



I N T E R F A C E

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Interface Celebrates Ten Years of Sustainability in Action

Atlanta, GA - The story is now familiar to many; the “spear in the chest” epiphany Ray Anderson experienced when he first read Paul Hawken’s, “The Ecology of Commerce” seeking inspiration for a speech to an Interface task force on the company’s environmental vision. Ten years and a sea change later, Interface, Inc., celebrates its gratifying progress on a journey towards a vision that no one would have imagined for the company, or the petroleum-intensive industry of carpet manufacturing which has been forever changed by Anderson’s vision.

“The vision is not just to change our company and eliminate our environmental footprint, but through the power of our influence on others to become restorative,” said Ray Anderson, founder and chairman of Interface, Inc. “In nine years, at the end of 2003, we had progressed about one-third of the way from where we started in 1994, toward our goal of zero footprint—what we call the top of Mount Sustainability. To name a few relevant metrics:

- Carbon intensity, down one-third.
- Greenhouse gases down 46% absolute.
- Number of smokestacks reduced by 33%, number of effluent pipes reduced by 47%, with water usage down 78% per yard of carpet tile and 40% per yard of broadloom.

This reduced footprint is embodied in every product we produce. As we perform life cycle assessments on our products, we are moving toward evaluating our manufacturing facilities on the basis of the cumulative impact of all the products a facility produces; and we are doing this worldwide.”

Anderson looks to the future: “The remaining two-thirds of Mount Sustainability is twice as high as the one-third we have traversed. Looking ahead to the next 10 years at Interface if we are successful in executing our plan”:

- Waste will be halved again.
- Energy will be further reduced in relative terms by half again,
- Half the remaining energy will come from renewable sources (photovoltaics, wind, biomass).
- The number of smokestacks and effluent pipes remaining will be halved.
- Half of all materials will be post consumer recycled, including a portion from nylon 6,6,

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said by some to be commercially impossible.

- Interface as a whole will be climate neutral.
- The Evergreen Service Agreement will be a major factor and a big competitive advantage as we move toward selling the “service” our products deliver, while retaining ownership in the products themselves, along with responsibility for recycling them.
- “ReEntry”—our reverse logistics and closed loop recycling initiative—will become a way of life.

In an average of 80 speeches a year over the last 10 years, Ray has espoused a new world view where the economy is recognized to be the wholly-owned subsidiary of the environment. Putting it another way, Ray asks: “What CEO, given a subsidiary that required a constant and continual infusion of capital (natural capital, in this case) just to keep it going, would keep that subsidiary very long? None that I know, and nature is a better manager than any CEO I know, and capable of being far more ruthless if she needs to be.”

Atlanta-based Interface, Inc. (NASDAQ: IFSIA), is a global leader in the manufacture of environmentally-responsible floorcoverings and other textiles, through business units including Bentley Prince Street, Interface Fabrics, Interface Flooring Systems, InterfaceFLOR, Interface Europe and Interface Asia-Pacific. The company is committed to giving the marketplace a wide range of choices for specifying Earth-friendly and certified environmentally preferable products. Interface also introduced the industry’s first climate neutral carpet, Cool Carpet™, as well as the only carpet product to be designed using biomimicry, the i2™ collection from Interface Flooring Systems. The company introduced a residential carpet product (InterfaceFLOR) created from the bio-based, plant-derived fiber, Ingeo™. Interface Fabrics offers the Terratex® brand of commercial fabrics, the first to be made of 100% post consumer and post industrial polyester and wool; now also available with bio-based fibers.

For more information on Interface’s environmental initiatives, visit www.interfacesustainability.com.

Ingeo™ is a registered trademark of Cargill Dow LLC

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Interface
Top 10 Accomplishments
Sustainability in Action 1994-2004

With the same entrepreneurial spirit that led to the founding of Interface, Ray Anderson has inspired a worldwide workforce of more than 5,200 to lead the industrial world on a path to sustainability. There is no model to follow; there is only innovation.

