of allergic conditions such as asthma, rhinitis, and eczema. Holding the Allergy UK seal, Forbo Marmoleum is proven to help maintain a clean and fresh environment, which has a positive impact on allergy sufferers. Marmoleum is produced from renewable natural raw materials that are PVC-free and low-emitting in terms of volatile compounds. They are also easy to clean.

Marmoleum improves life for children with asthmatic allergies. Its anti-static properties repel dust and dirt, and contribute to a better indoor environment and air quality. Moreover, Marmoleum's proven bacteriostatic properties inhibit the breeding of harmful micro-organisms.

Whether in a nursery, school, or university, a classroom should be warm, durable, and facilitate the kind of quiet atmosphere that helps students to learn effectively. Forbo Marmoleum both meets these requirements and is available in an extensive color pallet to fit any design scheme.

'Committed to the health of one': "Switching to Flotex flooring made a big difference to my daughter's allergies"



In western Europe, allergic conditions have risen rapidly in the last 10 years. According to Allergy UK, there are an estimated 21 million allergy sufferers in the United Kingdom – that's one in three of the population. One of the main culprits is thought to be today's double-glazed, centrally heated, carpeted houses, which can cause an increase in allergens and provide the ideal breeding ground for house dust mites. Rachael Wintrip's daughter Poppy, six, has suffered from eczema since she was three months old, and developed asthma when she was two. Last November, Forbo Flooring Systems replaced her old bedroom carpet with Flotex. Forbo Flotex is the only textile floor covering to have been awarded the prestigious Allergy UK Seal of Approval. This means that with the correct cleaning regime, it won't harbor house dust mites or pet allergens.

Says Rachel: "Poppy's eczema and asthma has definitely improved since Flotex was fitted. There's been a marked reduction in her wheezing and coughing and, unlike before, she's no longer bothered by it during the night or early in the morning. She now only needs two puffs of her blue inhaler before bed, whereas before we laid the Flotex she'd often need it during the night. As a result, she gets a much better night's sleep. Her eczema is much better and she's not scratching in her sleep and waking during the night. Overall, her skin looks much clearer, especially on her feet where, before, it was very sore. She's much happier playing on her bedroom floor since her carpet's been replaced with Flotex, too."

HEALTH AND WELLBEING OF OUR PRODUCTS' USERS

The beauty of Flotex is that while it offers the texture and warmth of carpet, it's actually made up from millions of electrostatically flocked nylon fibers that help trap airborne allergens until they can be safely vacuumed up. Vacuuming will remove twice as many allergens from Flotex compared to conventional carpets. Thanks to the fact that it is 100% waterproof, any mess or spills can be quickly and easily removed, making it ideal for playrooms and children's bedrooms. In addition, its acoustic properties help to reduce noise, so choosing Flotex means moms and dads might get some peace and quiet, too!

Available in a wide choice of colors and designs, Flotex opens up a whole new world to little allergy sufferers who previously had to steer clear of carpet. Says Rachael: "Switching to Flotex has made a huge difference to Poppy's allergies. I'd definitely recommend it to other parents."

'Committed to the health of one': designing for Dementia



With an aging world population, healthcare specialists are paying growing attention to the need to distinguish between the curing aspects of healthcare and the caring ones. On the one hand, accommodation for seniors is increasingly being designed to create homely environments that combine safety and hygiene with a sense of wellbeing. On the other, there are more and more homes that provide medical assistance on small wards, with one of the biggest and growing needs being to look after the increasing number of people suffering dementia.

Dementia environments are special care environments in which accommodation is designed to make dementia sufferers feel more at ease and less lost and confused. Considerable research has been done into designing environments for dementia patients. In these designs, furniture, lighting, and the color schemes of walls and floors play an important role. In 2015, we put our entire portfolio under the microscope and selected those flooring designs and colors that could be considered suitable for use in dementia environments.

The result is a style guide of floor types and designs that architects and specialist designers can use to create fitting and suitable designs. As tastes and cultural backgrounds vary from country to country, Forbo has concentrated on delivering a wide range of suitable products and designs from which to pick and choose, rather than a narrow portfolio of choices.

A key point of information in the style guide is the presentation of the light reflection value (LRV) of each of our floor coverings. This enables designers to choose various designs that share the same or a similar light reflection values, so as to avoid creating designs with too much contrast, something that can create unrest for dementia patients.

HEALTH AND WELLBEING OF OUR PRODUCTS' USERS

The Forbo Dementia Design Collection is a tool that can be used to create flooring for dementia patients, within an overall interior design concept, that is safe, hygienic, and provides a sense of wellbeing. As such, the collection is a good example of our effort to create a better environment in which we are committed to the health of the individual.

'Committed to the health of one': HQE™ certification in France

HQE™ – Stands for High Quality Environment: Balance between quality of life and environmental performance and requires certificate holders to achieve a given level of performance in each of four areas: Energy, Environment, Health, and Comfort.

HQE™ is the French certification awarded to building construction and management as well as urban planning projects. It promotes best practices, sustainable quality in building projects, and offers expert guidance throughout the lifetime of the project. Since 2006, 1,620 non-residential buildings have been certified, representing 18.1 million square meters of space. Some 77% of the buildings are owned by private investors.

HQE™ is a quality process that aims to improve the comfort of buildings through better construction and use. It is based on taking a 'global cost' (financial and environmental) approach to a project, from design to end of life, and ideally including an energy balance, carbon footprint, and a lifecycle analysis. The HQE™ includes 14 targets of which eight concern floor coverings:

- *Choice of product to use*
- *Reduce harmful effects at the worksite*
- *Hygrothermal comfort*
- *Acoustic comfort*
- *Visual comfort*
- *Olfactory comfort*
- *Sanitary spaces quality*
- *Air quality*

Flooring Systems' product portfolio for France delivers a 'Compliance-plus' performance that meets the HQE™ requirements for floor covering certification and exceeds international regulations and certifications.

John Guiver, Operations Director Bamber Bridge & Cortonwood, United Kingdom

"I like the way that 'Committed to the health of one' focuses on those aspects where the choice of a floor covering can actually help you create the right environment for the right purpose. Of course, safety and hygiene are important to all our products, but I am happy to see that it is acknowledged that wellbeing is also an important aspect of creating better indoor environments. Carpet tiles offer this possibility, providing indoor spaces that are comfortable, with good acoustics, and good indoor air quality. Our Tessera and Westbond ranges do just that..."

