Efficiency Rate

Achieving 76% recycling efficiency rate, passing the goal of 75%. Recycling efficiency refers to the amount of collected carpet that is transformed into recycled products.

130+ Drop-Off Sites

Supporting 131 public drop-off sites, in addition to the over 200 private sites across the state. Public drop-off sites increased pounds collected by 33% over 2021.

2 Million Pounds of Reuse

Meeting the carpet reuse goal of two million pounds.

100 Products

Promoting some 100 products made from recycled-carpet material.

Carpet Recycling US Update

Dr. Robert Peoples
Executive Director, CARE

July 10, 2024

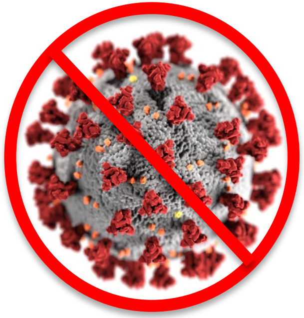
CARPET RECYCLING UK

2024 Annual Conference, Evening Dinner & Awards
voco St John's Solihull

Agenda

- Apology
- The Economy
- Flooring in the U.S.
- State of CARE
- California Program Update
- Bottom Line

July 2024 – The world is changing

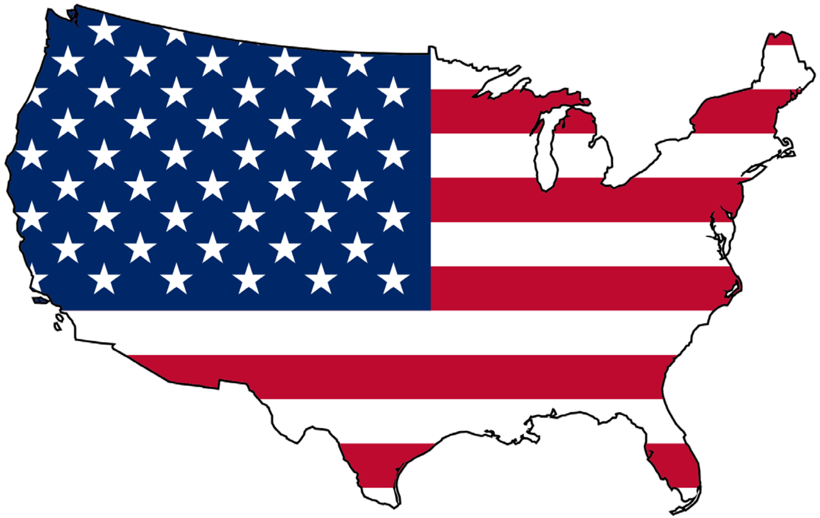


Manageable today

Other concerns

- ✓ Covid behind us – not forgotten
- ✓ Wars: Russia/Ukraine & Israel/Hamas (Hezbollah/Iran)
- ✓ China trade & growth of India
- ✓ China, Russia, N. Korea, Iran
- ✓ Inflation & new supply chain concerns
- ✓ U.S. presidential election (east vs west)
- ✓ Climate
- ✓ …

