The State of Carpet Recycling in the U.S.

CARE Annual Meeting
Houston, TX
May 1, 2019

Dr. Robert Peoples
Executive Director
CARE

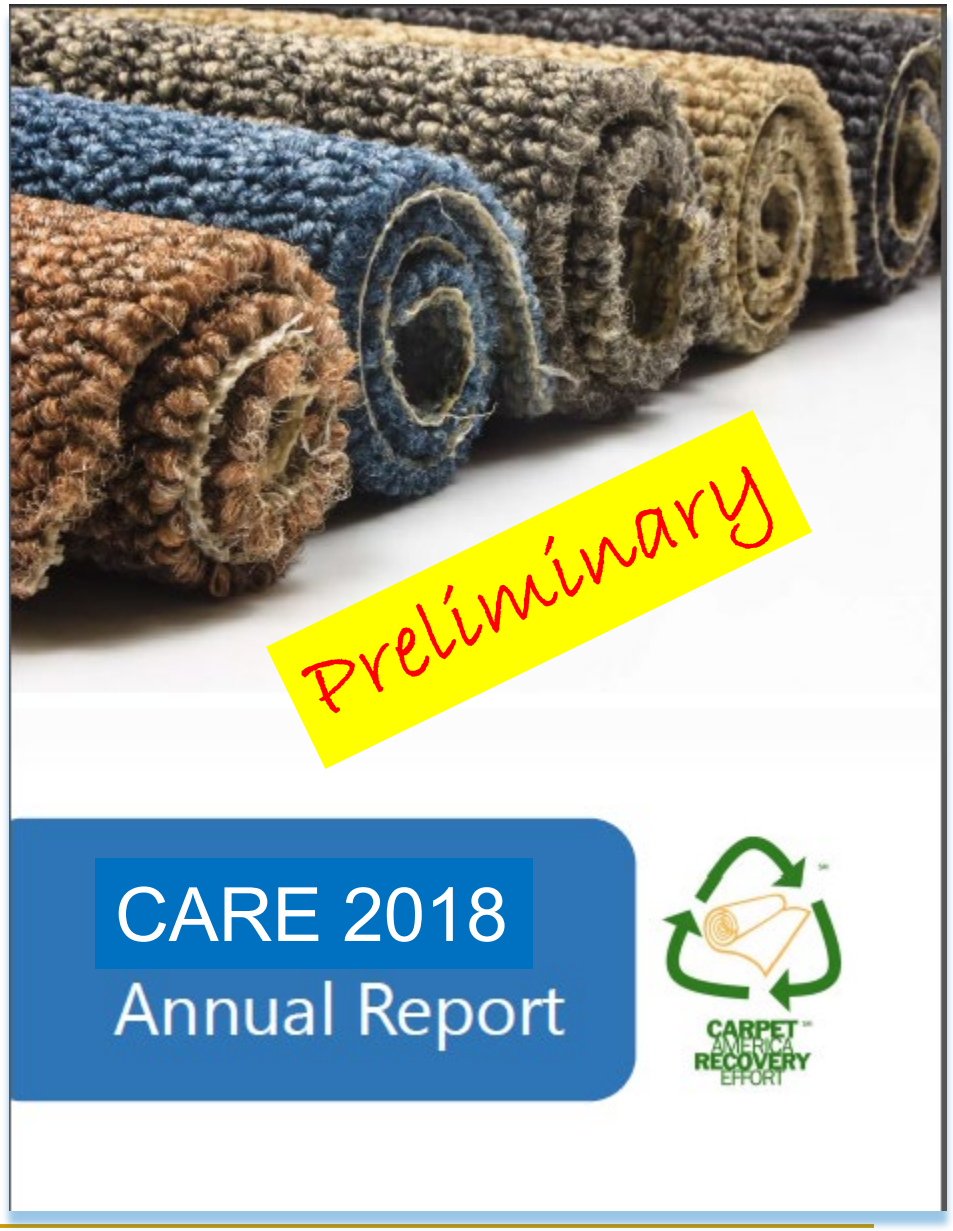
Agenda

- State of CARE
- Annual Survey Results
- CA Program Update
- VPS Program Update
- Additional Thoughts
- Open Q&A

Improving?

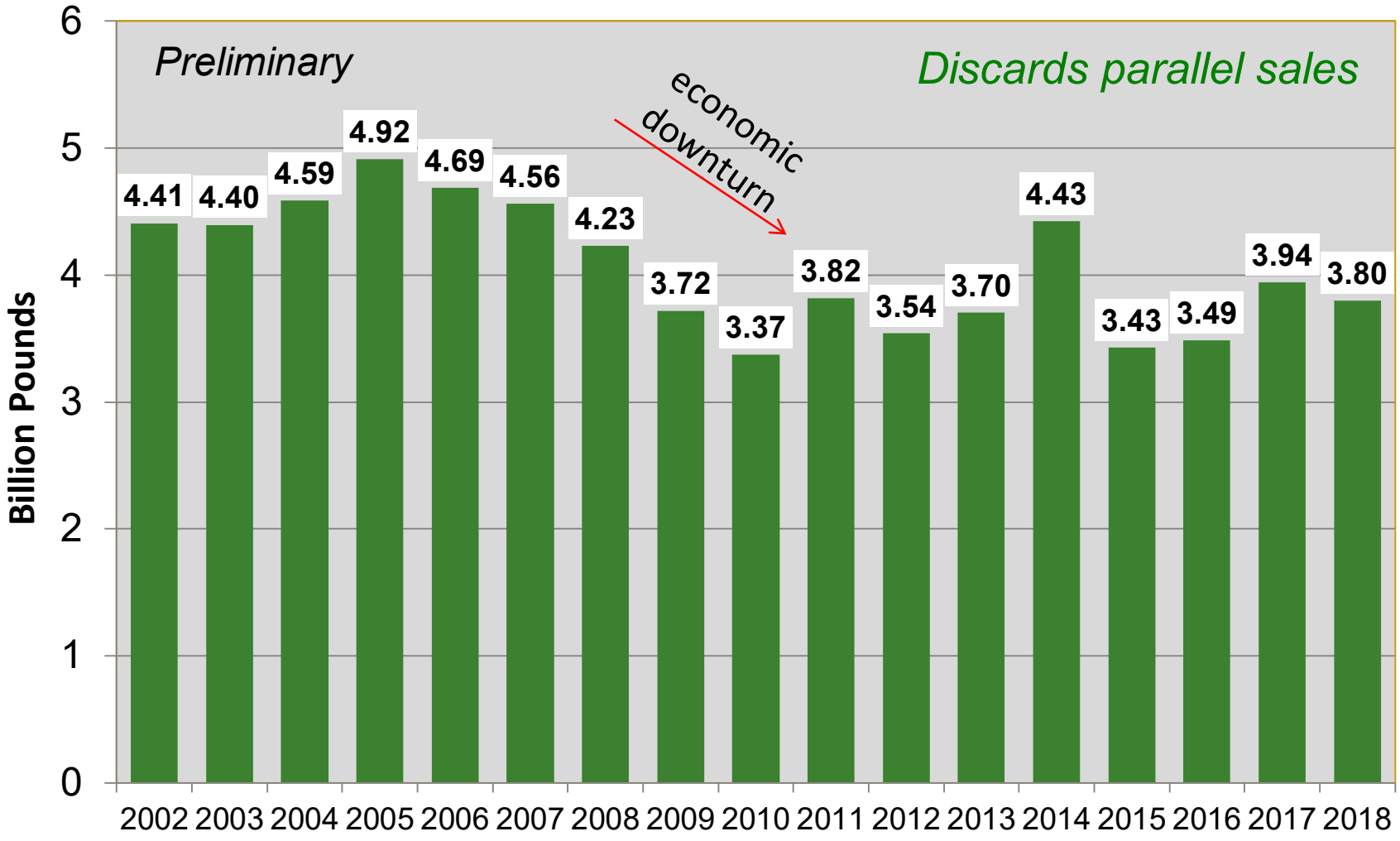
Yes, new capacity expanding for N6 and new technology on the horizon for PET