HEALTH, WELLBEING, AND SAFETY OF OUR EMPLOYEES

As well as a promise to our end-users, 'Committed to the health of one' is also Forbo Flooring Systems' commitment to our employees that we will provide a safe and hygienic environment in our manufacturing facilities and offices by focusing on the continuous improvement of our processes and working conditions. We will realize this by:

- Continuous improvement of the safety of our production processes
- Regularly monitoring and reviewing the progress of safety awareness
- Offering health improvement programs
- Regularly monitoring and reviewing the wellbeing of all our employees

CONTINUOUSLY IMPROVING THE SAFETY OF OUR PRODUCTION PROCESSES

Employee safety is our top priority throughout Forbo Flooring Systems. Many of the people in 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 organizations put in place demonstrably sound occupational health and safety systems.

All our UK sites and the Assendelft (Netherlands) and Reims (France) sites are OHSAS 18001 certified.

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



HEALTH, WELLBEING, AND SAFETY OF OUR EMPLOYEES

REGULARLY MONITORING AND REVIEWING THE PROGRESS OF SAFETY AWARENESS

While we are investing resources to improve our work systems and upgrade equipment, we also recognize that variability in safety performance can often be attributed to behavioral factors. Sustainable behavioral change is therefore key to our long-term OHS strategy, and the focus of many of our training programs. All sites operate safety awareness programs to reduce the number of accidents.

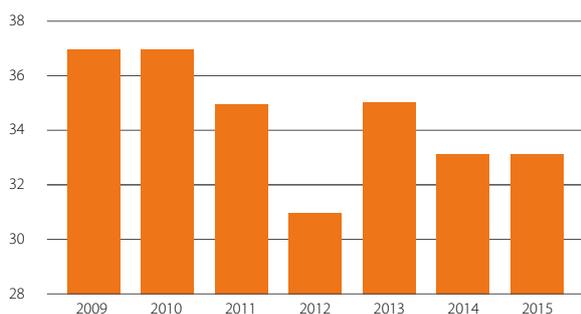
The key indicators of our safety performance are:

- Lost Time Accidents
- Lost Days Injury
- Total Accident Frequency Rate
- Safety Concerns Frequency Rate

These key performance indicators are measured and reported every month at all sites. The number of Lost Time Accidents in 2015 remained at its lowest level ever. The downward trend in Lost Days Injury returned to the level of 2013.

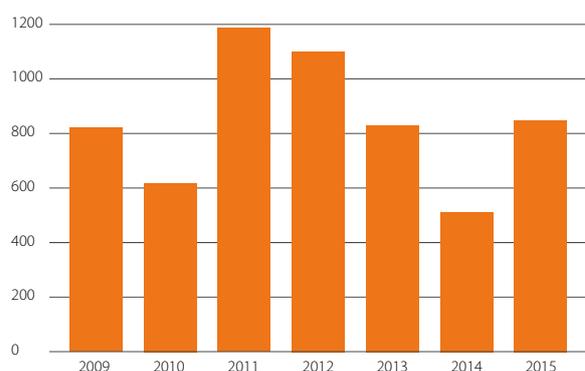
We began reporting our Total Accident Frequency Rate and Safety Concern Frequency Rate in 2012.

LOST TIME ACCIDENTS

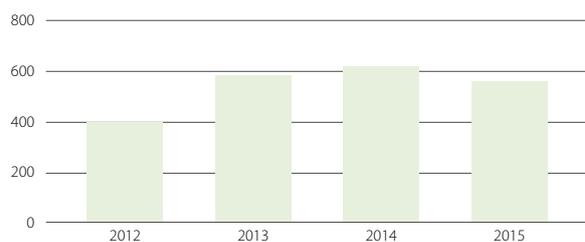


Total accidents are defined as all accidents, including those with no injuries. A safety concern is defined as all reported unsafe situations and near misses. These two indicators are reported to management every month to improve our overall safety performance. The growing safety awareness of our workforce is key to lowering the Total Accident Frequency Rate. Better reporting of safety concerns also supports a safer working environment. We consider the consolidated reporting of gender-specific data on safety incidents to be not material from a safety management point of view in our operations; we therefore do not compile such figures centrally or include them in our divisional figures.

LOST DAYS INJURY

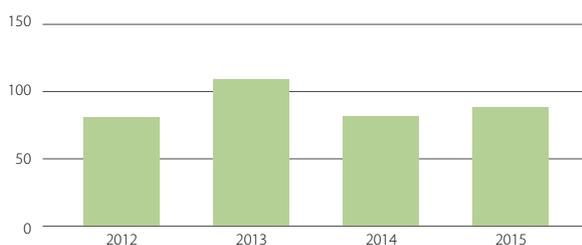


SAFETY CONCERN FREQUENCY RATE



HEALTH, WELLBEING, AND SAFETY OF OUR EMPLOYEES

TOTAL ACCIDENT FREQUENCY RATE



JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

All our manufacturing sites have joint management-worker health and safety committees that help monitor and advise on health and safety programs. In addition, all our sales entities in Europe, Australia, and Russia have similar committees that together, at the end of 2015, covered more than 85% of our total employees.

Offering health improvement programs

Although it is very important to have a good absenteeism protocol, prevention is increasingly important, especially with an aging workforce in our production facilities. We therefore have a number of initiatives to promote the health and wellbeing of our employees. This may differ per entity and/or country. Some examples:

Healthy lifestyle programs

- Stop-smoking programs
- Sponsored fitness activities
- Facilitating sports activities
- Promoting healthy food

Regularly monitoring and reviewing the wellbeing of our employees

- Offering regular medical check-ups
- Employee surveys
- Concerns and grievances reporting procedures

CONCERNS AND GRIEVANCES PROCEDURE

With the rolling out of the SA8000 accountability standard in the Netherlands, France, and the UK, at least 75% of our employees are now covered by a grievance procedure. This provides a way for employees to report, anonymously or otherwise, any concerns or examples of non-conformance to an SA8000 worker representative, without having to go through legal staff representatives (trade unions, health and safety committee, works council, etc.). The SA8000 worker representative is an employee chosen by non-management personnel to facilitate communication with senior management on matters related to SA8000. SA8000 therefore provides another confidential means of communication that fosters exchanges on issues which are sensitive or hard to express.

This approach is only sustainable if every single concern or non-conformance is addressed quickly and systematically. In order to do so, we have implemented a standardized procedure to handle complaints. It is important to say that this SA8000 procedure is not intended to replace other legal committees or procedures. In countries not yet covered by the SA8000 certification, other (legal) procedures are sometimes available that are not covered in this report.

HEALTH, WELLBEING, AND SAFETY OF OUR EMPLOYEES

SA8000 – Social Accountability International

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. 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.

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*
- *Working conditions are safe and hygienic*
- *Child labor 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: the benefits for our organization

The interviews that were held during the external SA8000 audit have given us valuable, anonymous feedback on issues in the organization; more specifically where our employees have concerns and/or require more information. To follow up on these concerns, meetings were held to get a deeper insight and according measures were taken.