U.S. Economy



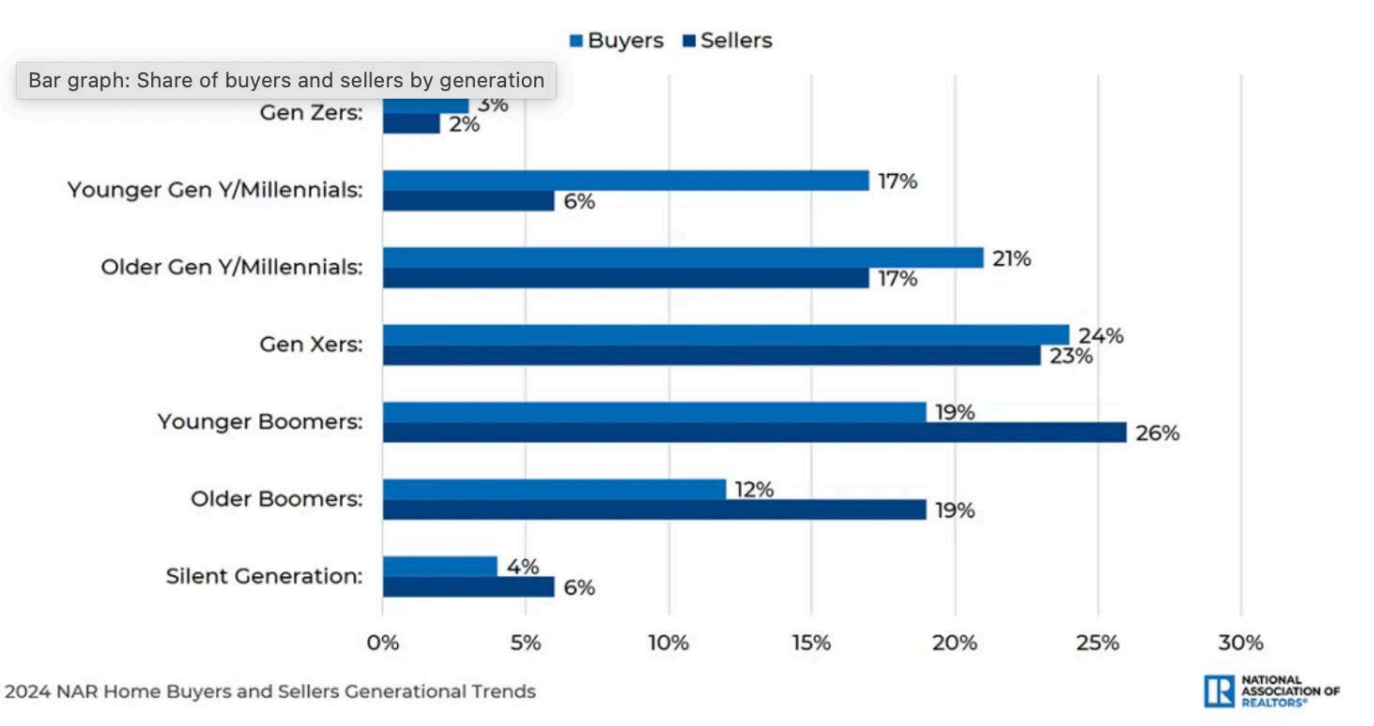
- ✓ *Inflation (down)*
- ✓ *Consumer sentiment (uncertain)*
- ✓ *Supply chain (logistic concerns)*
- ✓ *Soft Landing ??*
- ✓ *Election & Polarization*