Interface tracks progress using baseline 'EcoMetrics' established in 1995. The company's website, www.interfacesustainability.com serves as a sustainability report and includes additional data on the company's progress. The company's Top 10 achievements include:

1. Reducing greenhouse gas (GHG) emissions by 46 percent since 1996.

This accomplishment was achieved with continuous improvements in energy per unit efficiency including a 31% reduction per unit of manufactured fabrics, a 35% reduction for all carpet, and an innovative partnership to capture methane from a local landfill. Interface invested over three quarters of a million dollars to upgrade coal-fired boilers to cleaner burning natural gas at the Interface Fabrics facility in Elkin, NC. In August 2003, Interface Flooring Systems, the City of LaGrange, Ga., and the EPA entered into a partnership to capture methane gas from the city's landfill and pipe it to Interface's local manufacturing facility, to power two boilers at the plant. This partnership is the first of its kind in the American carpet industry, and is part of the EPA's Landfill Methane Outreach Program. During the pipeline construction, Interface is receiving the GHG offset benefits from the flare at the landfill site, and when the project is completed, the GHG emissions associated with all of Interface's North American carpet manufacturing facilities will effectively be offset.

2. Increasing renewable energy sources to 12 percent of total consumption.

Increasing reliance on renewable sources of energy to more than 12 percent of our total consumption has been achieved through a combination of strategies, including the use of biomass in the form of wood chips in the Fabrics division, the purchase of green electricity for six facilities in the U.S. and Europe and on-site generation (photovoltaic arrays) at three facilities. Shelf Mills (UK), Craigavon (Northern Ireland) and Bentley Prince Street (City of Industry, Calif.) all use 100% green electricity.

3. Launching Terratex[®], the industry's first post consumer recycled polyester commercial fabric brand.

Terratex was launched by Interface Fabrics in 1995; the first commercial fabric brand to be made of 100% post consumer and post industrial polyester and reclaimed wool. In 2003,

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Interface Fabrics began purchasing Green-e certified wind energy—enough to produce a million linear yards of Terratex annually. Innovations continue in fabrics with participation in a Dye and Chemical Protocol, created to ensure that the dyes and chemicals used meet the highest environmental standards possible. Interface Fabrics has also introduced a bio-based Terratex product line derived from corn and they have introduced ReSKU™, a groundbreaking polyester reclamation program.

4. Introducing Cool Fuel™ and Cool Carpet™ to offset carbon dioxide emissions from Interface sales associates' vehicles and the entire life cycle of certain modular carpet products.

Recognizing that technology lags behind its ambitious goals, Interface has developed innovative solutions to address global warming that can make a difference today. Interface has partnered with one of its fuel suppliers in a first-of-its-kind Cool Fuel program whereby the rebates to Interface for fuel purchased by Interface associates with company cars are used to purchase carbon dioxide emissions offsets, which are verified by the nonprofit Climate Neutral Network. Cool Carpet, a program available through all Interface companies in North America and Europe, offers customers the opportunity to specify climate neutral carpet. Interface purchases emissions offset credits sufficient to compensate for the carbon dioxide emitted over the entire life cycle of the carpet.

5. Interface is using emerging technologies to improve efficiencies and eliminate material and energy waste.

The company defines waste as any cost that does not produce value to its customers. Waste reduction programs and expanded recycling and reuse programs have enabled the corporation to reduce solid waste to landfill by 65% since 1996, equating to more than 49 million pounds of materials since the introduction of the Interface Americas carpet reclamation program - ReEntry. In 2003, 12.7 million pounds of materials were diverted; a 38 percent increase over 2002. Through process enhancements and technical innovations, Interface has reduced the number of smokestacks on its facilities by 33 percent and the number of effluent pipes by 47 percent. Water usage is down by 78 percent per yard of carpet tile and 40 percent per yard of broadloom.

6. Keeping vinyl in the technical loop and out of the landfill with the introduction of the industry's first recycled vinyl backing.

In keeping with a strategy to exit the mining of all non-renewable raw materials and accepting responsibility for the millions of yards of carpet already installed and backed by vinyl, Interface introduced GlasBac®RE in 1996, a recycled version of its high-performing vinyl backing. Interface is taking a leadership role in recycling vinyl products, keeping vinyl in the technical

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loop and out of landfills or incinerators. Carpet tile recycling was up 51% in 2003 and the manufacture of GlasBac RE recycled vinyl tile backing grew 16.4 percent.

7. Achieving “Environmentally Preferable Product” third party certification for both modular and broadloom carpet collections.

In an era of ‘greenwashing,’ third party certification is vital to customers who want to be sure their specifications meet their demands for environmental responsibility. Interface Flooring Systems was the first carpet company to receive Environmentally Preferable Product (EPP) certification from Scientific Certification Systems for a complete carpet tile construction. The certification was awarded for products made with Invista’s Antron Lumena® and Legacy® fibers and GlasBac RE backing.

All Bentley Prince Street products made with either High Performance™ backing or Lifespan backing have been certified as EPP, making it the largest broadloom offering in the commercial carpet business based on production volume (80% of their production volume).