2018 National Survey Preliminary Results



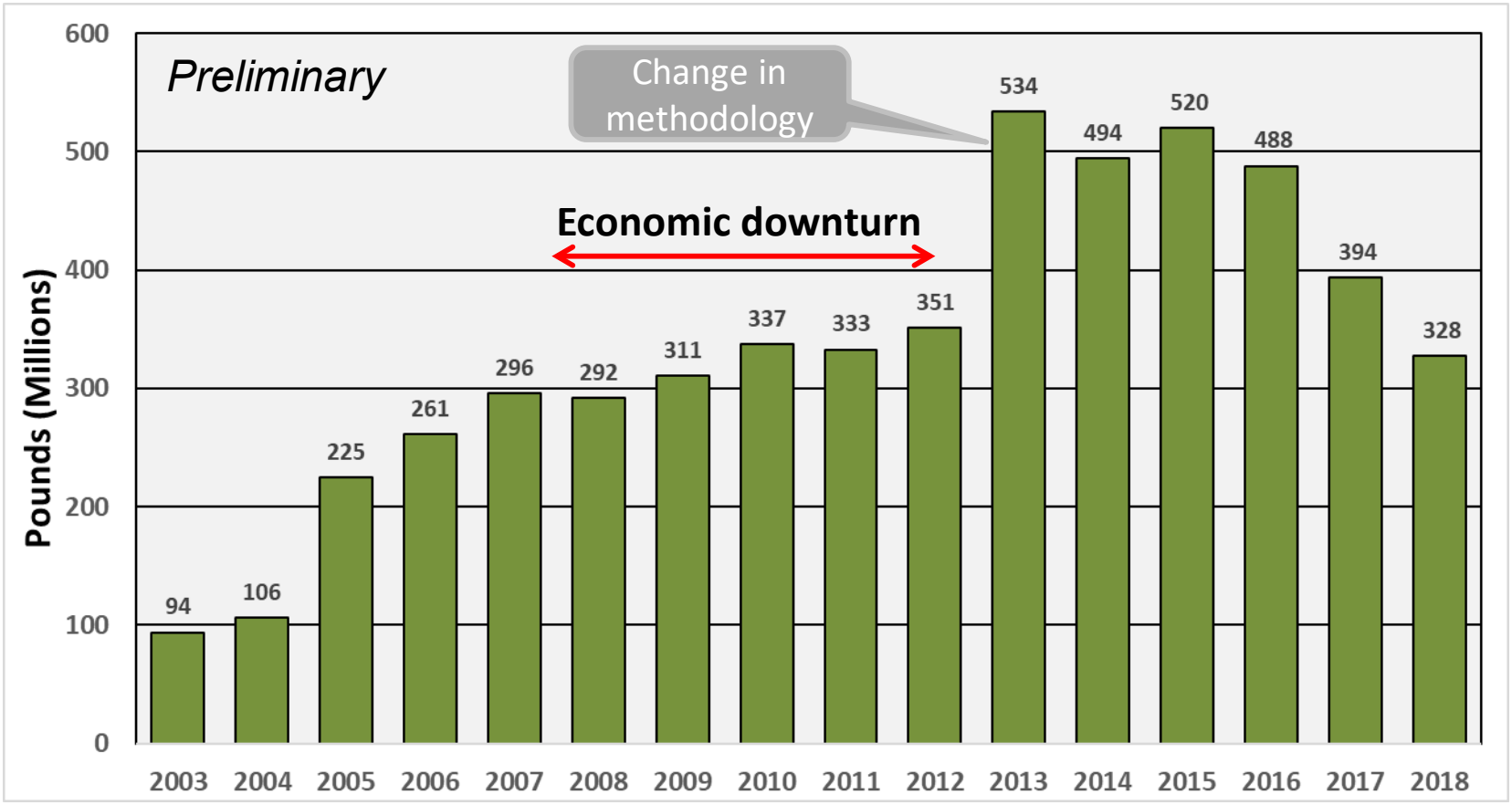
Special Thanks to Dr. Matthew Realff

Total Estimated Discards per Year



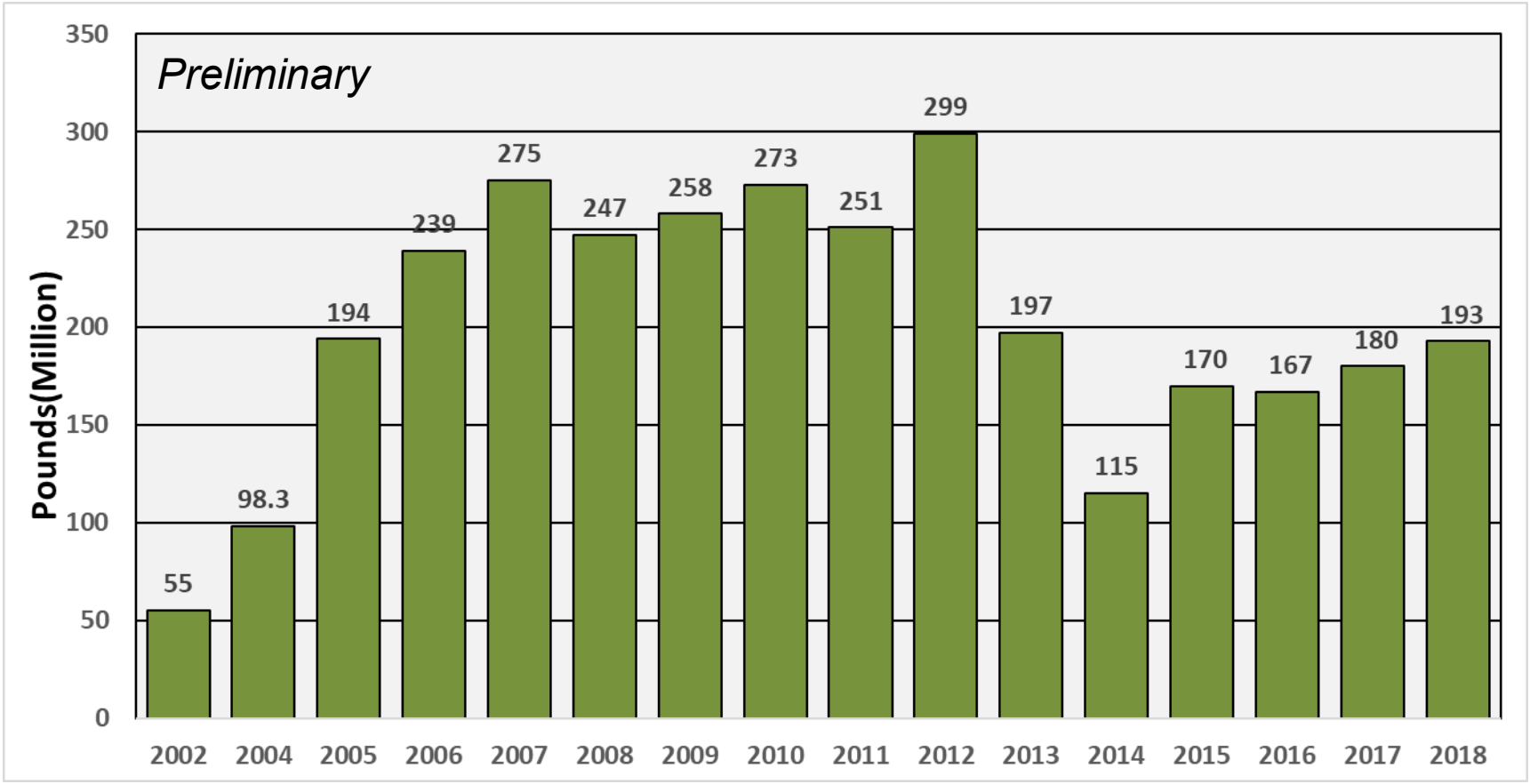