- ✓ *EPR / PRO expanding!*

Dynamics in the U.S. Flooring Market

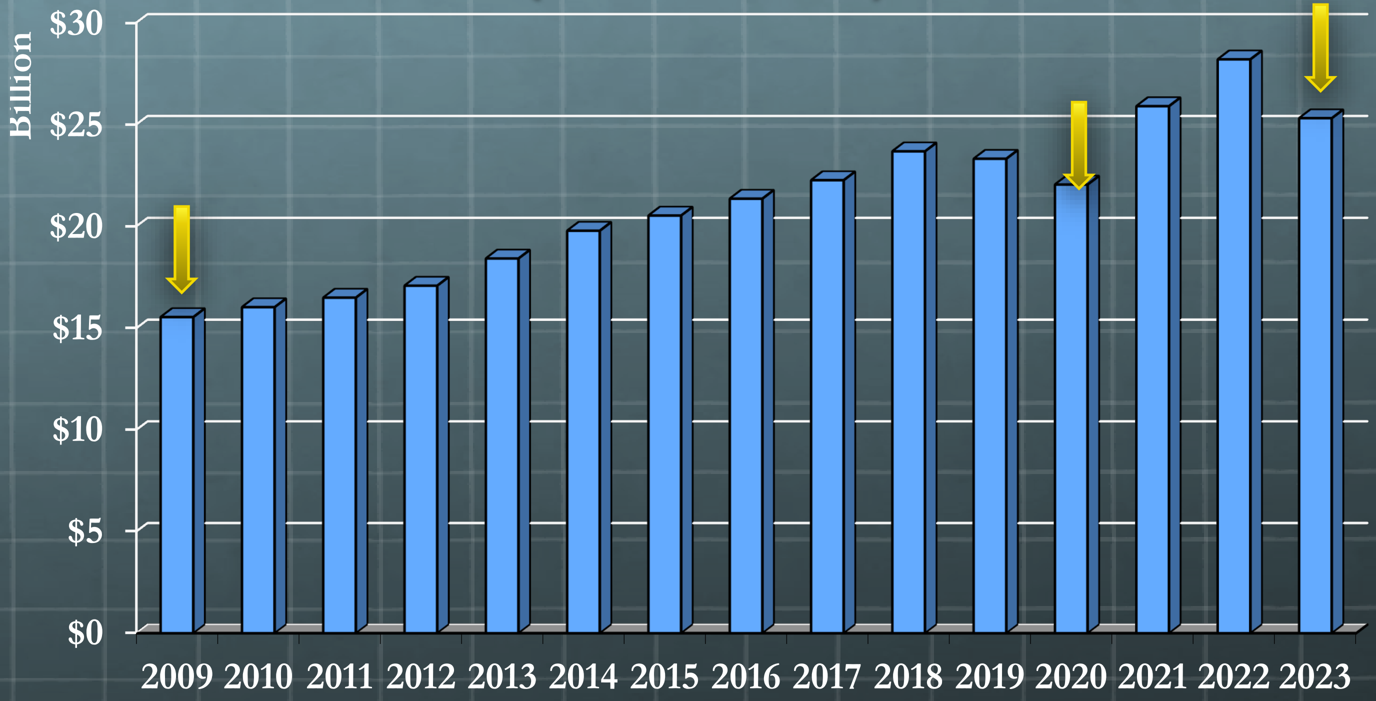
Presented to CARE
May 2024
Source of data - Floor Focus and Market Insights