HEALTH, WELLBEING, AND SAFETY IN THE SUPPLY CHAIN

We purchase a wide range of raw materials, products, and services to support our business locally, regionally, and globally. These raw materials and products include our principal constituents – linseed oil, gum rosin, PVC granules, and nylon yarn – as well as other materials and services such as chemicals, fillers, energy, fuels, spare parts, maintenance, logistics, and IT services. Our supply networks encompass various kinds of suppliers from small-scale local service providers to large multinational companies.

Responsible sourcing

For Forbo Flooring Systems, responsible sourcing means showing true commitment to global responsibility, addressing the concerns of our key stakeholders, complying with regulatory frameworks, adhering to best practices, and managing supply risks.

Our Supplier Requirements program builds further on the sustainability requirements. These requirements are an integral part of the contract between Forbo Flooring Systems and our suppliers, and require the management and control of:

- Quality
- Environment
- Anti-corruption
- Raw materials
- Social accountability (SA 8000 standard)
- Community relations

Compared to previous sustainability requirements for suppliers, the new program introduces a new requirement on social accountability. The requirements related to quality, environment, and responsible business practices were also reviewed and updated.



HEALTH, WELLBEING, AND SAFETY IN THE SUPPLY CHAIN

SOCIAL ACCOUNTABILITY

Forbo Flooring Systems expects our business partners to commit to the SA8000 social accountability requirements. We not only require a written commitment; local audits can also form part of our supplier approval procedures. In fact, suppliers in countries with weak labor protection are always monitored via local audits. Ethical business practices have always been part of Floorings Systems' policies, and so 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 to existing procedures. We are treating SA8000 implementation as the key performance indicator for measuring our progress in responsible sourcing.

COOPERATION WITH OUR SUPPLIERS

The Supplier Requirements program imposes minimum requirements on our suppliers as a legally binding document. However, our approach also involves close cooperation with individual suppliers. This is realized through meetings, onsite visits, and supplier assessments that involve audits conducted by our purchasers or QHSE managers to ensure that our suppliers properly observe human and labor rights, occupational health and safety requirements, environmental performance goals, and responsible business practices in their daily business. In practice, our responsible sourcing work is implemented by our purchasers, who meet suppliers regularly to discuss related issues. As part of our Supplier Requirements program, our purchasers also visit our suppliers' production sites to see where the products we use actually come from, and to get a first-hand impression of suppliers' operations. At the end of 2015, approximately 70% of all our suppliers had been assessed.

SUPPLIER ASSESSMENTS AND AUDITS

In addition to conducting supplier visits, we evaluate and monitor our suppliers electronically and via

audits. Supplier companies are selected for auditing based on a pre-evaluation of their social and environmental risk profile, taking into account their geographical location, the nature of their own supply chain, the product category, our purchasing power, and the spend volume.

In 2015, all new raw material, packaging, and product suppliers were assessed and/ or audited in accordance with the Supplier Requirements program. The audits revealed non-conformances relating to, in particular, occupational health and safety, but also working hours, safety procedures, and environmental performance. In some cases, they also indicated that suppliers' own management systems were inadequate. None of the non-conformances identified during these audits involved child labor or forced labor.

The conclusions and recommendations of all audits were reported to the suppliers involved and, when deemed necessary, discussed with them. These reports and discussions resulted in corrective action plans, specific schedules for the implementation of the necessary improvements, and agreements on any practical support that the supplier might need to undertake remedial actions.

The progress made on implementing corrective action plans is followed up by our purchasing department and, if it is felt to be appropriate, a follow-up audit is conducted. If we find that a supplier is failing to meet our requirements and expectations, we first offer guidance specifying which issues need to be corrected or improved. The supplier must then take the corrective actions we requested by Forbo Flooring Systems. During 2015, all the suppliers we assessed either complied directly with our requirements, or did so after taking corrective actions.

REDUCING ENVIRONMENTAL IMPACTS

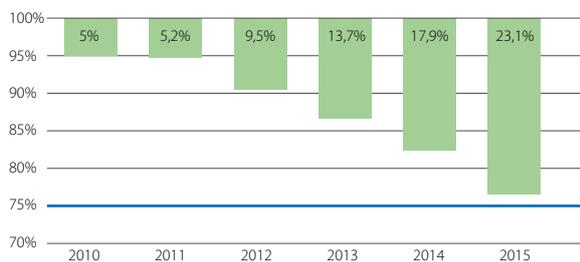


REDUCING ENVIRONMENTAL IMPACTS

FORBO FLOORING SYSTEMS IMPROVES ITS ENVIRONMENTAL FOOTPRINT BY 23.1%.

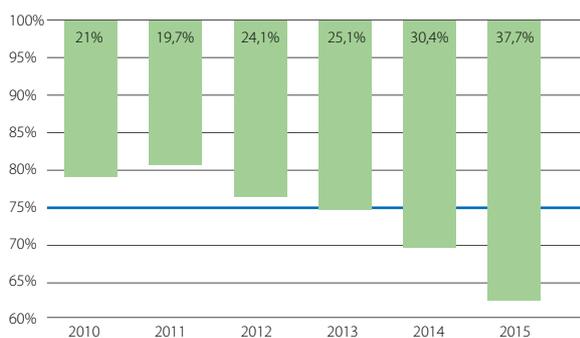
Six years ago, we began a program to reduce our environmental impact by 25% by the end of 2015, versus a baseline year of 2009. To measure our progress, we calculated our environmental impact according to the lifecycle assessment (LCA) model of mass weighted mix for all products in our portfolio. This involves calculating all environmental impacts from cradle to installation. In addition, we also included the energy consumption of all our offices and Forbo-owned warehouses worldwide. The LCA measurement system is independently verified.

ENVIRONMENTAL FOOTPRINT



At the same time, we reduced our contribution to the global warming potential expressed in CO2 equivalents by 37.7%.

GLOBAL WARMING POTENTIAL (CO2-EQUIVALENTS)



The LCA is calculated for one square meter 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
- Photochemical ozone 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.

Marmoleum production is better than carbon neutral

Having improved our environmental footprint, Marmoleum is today being produced 'better than carbon neutral.' This means that when you add up the amount of CO2 emitted during the production of the raw materials used in Marmoleum and the actual production of the Marmoleum itself, the total is less than zero. This is primarily because Marmoleum is

REDUCING ENVIRONMENTAL IMPACTS

made from renewable plant resources such as flax, pine trees, and jute, which absorb CO2 during growth. In addition, Forbo Flooring Systems' manufacturing sites use electricity from renewable sources.