Source: 2017 CARE Annual Report

National Gross Collections



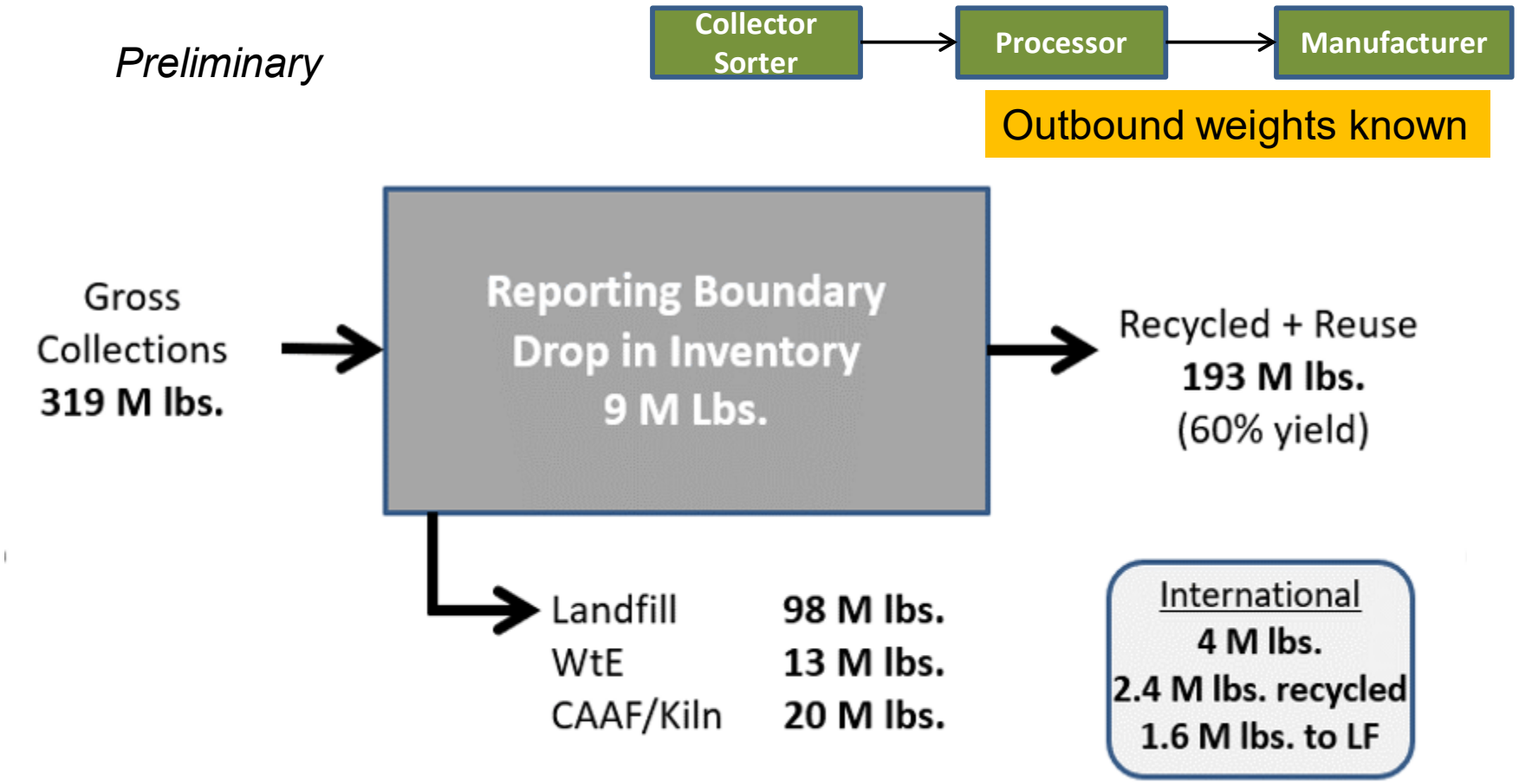
Cumulative gross collection thru 2018 > 5.25 billion pounds