Share of Buyers and Sellers by Generation



U.S. Flooring Market

(wholesale value)

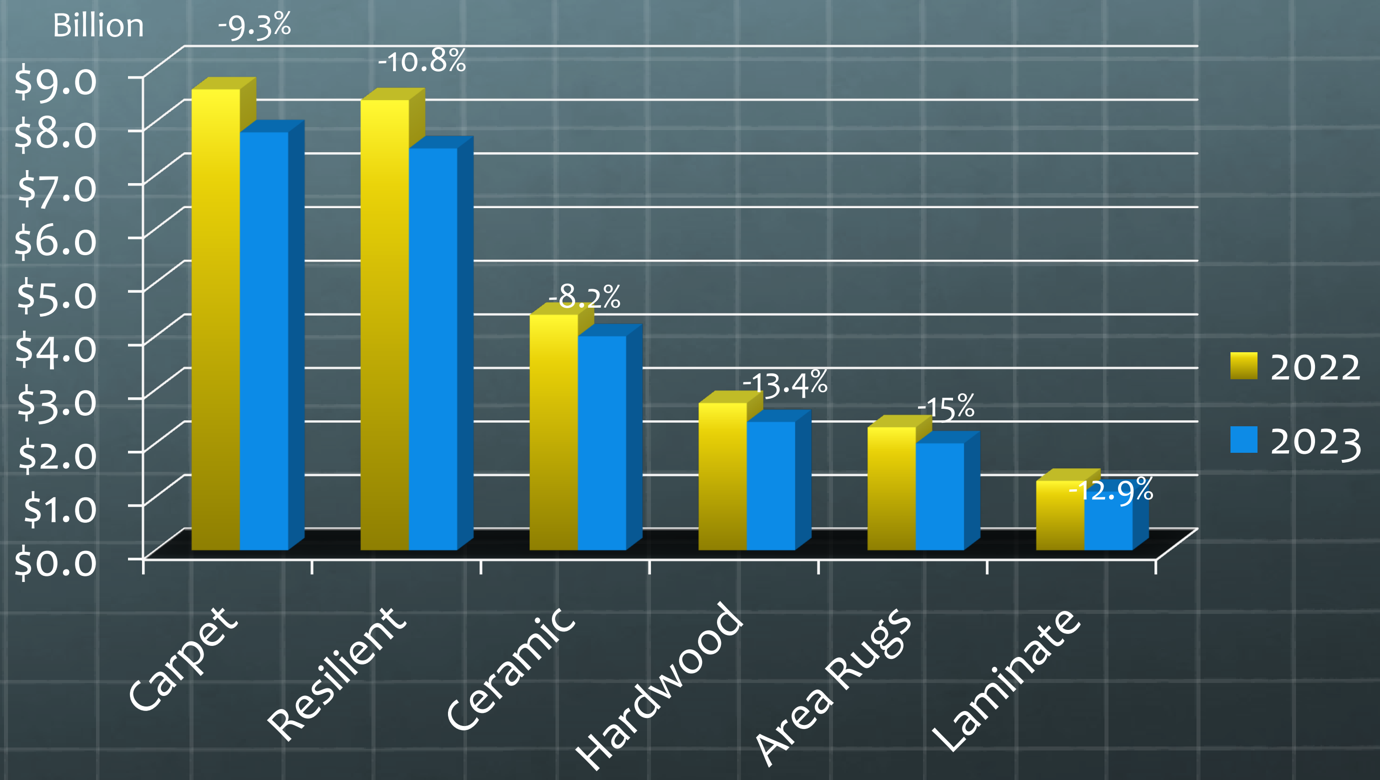


In 2020, Covid caused revenue in the U.S. flooring market to drop 5.4% to $22.1. Revenue for 2021 was up 17% with residential far outperforming commercial. 2022 brought a 3% increase and **2023 was down 10.6%**

Market Value ($) by Surface

2023 versus 2022

Total Flooring Market was down 10.6% to $25.3 bil



Source: May 2024 Floor Focus

Carpet Market Trends

- Consumers are starting to appreciate texture enhancements brought about by tufting technology – buying carpet by the room and going bolder.
- Carpet picked up share vs. other surfaces for the first time in 20 years.
- PET fiber type by far in residential but nylon still leads in commercial. PET has lower recyclable market value.
- Big focus on PET (domestic animal/pet) clean up performance with residential marketing
- Hospitality sector continues to move toward hard surface
- Market is bifurcated with loss of volume in the middle price points
- Home centers reducing roll bars, homes purchased for rental market and apartments continue to shift away from carpet

U.S. Flooring Outlook

- Commercial market anticipating decline in demand.
- While residential and builder segments are soft, long- range outlook is still positive due to household formations. 2025 should be a growth year.
- Floor and Décor on everyone’s radar - Installation services not in their wheelhouse. Primary focus is small contractor.
- Share shift to imported flooring is leveling off as more domestic capacity grows.
- Vietnam/Cambodia taking share from China due to tariffs
- Some price erosion as inflation cools demand

State of CARE 2024

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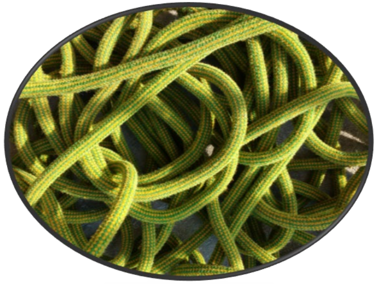
Where is CARE in 2024?

- Attention was *CA focused – progress BUT AB 863*
- **New York bill passed** – start 2026
  - Unrealistic expectations & no antitrust protection
- Non-CA recyclers still struggling
- **Plastic waste issue is a driver** (packaging)
- Chemical recycling start-ups way <u>behind</u>
- New ID technology set back
- Economic unknowns persist – commercial real estate
- Inflation slowing BUT mortgage rates high
- Progress: much slower than anticipated → 2025?
- Will **chemical recycling** change our recycling world?