The LCA calculation for one square meter of Marmoleum at the various stages from cradle to gate is as follows:

| | |
|--|-----------------|
| Total CO2 emission for the production of Marmoleum: | -0.09 |
| | CO2 equivalents |
| Raw material extraction: | - 1.31 |
| Transport of raw materials: | +0.27 |
| Manufacturing: | +0.95 |

This achievement puts Forbo Flooring Systems far ahead of the CO2 emission agreements that were made at the climate summit in Paris, in December 2015. History was written in Paris with measures to limit global warming to a maximum 2 degrees Celsius, but no less than 1.5 degrees. To combat global warming, the quantity of greenhouse gases in the atmosphere, and of CO2 in particular, needs to be limited. We are not only committed to fulfilling the COP21 agreement, but to do more and so be a leader in the field of sustainability.



REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

These 4 R's lie 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.

Forbo 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 but not used for any other primary purpose, such as feeding people or animals. In the production phase, we aim both to not create any waste and to ensure that any waste that is generated is 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 manufactured good. 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 old floors that are being replaced.

GREEN DESIGN AND INNOVATION

We use LCA as our main method for measuring 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 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 design and innovation. Simply put, we recognize 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.

REDUCE

REDUCE RAW MATERIAL CONSUMPTION

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. In particular, reducing consumption and waste have a significant impact in reducing our overall environmental footprint. Many of our manufacturing sites made a positive contribution in 2015 by reducing raw material use and packaging, and increasing the recycled content of our products.

REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

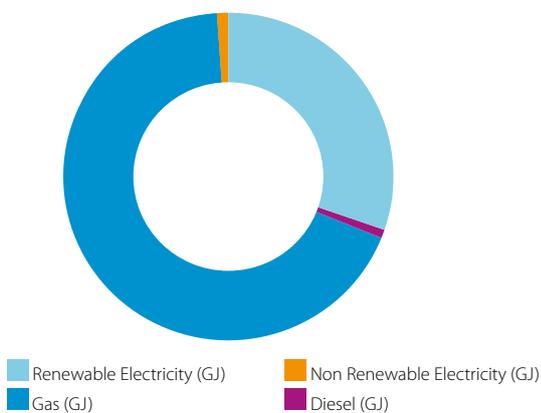
Raw material use in 2015

| | tons |
|--------------------------------|--------|
| Renewable (inclusive recycled) | 55,051 |
| Non-renewable | 83,413 |
| Recycled | 10,390 |
| Reused | 12,276 |

Packaging

| | |
|---------------|-------|
| Renewable | 4,939 |
| Non-renewable | 422 |

ENERGY CONSUMPTION IN 2015

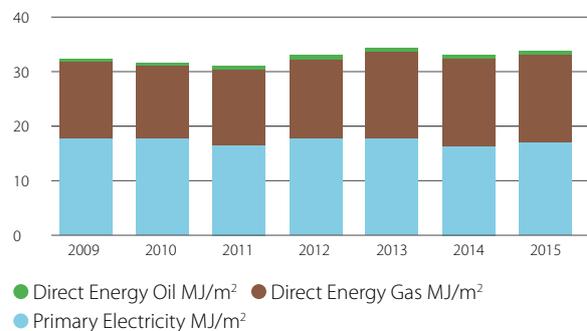


Electricity is transformed from various primary energy sources such as coal, oil, natural gas, and wind. We use an energy index to measure our energy consumption per square meter of floor covering produced. This energy index calculates the primary energy consumption for all energy carriers.

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 that 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 meter weight, which requires more energy to produce.

PRIMARY ENERGY INDEX



REDUCE ENERGY USED IN TRANSPORTATION TO THE CUSTOMER

One of our goals when building our main cross-dock center, in Assendelft (Netherlands), was to create more efficient transport flows: between plants; from plants to our overseas distribution centers; from our overseas distribution centers to our end-customers. The other places we sometimes use as cross-dock locations, mainly for export destinations, are Reims (France), and Ripley (UK).

In this case, 'more efficient' means combining different products in one truck so that, in total, fewer trucks are used. Combining these product flows improves overall lead times and reliability, and makes it easier to plan full trucks with more frequent deliveries. Combining different products in one truck also means that the customer receives (and therefore has to handle) one Forbo Flooring Systems delivery instead of several by different trucks.

REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

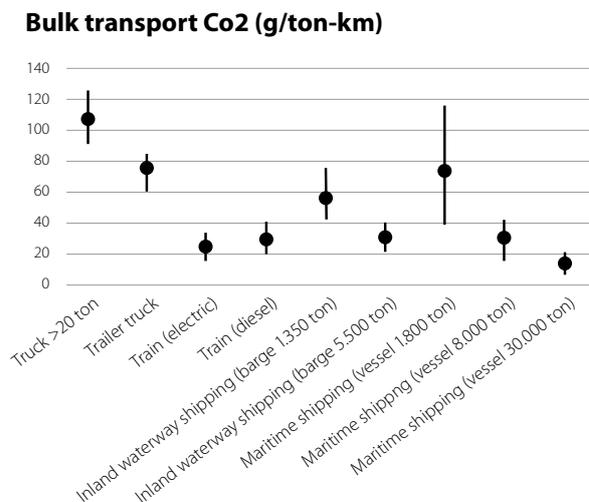
Cross-docking further helps the overseas distribution centers to optimize their incoming containers. Instead of shipping small volumes from each manufacturing site, volumes are combined to create full container loads. By monitoring all the shipping volumes of each plant and comparing prices and shipping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

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

Transport by train

Shipping product by train is the latest step we have taken to make our transportation more sustainable. In 2015, we started shipping containers every day from our cross-dock center in Assendelft to our distribution center in Gothenburg (Sweden). In France, too, we do long distance distribution partly by train.

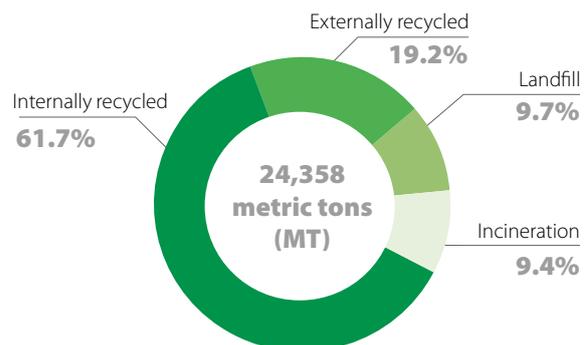
Studies show that transport by train is much more CO2 efficient compared with trucks (see graph):