Recycled Output = Recycled + Reuse



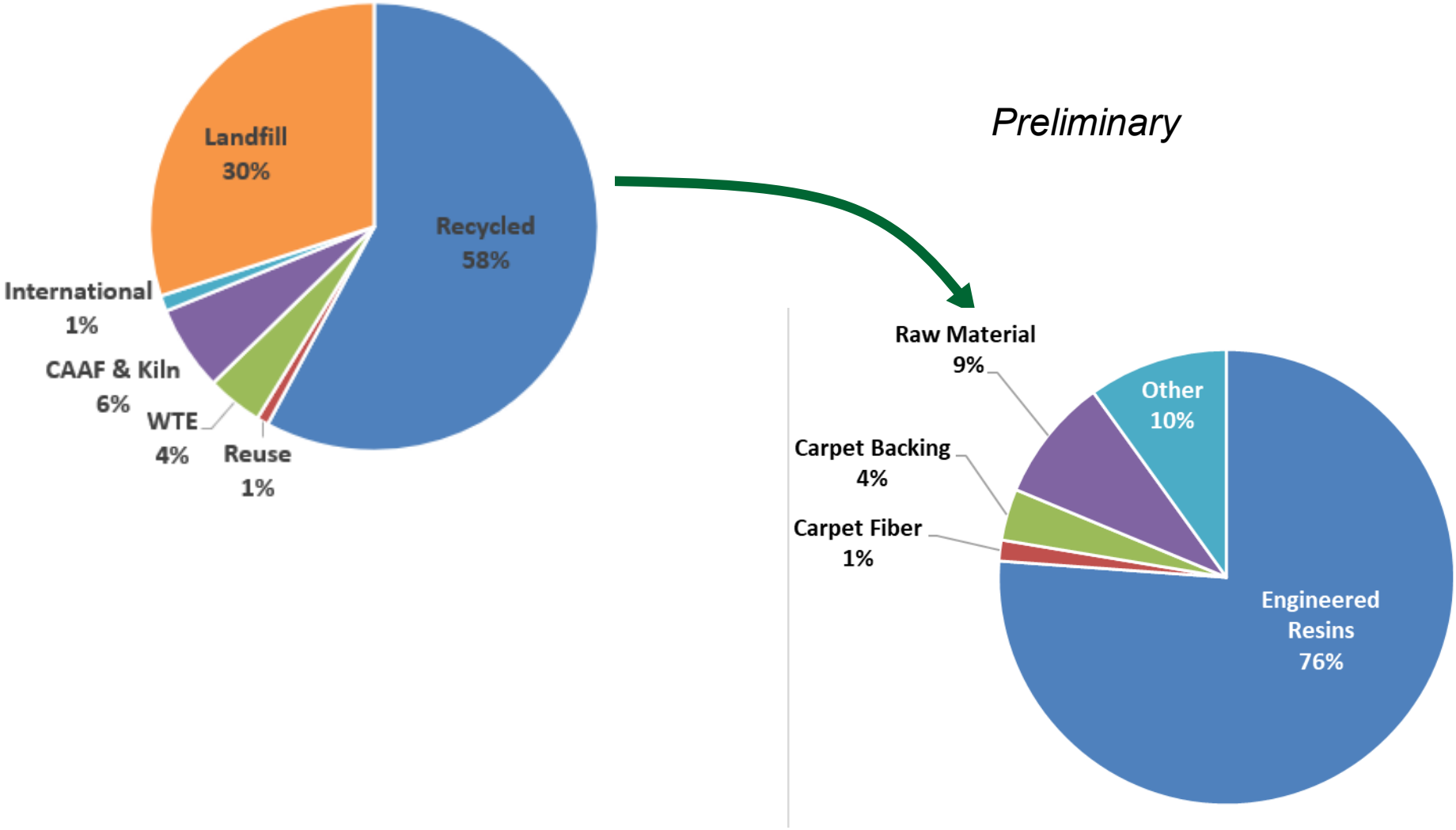
Mass Balance Calculation

Preliminary

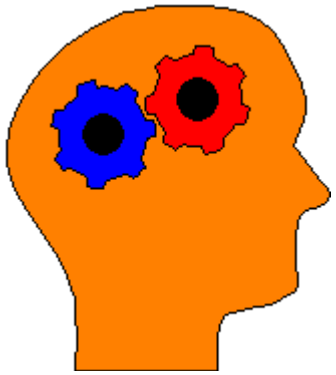


Output=Gross Collections + International +Inventory Change =193+98+13+20+4-9=319M lbs. input required

Where the PCC Goes



So What About California?



