

January 31, 2017

Jeffrey S. Lorberbaum
Chairman and Chief Executive Officer
Mohawk Industries Incorporated
160 South Industrial Blvd.
Calhoun, GA. 30701

Dear Mr. Lorberbaum,

I am writing to you on behalf the Global Alliance for Incinerator Alternatives (GAIA) and Changing Markets regarding our latest report¹ (attached) on the failings of the carpet industry to increase recycling rates and comply with Californian legislation (AB 2398). We understand that Mohawk is making efforts to reduce the environmental impact of its products. However, your recycling commitments to date do not meet the standards of “circular economy” and closed loop recycling. You have been a leader in making polyester carpet from recycled water bottles, which produces carpet that will be downcycled- i.e. end up in landfill or incinerators. As a leader in the CARE program and as the second biggest supplier of carpets in the U.S., Mohawk has a responsibility to become the leader in the circular economy of carpets and significantly increase carpet-to-carpet recycling rates.

In a circular economy, products are not just used once and discarded, but are reused, recycled and returned to the economy. The principle benefit is that the use of virgin materials, like petroleum based feedstocks, is dramatically reduced, as is waste that typically ends up in landfills and incinerators. A circular economy disfavors “downcycling” reclaimed materials into products that are ultimately not recyclable and destined for landfill or incineration.

Because carpet production is projected to grow 4.5% annually to 14.6 billion square feet by 2019 in the U.S., the way carpets are produced and discarded is critical in moving towards a more sustainable U.S. and global economy. Currently, carpets present 3.5% of all waste disposed in the U.S. (4 billion pounds). Most of this waste is landfilled, contributing to methane and toxic chemical emissions related to landfill. In addition, 6% of carpets are incinerated (via waste to energy or cement kiln), which releases high levels of greenhouse emissions, organic pollutants, endocrine disruptors, and other hazardous chemicals. Carpets containing polyvinyl chloride (PVC) create dioxin – one of the most dangerous chemicals in existence and a proven carcinogen - when burnt. Even the most modern and expensive pollution control devices cannot prevent the escape of many hazardous emissions such as ultra-fine particles of polychlorinated biphenols, dioxin, furans, and nanoparticles, which are not regulated by the US EPA. These particles can be lethal, causing cancer, heart attacks, strokes, asthma, and pulmonary disease. The health impacts of this pollution

¹ ‘Swept under the carpet: exposing the greenwash of the U.S. carpet industry’ (GAIA and Changing Markets, 2016): <http://www.no-burn.org/carpets/>

are felt first and worst in the places which border these facilities, in the U.S. largely low-income communities and communities of color.

Data shows that only 1% of post-consumer carpet is recycled back into carpets, which goes against the principles of circular economy. For most materials, recycling has been proven to reduce greenhouse gas emissions and conserve significantly more energy and materials than incineration or landfilling. Recycling also creates 10-20 times as many jobs as incineration. Recent CARE reports to CalRecycle show that the carpet industry is failing to increase its recycling rates and comply with its own targets. The Californian carpet stewardship law (AB 2398), enacted in 2010, was intended to result in a robust carpet recycling program. Represented by CARE, the carpet industry set a goal of a 16% recycling rate for carpet in California by 2016. However, it has repeatedly failed to meet that goal and in 2014 and 2015 the recycling rate in California fell from 12% to 10%. In its latest annual report (2015), CARE reported decreases in the collection rate, recycled output, and the recycling rate, from 2014. Meanwhile disposal to landfill and waste to energy of carpets both increased². Over the past 5 years recycling increased only by 2%, while incineration via waste to energy increased from 4% to 7%.

Your company claims to be the largest recycler in the flooring industry and that it is leading the charge toward a sustainable world by recycling 250 million pounds of bottles - which get made into PET carpets - and by reducing what it calls its “waste to energy intensity” through a Zero landfill program. However, the current problem with PET is that recycling hardly takes place because it is not ‘economically feasible’. Therefore, post-consumer PET carpets end up in incineration or landfill or in rare cases down-cycled into other lower value products. For example, most of PET carpet recycled in California is used by Alliance Carpet Cushion to produce carpet cushion but it appears relatively small amounts of these products are being sold at the time.