REDUCE WASTE

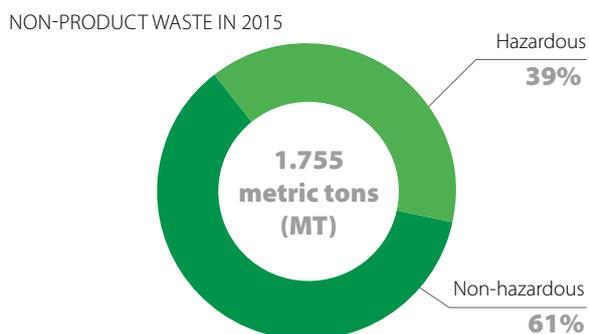
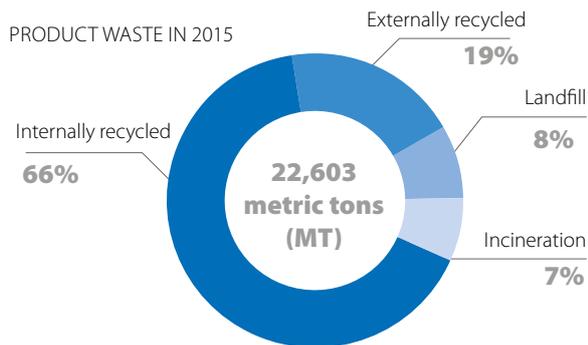
The main target for all our manufacturing sites is to reduce waste by maximizing yields and maximizing the reuse of product. Most sites began doing this more than 10 years ago. In 2015, the total amount of waste we created was again reduced compared to 2014. The total reduction over the last two years totaled 4% compared to 2013. If any waste is produced, the strategy is to first maximize reuse and recycling within Forbo Flooring System and, secondly, to then maximize external recycling.

TOTAL WASTE IN 2015



REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE



INNOVATION IN BUILDING AND CONSTRUCTION ADHESIVES

Measured by material weight, the adhesive used to install a floor covering makes a proportionally large contribution to the environmental footprint of one square meter of flooring. We are therefore continuously developing and introducing new flooring installation systems at our Forbo Eurocol plants. These are based on new techniques, plus new types of adhesives that improve the installation sustainability of our floor coverings. As part of our 'Committed to the health of one' program, we take care that these new types of adhesives, primers, and levelling compounds show low or no emissions into the indoor air of buildings and are in compliance with EMICODE® EC1PLUS.



REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

'Committed to the health of one': providing low-emitting adhesive with EMICODE® certification

The EMICODE® classification system makes it possible to compare and evaluate the emission characteristics of flooring installation products. This trademark-protected classification system has become the key international quality benchmark for a wide range of product groups. Since EMICODE® was introduced in 1997, more than 4,500 products from all over the world have been awarded the EMICODE® label. It offers consumers, craftspeople, and architects guidance to decide which materials offer maximum security against indoor air pollution, guaranteeing the best health protection and high environmental compatibility.

To receive the EMICODE® label, manufacturers need to submit their products for extensive testing at recognized institutions. Based on scientifically determined measurement data, EMICODE® categorizes flooring installation materials, adhesives, and building products into three emission classes:

- EMICODE® EC1PLUS
- EMICODE® EC1
- EMICODE® EC2

Forbo Eurocol produces and sells adhesives, primers, and levelling compounds that comply with EMICODE® EC1PLUS – the highest class. Our levelling compounds also have very low dust emissions. www.emicode.com/en/

Our offering comprises introduced new adhesives for Marmoleum. These were:

- Eurocol 614 Eurostar Lino Plus, in Europe
- Sustain 885m, in North America
- Eurocol 646, a hard-setting adhesive specially developed for Marmoleum Tiles

On a separate but related note, in France we have introduced loose-lay Acoustic Vinyl that uses a tackifier adhesive solution that enables 'clean' post-consumer recycling. This is because using a tackifier means there will be no traces of glue on the back of the tiles should you remove them in the future.

During the same period, we improved the recipes for the adhesives used to install our Project Vinyl with respect to application weight, while for Flotex, we introduced a tackifier with a much lower application weight, enabling post-consumer recycling.

All our newly introduced or modified adhesives have a lower application weight, which results in them having a better environmental footprint than their predecessors. Today and in the future, we will continue to explore possibilities for optimizing adhesives for all our products, further improving our environmental footprint and the indoor air quality in buildings.

www.forbo.com/eurocol www.forbo.com/flooring

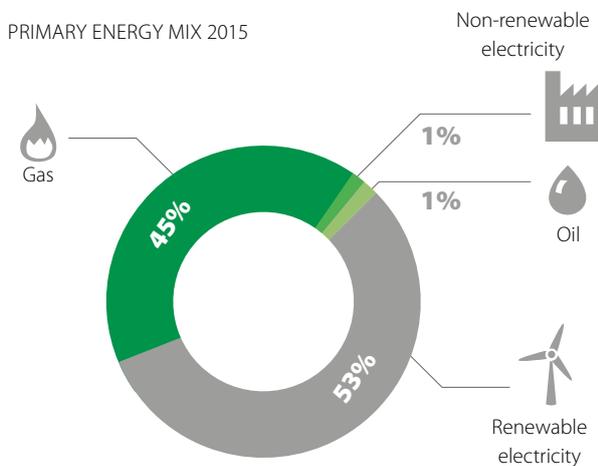
REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

RENEWABLE

RENEWABLE ENERGY

We have an ongoing policy of obtaining electricity from renewable sources. In 2015, renewables accounted for 53% of all the energy consumed in our manufacturing facilities, almost equal to our 2014 consumption. 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.

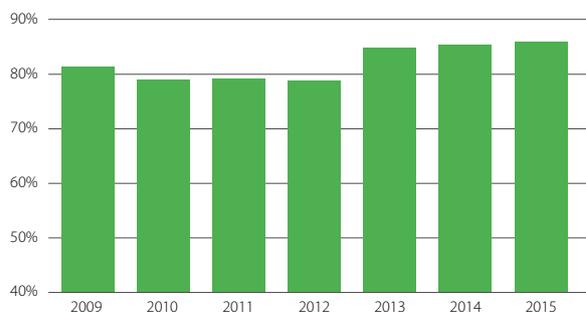


REUSE AND RECYCLING

Forbo Flooring Systems 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.

Having completed all our quick wins by upgrading our state of the art processes, we have in recent years increasingly found ourselves needing 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. This has enabled us to greatly increase the recycled content of our products. As a result, we reuse and recycle, on average, 85% of all our product waste.