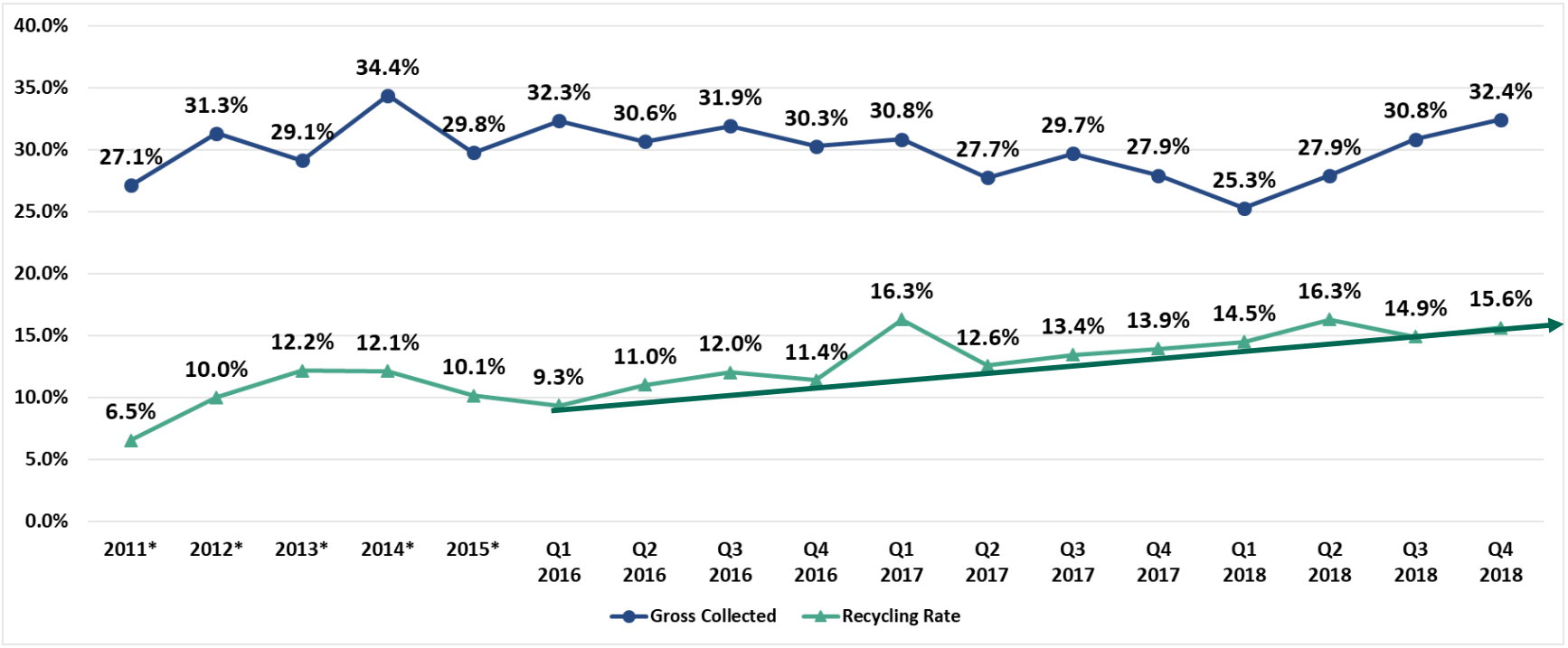
California Carpet Stewardship Program

An initiative of CARE: Carpet America Recovery Effort

Accusation Update

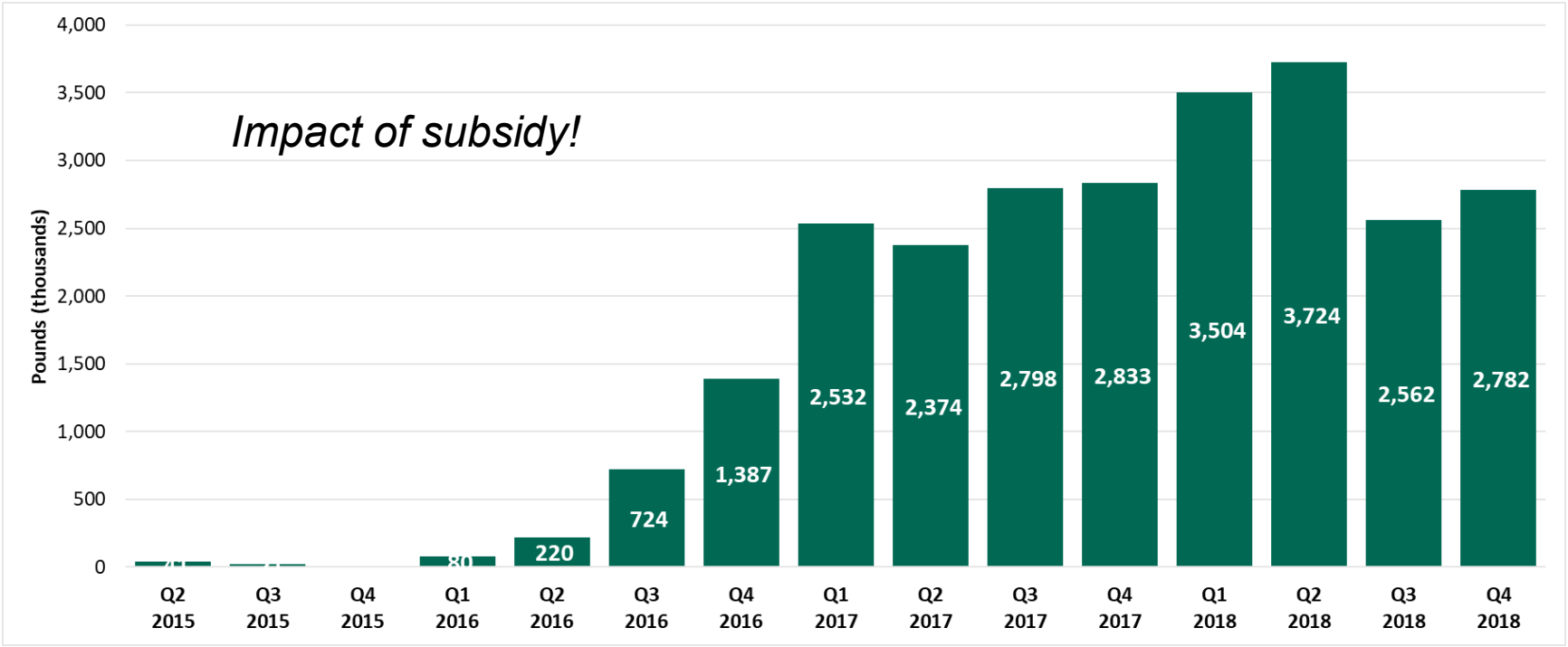
1) Fine was $3.25M for 2013, 2014, 2015
2) ALJ ruled in February reducing fine to $1.25M and stated no evidence of negligence on the part of CARE
3) CalRecycle Director disagreed, but accepted and reduced fine to $82,250 on 4/25
4) CARE rejects fine and filed appeal
6) 2016 non-compliance enforcement action
   - ALJ preliminary ruling: reduced fine from $1.8M to $725K and found no negligence - again
   - CR rejected ALJ finding – new hearing on May 8th
7) CARE position: 2018 performance was compliant:
   - RO up & no approved Plan against which to judge

