

## **PVC Phaseout Report on Products & Packaging**

**RESOLVED:** The shareholders of XXX urge the Board of Directors to issue a report on PFOA and PVC in XXX products by the XXXX annual meeting, at reasonable cost and excluding confidential information, discussing the feasibility of an expeditious phaseout of the use of PFOA and PVC in the production of all XXX products, including materials that may degrade to PFOA in use or in the environment, and the deployment of safer substitutes.

### **Supporting Statement:**

We believe that the increasing attention being paid by policy makers, investors, and consumers to the presence of potentially harmful chemicals in products necessitates adopting safer alternatives as they become available.

Many XXX products contain polyvinyl chloride (PVC) or may be coated with materials containing or known to break down to perfluorooctanoic acid (PFOA).

PVC Problems and Regulatory Issues: Additives mixed with PVC resins such as stabilizers, plasticizers, and fillers can leach out of, or volatilize from, a PVC product during its useful life. Phthalates (plasticizers) may pose hazards which contribute to the development of respiratory problems in children. When produced or burned PVC plastic forms dioxins, a highly toxic group of chemicals that build up in the food chain. The EPA classified the most potent of the dioxins as a human carcinogen, estimating a 1-in-1,000 risk to Americans of cancer due to exposure.

The use of PVC faces increasing governmental restrictions. Many cities, including New York, Boston, Seattle, San Francisco, and Buffalo have enacted policies to avoid the purchase of materials such as PVC that lead to persistent toxic pollution. Safer, cost-effective alternatives to PVC are available. Indeed, while some Mohawk products utilize PVC, others do not, such as our company's environmentally praised polyethylene terephthalate (PET) carpet products.

PFOA Problems & Regulatory Issues: PFOA faces increasing government scrutiny. In June 2006, the majority of EPA's Science Advisory Board identified PFOA as a likely carcinogen. Canadian, Australian, and European regulators are contemplating restrictions due to PFOA's potential role in birth defects and liver, testicular, and pancreatic cancer and other concerns.

The 3M Company, a former manufacturer of PFOA, tested children across the United States. The test data submitted to EPA revealed PFOA in the blood of 96% of 598 children studied. The company subsequently phased out PFOA production.

Retailers including Conagra, McDonald's, H&M, and Wal-Mart have announced their intent to study or use alternatives to PFOA-based products or packaging.

A class action lawsuit seeking \$5 billion in damages against PFOA maker DuPont alleges failure to disclose to consumers health risks, including alleged emissions of PFOA, from Teflon products.

Even the lack of PFOA in an end product is not dispositive; some materials produced utilizing PFOA and related compounds have been evidenced to decompose to PFOA in the environment, or in the bodies of exposed persons.

To defend share value against the reputational, regulatory, and liability risks associated with PVC and PFOA, proponents urge a yes vote on this resolution.