2024

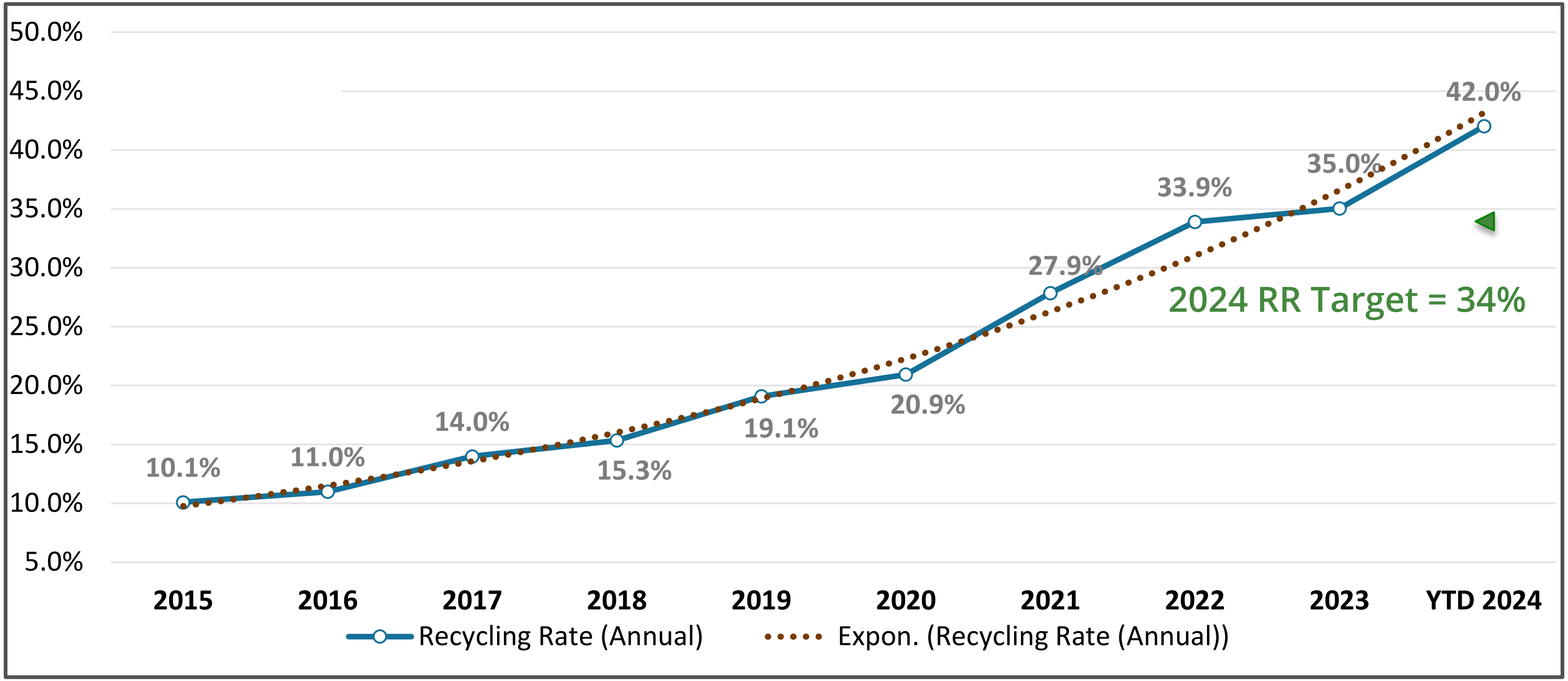
clarity

2023

2022

California Carpet Stewardship Program Update

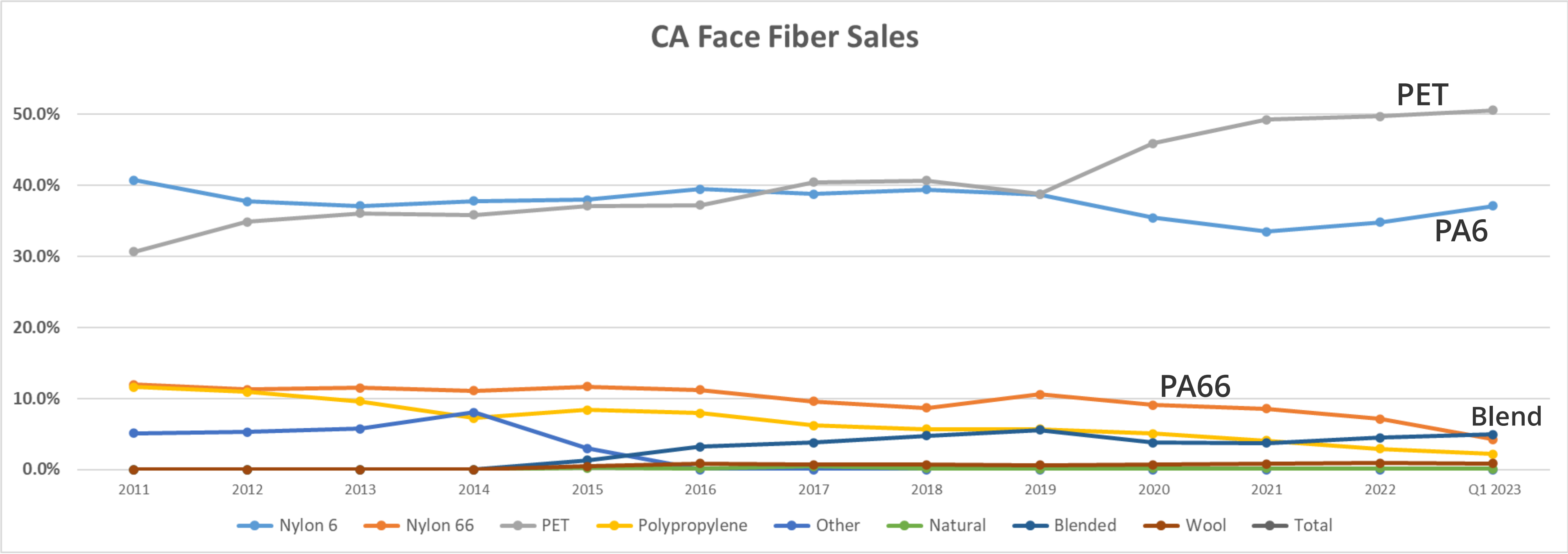
Recycling Rate Trend



1. Recycling rate increased by an average of 32% year over year from 2015 to 2024.