% REUSED & RECYCLED PRODUCT WASTE

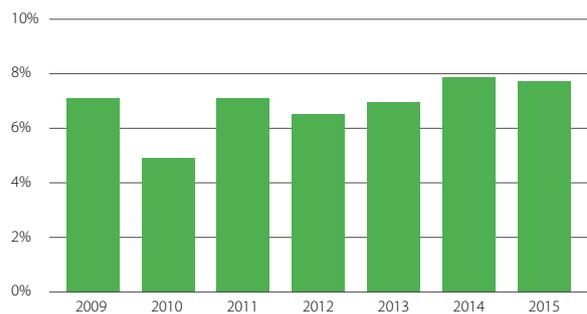


REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

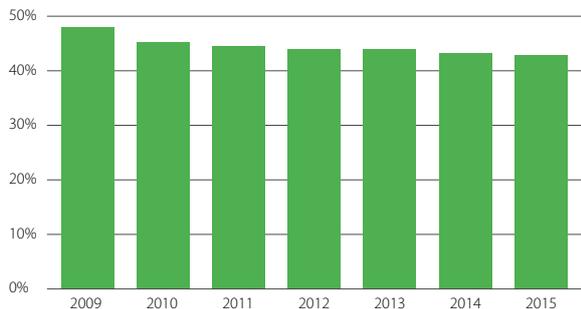
REDUCE, RENEWABLE, REUSE, RECYCLE

In 2015, the weighted average amount of recycled and reused content in our products was 26%. This is positive in every respect. Marmoleum has long contained the most reused and recycled material of all resilient floor coverings. In 2014 and 2015, our focus on reusing and recycling waste led to very good results by increasing the recycle 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.

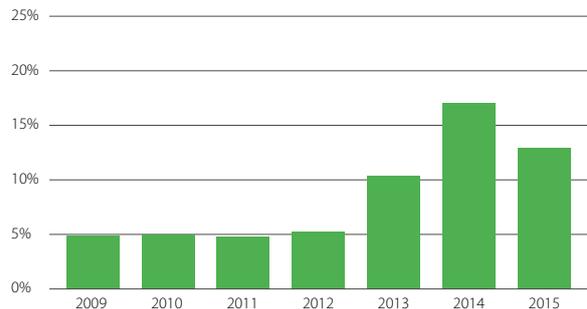
VINYL - % RECYCLED & REUSED



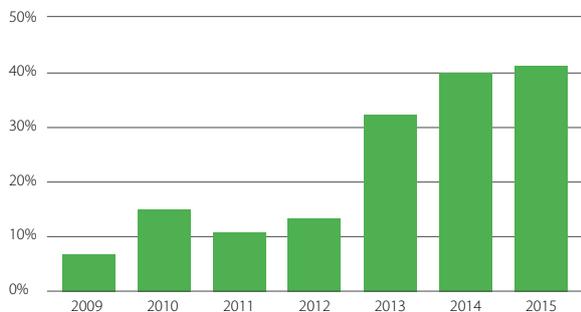
LINOLEUM - % RECYCLED & REUSED



ENTRANCE SYSTEMS - % RECYCLED & REUSED



CARPET - % RECYCLED & REUSED



Jeffery Tsui, Marketing Manager Asia

“You can imagine that for us in Asia, clean air and a healthy environment are very important topics.

I am very happy that Forbo Flooring Systems is taking a personal interest in the safety, health, and wellbeing of our customers. It is not only a good story; we also have a range of very special products to back up our claim. I really believe our products can make a difference.”

REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S



Flotex

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



Vinyl

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



Entrance systems

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



Luxury Vinyl Tile (LVT):

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



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.



Linoleum

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

REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

Take-back programs

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.

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

Collected and recycled installation waste in 2015:

- 35 tons of linoleum in the Netherlands
- 15 tons of vinyl in Sweden
- 29 tons of vinyl in France
- 6 tons of linoleum in the UK
- 39 tons of vinyl in the UK
- 77 tons of linoleum in the USA

A total of 201 tons, an increase over the 2014 total of more than 30%.

Back to the Floor

Back to the Floor is the name of Forbo Flooring Systems' take-back scheme in the UK, which reprocesses installation off-cuts of Forbo floorcoverings and cushion vinyl. Material is collected from contractors, distributors, and construction sites across the UK and Ireland. Off-cuts are collected in color-coded clear plastic sacks and bulk bags. Collections are carried out by our own delivery vehicles.



Tessera off-cuts are processed at the Bamber Bridge plant near Preston, while the Flotex and vinyl off-cuts go back into flooring at our Ripley site. At Forbo Flooring Systems' plant in Kirkcaldy, Marmoleum off-cuts are shredded into very fine pieces that are used in new Marmoleum production.

The scheme collects off-cuts of:

- Tessera carpet tiles
- Flotex
- Smooth vinyl (Forbo only)
- Marmoleum
- Cushion vinyl (most brands)

Contractors place the off-cuts into clear plastic sacks. These sacks are then put into bulk bags and palletized on a standard Europallet for collection. When one or more bulk bags are full, the contractor simply requests a collection by phoning or emailing the Back to the Floor team in the UK. Collections cost £7.50 per bulk bag.

REDUCING ENVIRONMENTAL IMPACTS BY USING THE 4 R'S

REDUCE, RENEWABLE, REUSE, RECYCLE

Reducing environmental impacts: supplier participation

In calculating our environmental footprint from cradle to installation, we take two kinds of results into account: the development and production of our floor coverings, and the production of the raw materials. In this, we take into account:

- Any changes in the use of raw materials
- Changes in yields
- The recycling or reuse of waste
- The energy usage of all our suppliers of those materials

We have integrated the raw materials results for wood flour, PVC and plasticizer. 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 (Netherlands), and Kirkcaldy operations (Scotland), changing to green electricity generated from biomass or wind. These changes came into force in 2012 and 2015 respectively. Furthermore, the PVC and plasticizer supplied to all our sites was produced using less energy. The weighted energy consumption for the production of PVC fell by 10% and energy consumption for the production of plasticizer was reduced by 5% in 2015, compared with 2009.

Reducing environmental impacts: 'Compliance plus'

'COMPLIANCE PLUS' FOR OUR OPERATIONS

Forbo 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 programs are ongoing.

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

All our production units register and monitor complaints received from stakeholders in relation to that unit's environmental performance. This forms an integral part of their respective environmental management systems. In 2015, our production units' environmental management systems across Forbo Flooring Systems recorded only a few stakeholder complaints.

ORGANIZATIONAL DEVELOPMENT



SUSTAINABLE FINANCIAL PERFORMANCE

Maintaining a strong financial position is central to our objective of being a sustainable organization. This 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

Forbo 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 program and is mandatory training for all management staff.

RISK MANAGEMENT

Risk management and risk assessment are an integral part of Forbo's organizational 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 (outsource or insure)
- Retention (accept and budget)



SUSTAINABLE FINANCIAL PERFORMANCE

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.

RISK AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Due to the energy-intensive nature of the operations in our supply chain, we are subject to risks related to climate change and to costs related to energy and climate regulations. Global efforts to combat climate change also present certain strategic opportunities for Forbo Flooring Systems. Our Marmoleum products are based on renewable materials with a zero-carbon footprint, which helps our customers and society at large to reduce CO₂ emissions by providing a favorable alternative to floor coverings based on fossil fuels and non-renewable materials.