As one of the board members of CARE and the biggest manufacturer, Mohawk has a responsibility for the failure of the California stewardship program. Some of the problems were present in the CARE proposals from the start. The flat rate of the carpet stewardship assessment fee does not encourage innovation in product design and increase the share of recycling. Furthermore, the current fee of \$0.25 is still too low to cover recycling costs. It wasn't until 2015 that CARE provided an incentive for reuse (\$0.10 per pound) and the subsidy for non-nylon recycling increased from \$0.10 to \$0.17. Meanwhile the subsidy for more recyclable nylon recycling is only \$0.10, providing a less even playing field for a more recyclable material. These subsidies are too low to make a difference, especially in the face of historically low oil prices.

The Plan failed to provide adequate and easy collection system for carpets. Back-stamping carpets should have been a priority from the outset and its implementation is lagging. The lack of available collection sites is also a major impediment. CARE reported that in 2015 there was 3 times the amount of recycling capacity as carpet available to be recycled. Only 23 of California's 58 counties have any drop off facilities and even in counties that have them, there are too few. Furthermore, the education and outreach program has been weak. It failed to engage installers, the primary link in collection, and failed to evaluate its own success or lack thereof.

Unfortunately, CARE's new Plan for 2017-2021 continues along similar lines and, for this reason, was rejected by CalRecycle. Outside California, the industry's efforts towards recyclability are showing little improvement. CARE is also responsible for the Voluntary Carpet Stewardship Program, which it has been used as tool to prevent carpet producer responsibility legislation in other states. In order to receive recycling subsidies, recyclers are forced to sign a document stating that they are not allowed to support the creation of any producer responsibility legislation in any state.

Mohawk claims to be “committed to growing in ways that are environmentally sound, socially responsible.” “Innovation is a key business strategy for Mohawk, and one that transcends all aspects of our sustainability strategy as well.”³ We agree that innovation is needed and believe innovative energy should focus on

² <http://www.calrecycle.ca.gov/files/Carpet/CARE2015.pdf>

³ <http://www.mohawksustainability.com/pdfs/2015.pdf>

moving to closed-loop recycling, rather than burning up precious resources in incinerators that generate more greenhouse gases per unit of energy produced than a coal-fired power plant⁴. We strongly encourage Mohawk to apply its commitment to sustainability by implementing the following recommendations:

- **Invest in better design.** Mohawk should dramatically increase efforts to design and market carpets with reuse and recyclability in mind. This means using recyclable materials and design for the simple separation of backing and fibers. Carpets should also be designed without chemicals that harm people's health and environment.
- **Take responsibility for the products that it puts on the market.** Mohawk must guarantee that there are facilities in place to recycle the carpets they produce, particularly carpets manufactured with PET bottles. It should invest in local recycling facilities, enable increased collection, and pursue innovative reuse, such as leasing models.
- **Make a real commitment to carpet stewardship.** As a leader in the CARE stewardship organization, Mohawk has been partly responsible for the failure of the California carpet stewardship program and for preventing the adoption of carpet legislation in other U.S. states. In the revision of the next five-year plan for AB 2398, we will be looking for a commitment to decrease incineration of carpet while increasing carpet to carpet recycling significantly over the next five years.

We urge you to focus on these recommendations and work within CARE to put forward a more meaningful stewardship program that focuses on real recycling efforts and decreases landfill and incineration. We would be happy to discuss this letter and our recommendations in further detail at your convenience.

Sincerely,



Monica Wilson
Global Alliance for Incinerator Alternatives (GAIA)
Policy & Research Coordinator



Nuša Urbančič
Changing Markets Foundation
Campaigns Director

cc:, R. David Patton, Chief Sustainability Officer; Joe Foye, attorney and member of CARE's Board of Directors for Mohawk Industries

⁴ Energy Justice Network, 2014: "Trash Incineration More Polluting than Coal":
<http://www.energyjustice.net/incineration/worsethancoal>