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

Trend: New Carpet Sold and Shipped by Face Fiber



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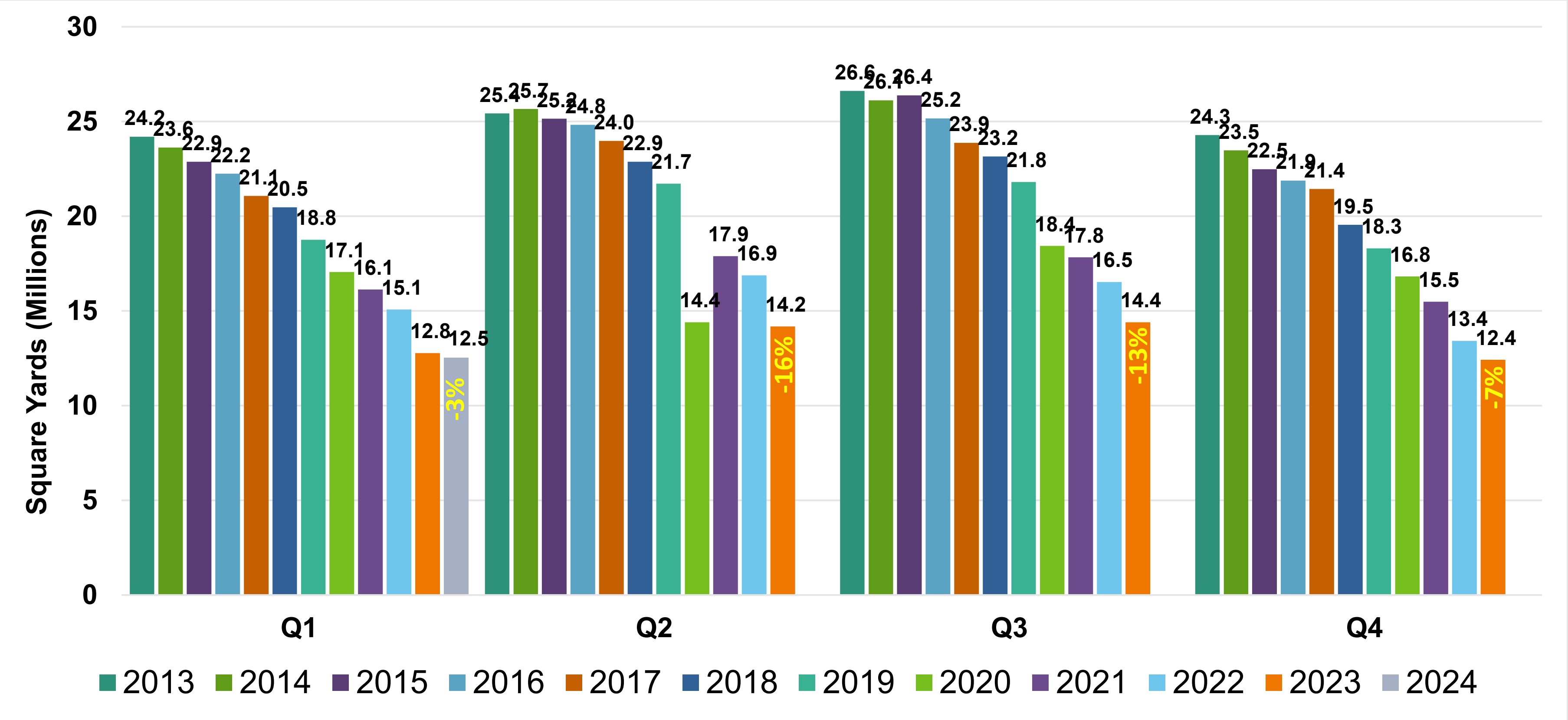
Sales by Quarter