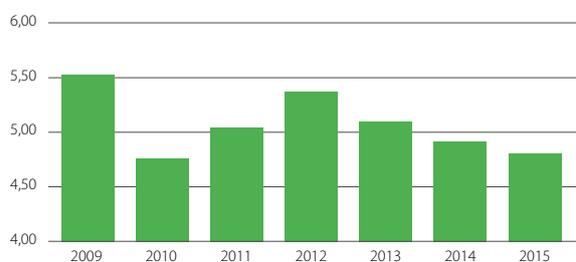
The European Union Emissions Trading System (ETS) is a cornerstone of the EU's efforts to combat climate change, and a key tool for the cost-effective reduction of industrial greenhouse gas emissions. The ETS in effect imposes a cost on Forbo Flooring Systems' CO₂ emissions within the EU, and indirectly increases energy generation costs for our electricity suppliers and the cost of our raw materials.

Forbo Flooring Systems' environmental footprint reduction program has helped us reduce our energy and raw material consumption. This is both sustainable with respect to the environment and reduces our CO₂ emission and related taxation costs. We plan to further reduce the CO₂ emission of our entire product portfolio in the years ahead.

TOTAL DIRECT AND INDIRECT GREENHOUSE GASES BY WEIGHT

Total greenhouse gas emissions are calculated using lifecycle 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



OUR ECONOMIC PERFORMANCE

Significant indicators covering the generation and distribution of value, plus the organization's total capitalization, with breakdowns in debt and equity in accordance with GRI requirements, can be found in the Forbo Group Annual Financial report:

www.forbo.com/investors

LEARNING ORGANIZATION

We aim to facilitate the continuous improvement of the knowledge, skills, and abilities of our employees, so equipping them to realize their potential and excel in their task.

In developing our people, we are in effect developing our organization, 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 program. Every individual deserves to be recognized for his or her contribution and our performance appraisal system is the formal process by which this recognition is established. The performance appraisal is 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.

Forbo 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 Forbo Flooring Systems.

Our reward system is based on our belief that people should be fairly rewarded for their individual contribution. 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.

EMPLOYEE TRAINING

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

Forbo 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 programs are in place. In 2015, we provided the following international programs:

- Forbo leadership and management courses
- Flooring management training programs
- Sales training program
- Forbo Academy product training programs
- ‘Committed to the health of one’
- Introduction to Forbo Flooring Systems and its portfolio
- Forbo Code of Conduct

**Sevda Sevimlier, Architectural Sales Executive,
Turkey**

“I started with Forbo Flooring Systems in 2015 and was introduced to ‘Committed to the health of one’ during a product portfolio training week that I followed as part of my induction, together with new sales and marketing colleagues from all over the globe. We were told how ‘Committed to the health of one’ links to sustainability and creating better environments, and discussed how our flooring solutions contribute. It feels good to work for a company which is committed to making a positive contribution to the health and wellbeing of our customers, suppliers, and our own employees.”

LEARNING ORGANIZATION

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

E-LEARNING USAGE IN 2015

- 1,285 Flooring Systems' users have accessed Forbo's Learning Management System
- 2,006 completions were made

DEVELOPING E-LEARNING MODULES

Training sessions were held to further develop knowledge and skills needed to create online courses in our selected e-learning authoring software.

SA8000 E-LEARNING IN FRANCE, THE NETHERLANDS, AND THE UK

The SA8000 e-learning module was developed to improve our understanding of the SA8000 standard, its people-focused management system, and to help answer questions. People are our most valuable asset and this standard and module is centered on our employees and how we treat them within the workplace.

Following the launch of the SA8000 e-learning module in the Netherlands, staff in France and the UK were invited to complete it as well. Some 72% of the targeted audience completed the module up to and including 2015. Having completing this training program, 94% of participants indicated that they had a **better understanding** of what SA8000 is about, and 76% indicated that they **enjoyed** doing it.

The rollout will be completed in the UK and France in spring 2016. At the same time, all new employees at the sites with SA8000 certification (FR, NL, UK) are now being invited to complete the module as part of their induction program.

CODE OF CONDUCT E-LEARNING

In 2015, we continued to foster a conscious attitude to what we do by reinforcing awareness in general,

and of the contents of the Forbo Code of Conduct in particular. Forbo developed a specific Forbo Code of Conduct e-learning module whose main objective is to further enhance employees' knowledge and understanding of it.

In the first rollout phase, 100% of our targeted employees (management team and their direct reports in management functions) completed the module. The Code of Conduct e-learning module has been translated into 10 languages and will be further rolled out in the local organizations in 2016.

'COMMITTED TO THE HEALTH OF ONE' E-LEARNING

A 'Committed to the health of one' e-learning module was created and launched at the end of 2015. The goal is to provide insight into the **context** of '**Committed to the health of one**' and it covers **essential information** about this program. The module is targeted at sales (sales, customer service, and marketing) and will also be rolled out to a broad management group in 2016.

**Arjen Roelofs, Manager R&D, Forbo Novilon,
The Netherlands**

"I have seen the profile of our products change at our Coevorden factory. We have gradually changed from producing foamed products to durable, compact vinyls, and while doing so we have been able to recycle all our internal PVC scrap streams. Our product emissions are going down with each new collection we introduce, and more and more of our products can be installed as loose-lay versions. I believe we are on the right track and, yes, we are committed to the health of everyone who is using our flooring products."

SOCIAL RESPONSIBILITY

TRANSPARENT PRODUCT INFORMATION

From how we run our factories to how we choose our ingredients, the way we make our floorings is a big part of how we meet our ambition of 'Committed to the health of one.' Ensuring product safety, providing product information on sustainability performance, and promoting recycling schemes are key to Forbo Flooring Systems' approach to product responsibility. Our raw material and product health, safety, and quality control systems cover all our processes from the product development stage through raw material sourcing to the delivery of the finished products. We also oblige our suppliers to comply with our requirements related to product safety.

RAW MATERIAL SAFETY

Ensuring the safety of our products starts with the purchase of raw materials and their subsequent processing and manufacture. We only use raw materials that have been specifically approved for purpose in our production, and we always check their safety and legal compliance. In this, we follow relevant legislation including the European Union's REACH regulations and building regulations. These regulations have been designed to protect public health and the environment by comprehensively identifying the safety properties of chemical substances and determining how chemicals can be used safely.