AB 2398 Performance Trends (millions of pounds)



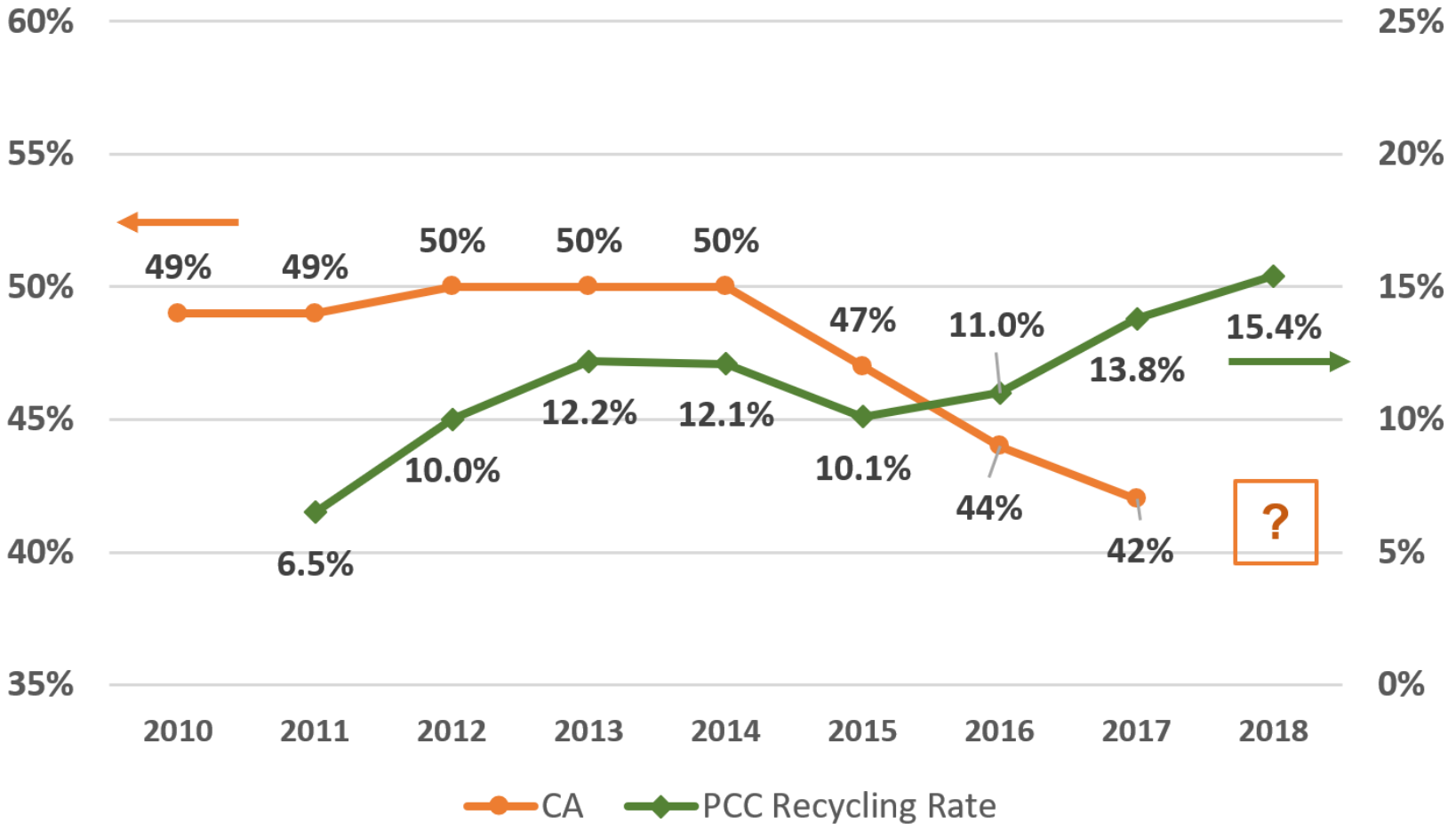
New target: 24% by 1/1/20

Calcium Carbonate (PC4) by Quarter

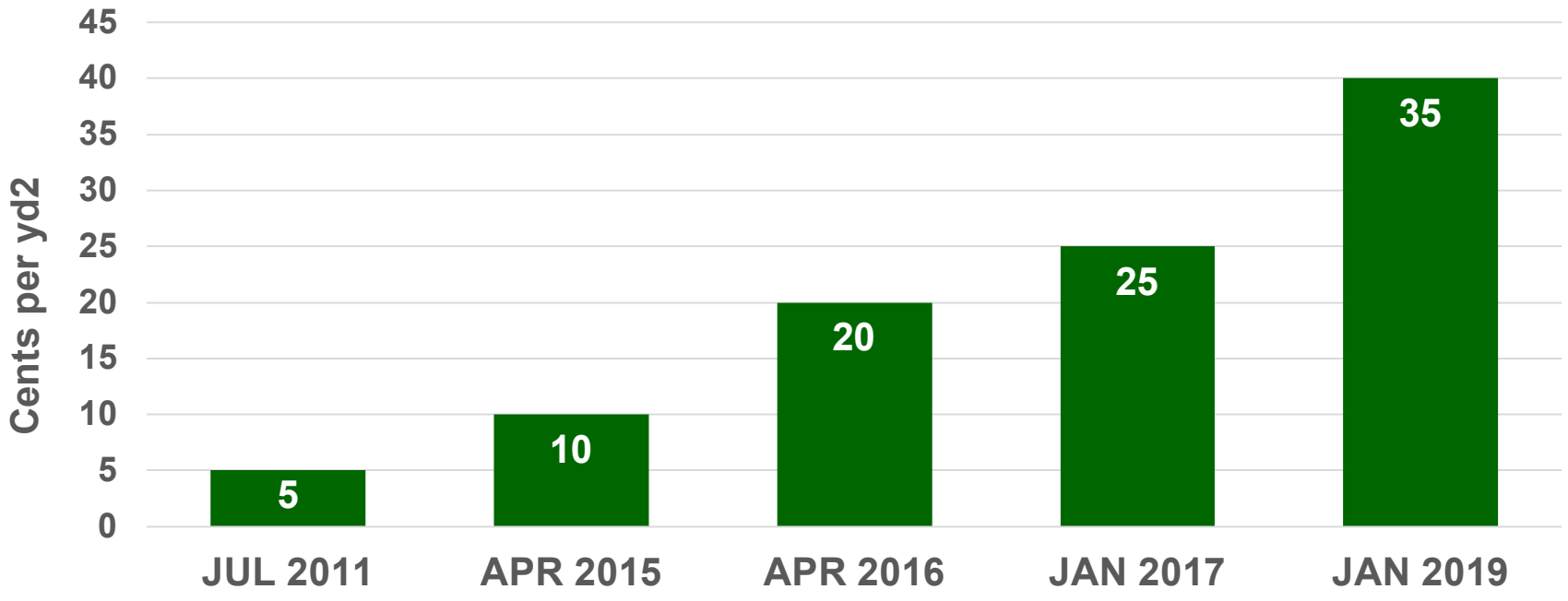


All the value is in the polymer – so how to move the other 50%?