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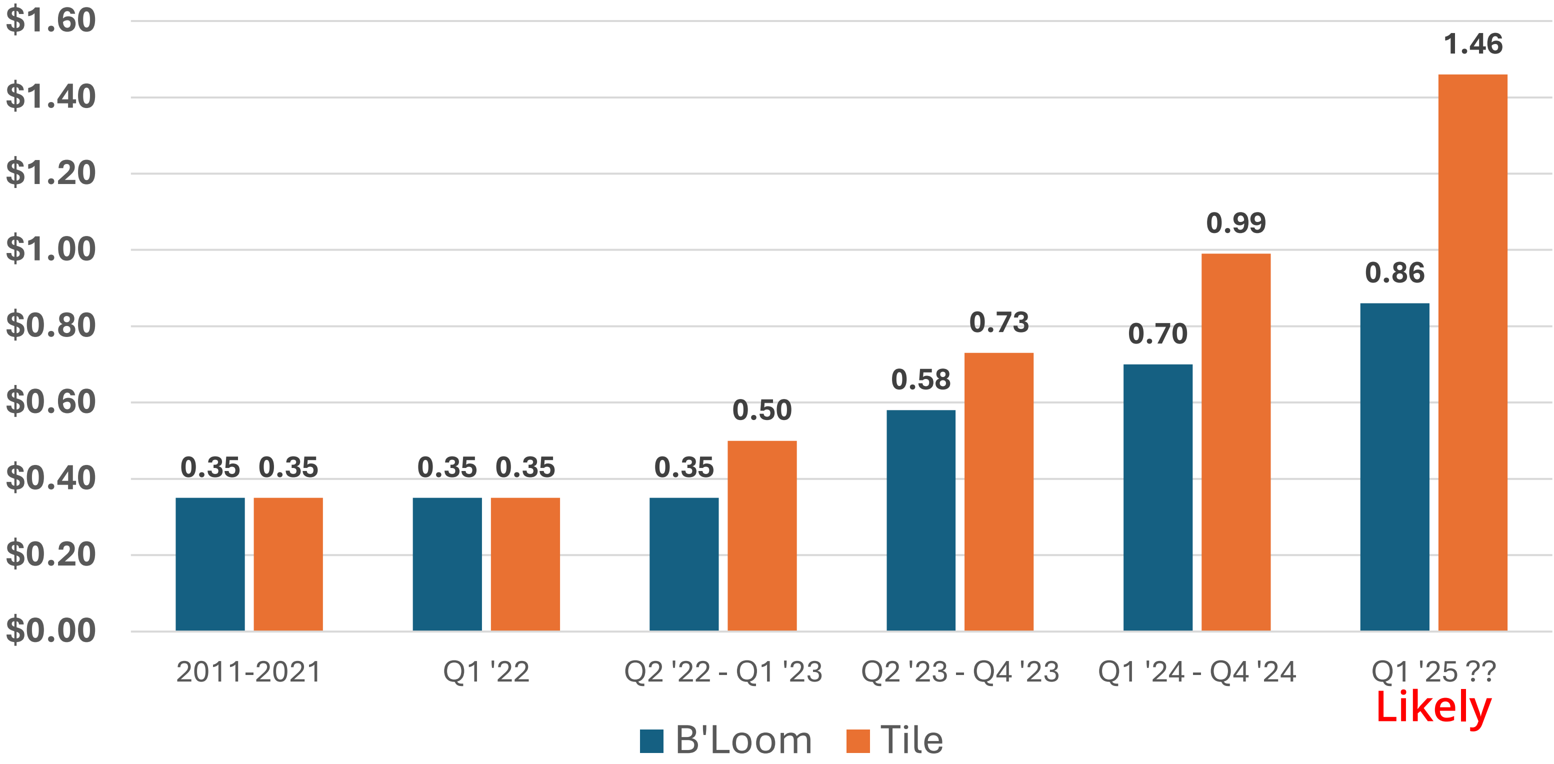
Assessments Over Time