INFORMATION ON SUSTAINABILITY PERFORMANCE

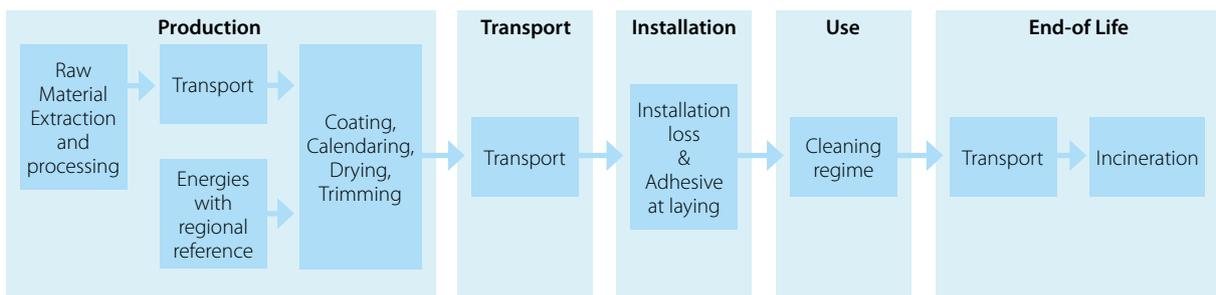
We use Lifecycle Assessment (LCA) to identify and continuously improve our sustainability performance. But while we perform our LCA calculations to international standards, we also believe that the element of human health and ecology should also feature in this assessment.

In 2000, Forbo 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 2015, we remained the only flooring company in the world to include these impacts in our environmental product declarations. We use the internationally recognized USEtox method to calculate and assess our products' toxicity performance.

ENVIRONMENTAL PRODUCT DECLARATION (EPD)

An EPD presents quantified environmental data about a product. It is based on information from a lifecycle assessment. The following lifecycle stages are assessed:

- Production stage (raw material extraction, transportation to manufacturing, and manufacturing)
- Transporting manufactured goods from factory gate to user
- Installation stage
- Use stage
- End of life stage



SOCIAL RESPONSIBILITY

An EPD communicates verifiable, accurate, and non-misleading environmental information for products and their applications, is third-party verified, and follows a uniform and internationally standardized 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 lifecycle assessment.

Forbo Flooring Systems continues to publish third-party-certified EPDs for its individual floor covering products. By the end of 2015, 21 Forbo Flooring Systems products had been EPD certified 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 lifecycle 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.



SOCIAL RESPONSIBILITY

Social equity and labor rights

Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another.

Supporting the UN global compact principles Forbo Flooring Systems supports the 10 principles of the UN Global Compact, a United Nations initiative to encourage businesses worldwide to embed responsibility into business operations. We respect and promote these principles throughout our operations. The table below lists the 10 principles and specifies where information on them can be found in this report.

UN Global compact principles

| | Page |
|--|-------------------|
| Human rights | |
| Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. | 37-39 |
| Principle 2: Businesses should make sure that they are not complicit in human rights abuses. | 37-39 |
| Labor | |
| Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 37-39 |
| Principle 4: Businesses should support the elimination of all forms of forced and compulsory labor. | 37-39 |
| Principle 5: Businesses should support the effective abolition of child labor. | 37-39 |
| Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation. | 37-39 |
| Environment | |
| Principle 7: Businesses should support a precautionary approach to environmental challenges. | 41-52, 59-60 |
| Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. | 41-52, 59-60 |
| Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. | 41-52, 59-60 |
| Anti-corruption | |
| Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | 16, 39, 54, 56-57 |

SOCIAL RESPONSIBILITY

WORKING WITH THE COMMUNITY

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

Forbo 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 programs are ongoing.

REIMS (FRANCE) – HELPING UNEMPLOYED PEOPLE TO GET A JOB

Over the past 15 years, Forbo Flooring Systems in Reims 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 program. The program 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 recognized by both the French state and the building industry.

ASSENDELFT (NETHERLANDS) – HELPING PHYSICALLY OR MENTALLY DISABLED PEOPLE TO GET A JOB

De Bolder produces and supplies tens of thousands of square meters 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.

COEVORDEN (NETHERLANDS) – 'EDUCATION AND ENTREPRENEURSHIP' PROGRAM

In Coevorden (Netherlands), Forbo Novilon is supporting and engaged in a regional program to help alleviate unemployment in the region. As part of the education program, some 55 pupils have visited the factory to learn about the town's industrial capabilities.

Charity

Forbo 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 2015 include:

HABITAT FOR HUMANITY

In 2015, Forbo Flooring Systems started to work with Habitat for Humanity. Previously, we had made donations in kind to this worldwide organization. Today, it is one of our key charities. The organization strives to provide everybody with the basics of a "roof and a floor." The organization funds and builds affordable dwellings all over the world and each year organizes special events during which houses are built.

UNHCR SUPPORT

In Norway and Sweden, Forbo Flooring Systems supported UNHCR, anticipating the influx of migrants and refugees from Syria and Asia.

RONALD MCDONALD HOUSE

The Ronald McDonald House provides support

SOCIAL RESPONSIBILITY

and housing for families with sick children. In the USA, Forbo Flooring Systems contributed \$2,300 to Cleveland's 'Share-a-Night' program. In the Netherlands, we sponsor the floorcovering in the houses and contribute money through an annual Forbo Flooring Systems sports event.

SPONSORING MARKLUND USA

Marklund – a home and school non-profit organization that supports infants, children, teens, and adults with profound developmental disabilities and special health care needs – continues to be one of the major sponsorship activities of Forbo Flooring Systems in the USA.

OUTWARD BOUND

Forbo Flooring Systems in the UK continued to sponsor the Outward Bound Trust, an educational charity that helps young people in the UK to discover their potential by placing them in challenging yet supportive outdoor environments a long way from home.

SANITATION AND WATER PROJECT BANGLADESH

Bangladesh and the state of West Bengal (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 fibers of the jute plant are spun into yarn and woven into cloth locally. This jute cloth is used as backing for our Marmoleum products.

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, Forbo Flooring Systems identified, developed and sponsored several water and sanitation projects.

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 2015, we finished the project, including the houses of the people in the remaining districts. Janata made all the local arrangements, such as hiring a contractor and inspecting the potential installation sites, and completed the installations.

CHILDREN IN NEED

The Ripley (UK) and Kirkcaldy (Scotland) sites joined efforts to organize a small British bake-off competition in support of the UK's 'Children in Need' charity appeal.

CANCER RESEARCH UK

Employees at the Telford plant, where we make Nuway entrance flooring systems, joined Cancer Research UK's Race for Life fundraiser. They were supported by Forbo Flooring Systems colleagues all over the country. A team in the 'Wales in a Day' 210-mile cycling challenge raised funds for the air ambulance service, while a somewhat shorter bicycle ride, from London to Cambridge, raised money for Breast Cancer Now.

FUNDRAISING

In North America, Forbo Flooring Systems employees held two fundraisers during Flooring Systems' 2015 National Sales Meeting, in Cleveland, OH. Employees raised \$1,900 and donated items to The City Mission, a non-profit organization dedicated to helping poor men, women, and children in the Cleveland community. Our Tessera carpet tile facility, in Bamber Bridge (UK), organized a number of charity events throughout the year for St. Catherine's Hospice, in nearby Preston.