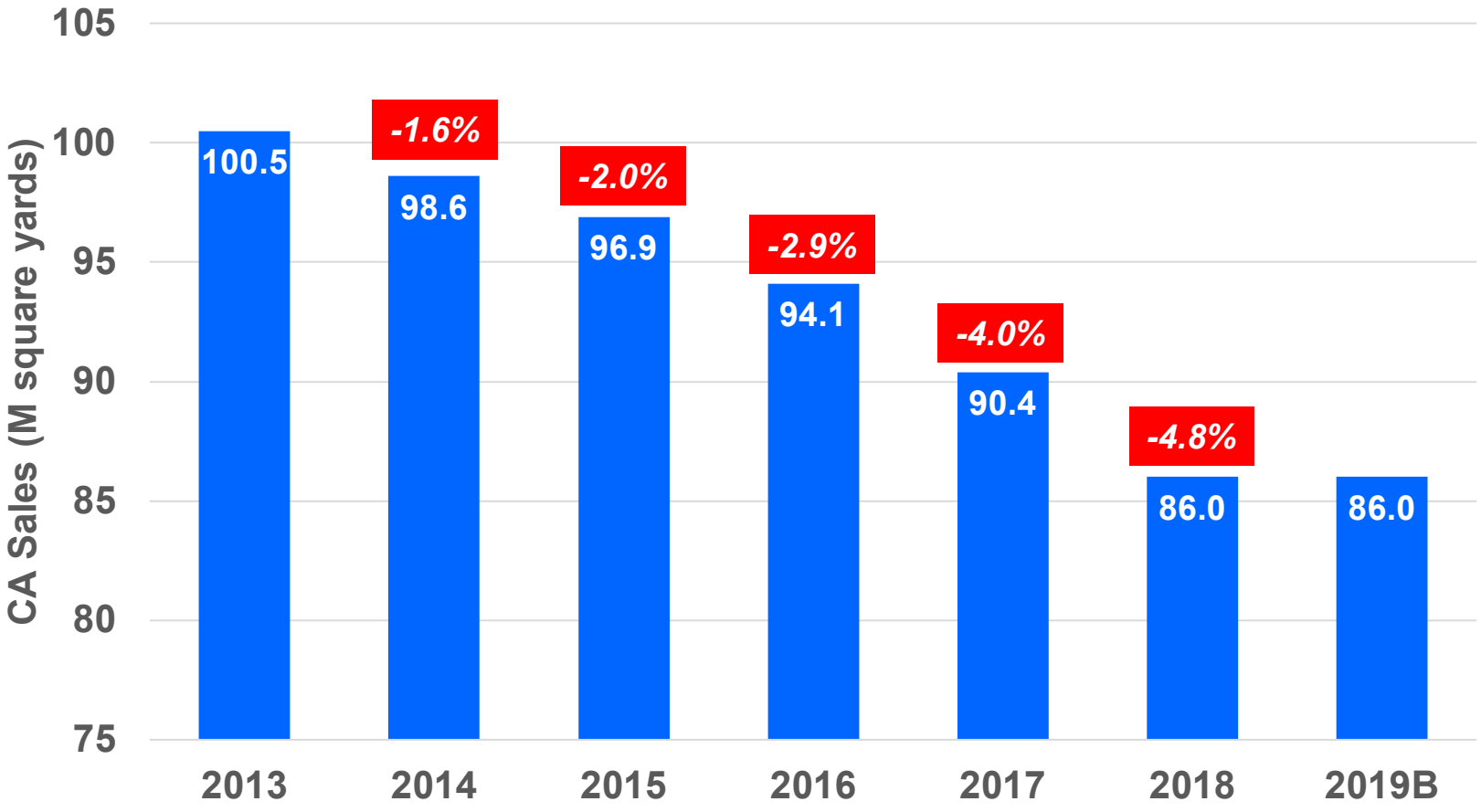
Recycling Rate: CA vs CARE



Assessments to Fund Program



CA Sales by Year



Assessment/yd²:	5¢	5¢	10¢	20¢	25¢	25¢	35¢

CA Sales Decline n Rate

California Carpet Stewardship Program
An initiative of CARE: Carpet America Recovery Effort