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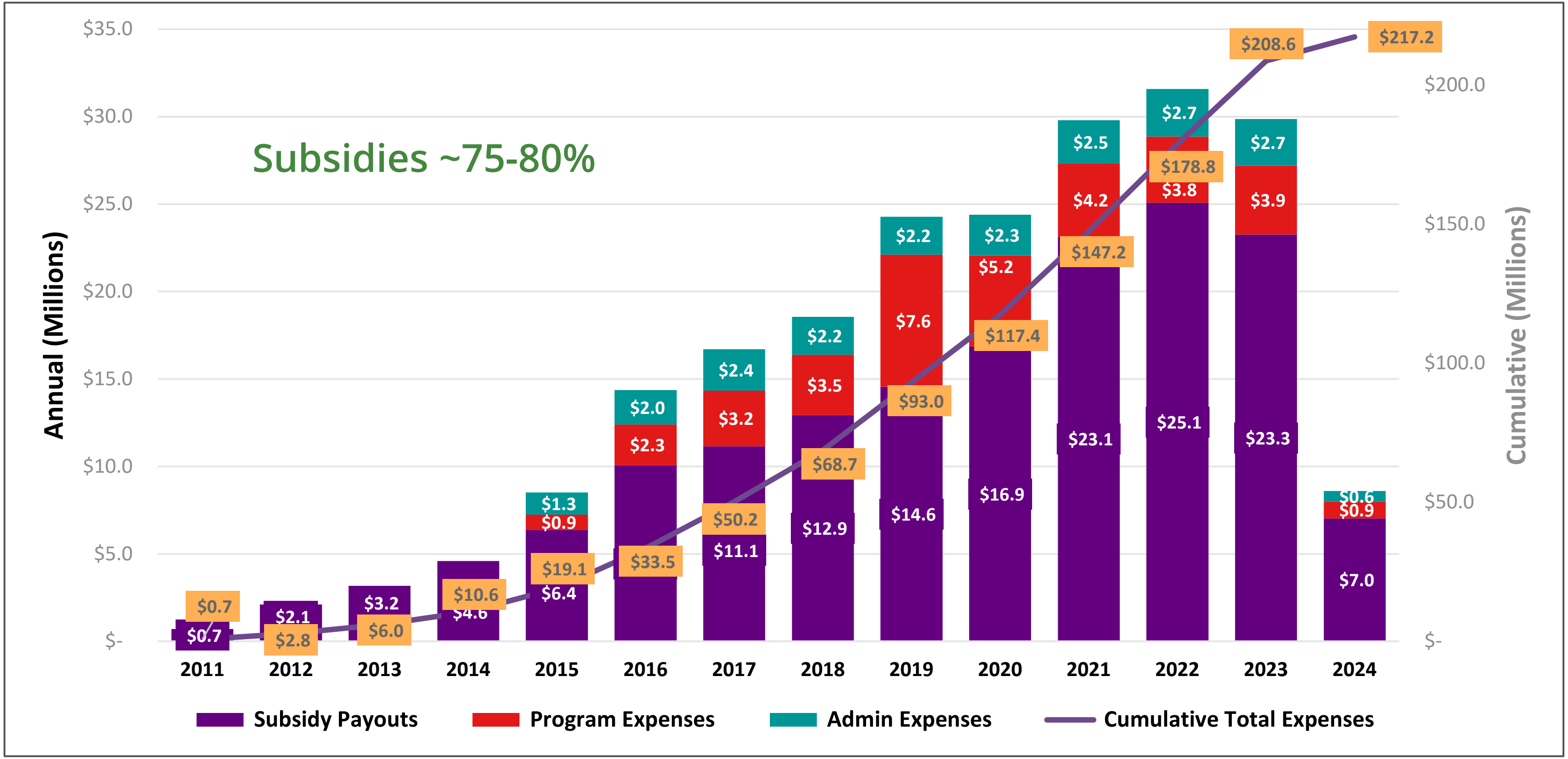
Cumulative Expenses



Bottom Line

- Collections
- Financing – assessment
  - Consumer pays vs. Producer pays
- Products & Markets
- ID technology (vs back stamping)
- Education (good intention & unintended consequences)
- Managing expectations
- Impact of unknowns

coopetition

✓ Compete on sales, collaborate on reuse & recycle → win-win-win

"It was strange we came to study the moon, and what we really discovered was the Earth."

Cmdr. William Anders – "Earthrise"

Dec. 24, 1968

Thank you - I hope to see you next year

bpeoples@carpetrecovery.org

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

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

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