AB 1158 (Jan. 2018) - Frustration

- Added new requirements including:
  - 24% recycling rate by Jan. 2020
  - Advisory Committee
- Coming AB 729:
  - Transition Plan
  - Differential assessment by polymer type
  - 1 Year escrow to facilitate a transition if needed

- Plan finally approved February 2019:
  - 2.5 years & 6 versions
  - Conditional requirements

Time lost in execution to respond

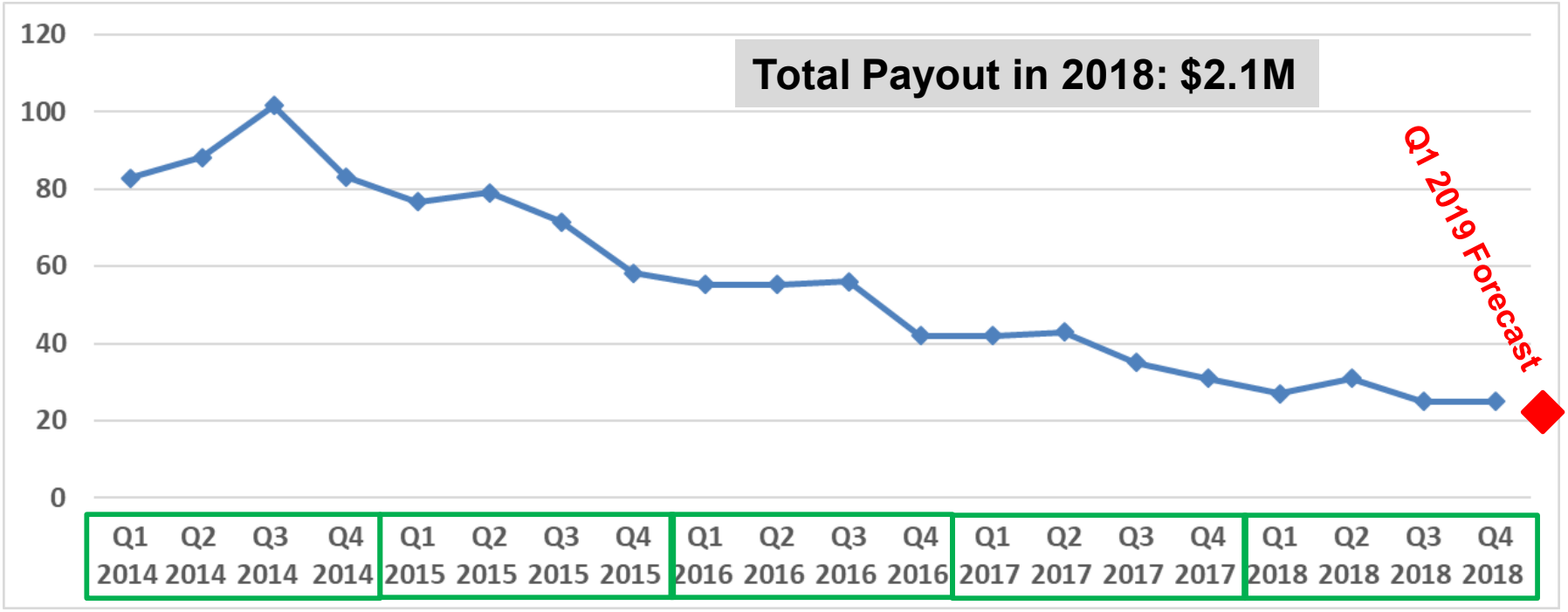
CARE Confidential

CARPET AMERICA RECOVERY EFFORT SM

Developing market-based solutions for the recycling and reuse of post-consumer carpet

VPS Update

VPS Sorted Output vs. Time



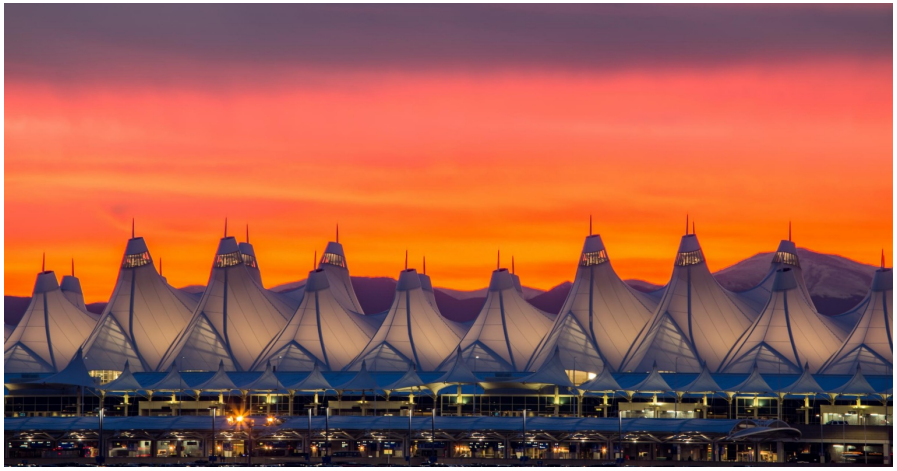
Bottom Line

- Humble beginnings
- 18 years of experience
- Tough product to recycle
- Tough markets to penetrate
- China National Sword, low oil, new virgin N6 capacity
- Plastic pollution → driving brands = good news
- Major chemical players entering market (Eastman, Indorama, P&G, Loop
- We are making progress
- *Reality: Need more time*

Question to You – our Members

2020 Conference location:

Denver



Portland

Thank you

- ✓ Anthony, Melanie, Susan, Penny, Jean & Ryan
- ✓ CA Team: Jacy, Lisa, Jared, Abbie, Cheryl
- ✓ Our entrepreneurs & mill members
- ✓ Gigantic Idea Studio (GIS)
- ✓ CARE Board & Advisors

✓Members & Guests
✓Sponsors
✓Exhibitors
✓Aprio – awards celebration
THANK YOU

Questions / Comments