8. Using nature as inspiration in product design.

Using biomimicry, the concept of looking to nature for inspiration, Interface created Entropy™, the first of the i2 collection which would become the company’s single largest selling modular collection. Interface designer David Oakey’s innovative design and manufacturing techniques created a modular carpet that celebrates its modularity. It can be installed and replaced (even years later) without regard for dye lot, pattern or direction of the tile. A primary benefit is less waste generated throughout the life of the product, from manufacturing through replacement and reclamation. A typical modular installation produces 3% waste, i2 products reduced that to 1%. This product was significant in that it provided an entry point for Interface into previously un-tapped market segments including education and healthcare due to its organic design, longevity, environmental attributes and life-cycle benefits.

9. Taking sustainability global.

Interface is driven not only to achieve breakthroughs in environmentally responsible manufacturing, but also to take a global leadership role by sharing knowledge and learning best practices. Ray Anderson speaks to organizations across the globe and has inspired others in the company to form collaborations at local and national levels. In 2003, the Asia-Pacific team took these efforts to new levels on two continents. First, they joined European Environment Commissioner Margo Wallstrom and other corporate leaders (IKEA and The Body Shop) to launch the Business Leaders in Climate Change Initiative. They also helped organize a sustainability conference for Australia’s Top 100 CEOs and CFOs to promote sustainable development in the marketplace. Interface associates around the world are

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forging relationships in the interest of satisfying Interface's objectives for "leading others forward through the power of influence." Other key international partnerships include commitments to the principles of The Natural Step, representation on the World Business Council for Sustainable Development, public commitments to environmental targets through the Pew Center on Global Climate Change, and involvement in the Canadian Industrial Program for Energy Conservation and the North American Green Purchasing Initiative. Interface is also represented on advisory committees of the National Research Council, the technical arm of the National Academies of Science. Numerous associates in North America and Asia-Pacific have assumed leadership roles at the local, national and international levels for the U.S. Green Building Council, the Canadian Green Building Council and the Australian Green Building Council.

10. Launching InterfaceFLOR's Spring Planting™ collection, the first residential carpet made from bio-based fiber.

As manufacturers look to more sustainable, alternative raw materials, it is clear that bio-based, rapidly-renewable materials are advantageous to petro-based materials. A challenge for bio-based materials, however, has been creating products to the same performance standards as those with synthetic fibers. In 2003, InterfaceFLOR, the company's residential brand of carpet tile, launched the first flooring product created from a corn-based polymer. In addition to the fiber being recyclable back into natural materials, it takes less energy to produce. Interface continues to explore the use of bio-based fibers in commercial products and introduced the Vertical Circles™ collection this year, which offers three products with a blend of polylactic acid (PLA) based renewable fiber and nylon.

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I N T E R F A C E

Keynote Remarks

Delivered by Ray Anderson

31 August 1994

Interface Global Resource Conservation Kick-off

Ed requested over a month ago that I make the keynote remarks for this conference. I accepted reluctantly because, frankly, I did not feel in my heart of hearts that I had the right vision, at least not one that resonated in my soul. Then through pure serendipity, someone sent me a book: Paul Hawken's, "The Ecology of Commerce." I shall quote extensively from it. I now have a vision for this company. I'm here to share it with you.

Every dairy farmer knows the term, "carrying capacity," meaning sustainable population (as, cows in a pasture).

St. Mathew Island in the Bering was a deserted island until 1944, when 29 reindeer were imported. Scientists calculated that the island had a carrying capacity of 13-18 per square mile, or 1,600-2,300 reindeer. By 1957, the population had grown to 1,350, with no natural control, no predators. By 1963 there were 6,000 (they thought the calculations were not correct). But the calculations were correct! By 1966, the population had dropped to 42. Not just the "extra" died. The "overshoot" produced a catastrophic effect.

St. Mathew is a metaphor for earth. But for earth, we're not talking just about population, but everything taken from the earth. Trees, shrubs, grass will grow back. Finite resources—oil, petrochemicals, minerals, will not grow back.

The Ogallala Aquifer is under the Great Plains. From it the irrigation water is taken for the food basket of the USA. It is larger than any other body of fresh water on earth. Every year 20 billion gallons more is taken from it than is replaced by rainwater. It **will** run dry: there **will** be famine!

Globally, 25 billion tons of topsoil are lost per year; more than all the wheat fields of Australia. And world populations increases 90 million per year. *USA Today* this morning is full of statistics about population growth, food supply, and pollution. Read it! Your blood will run cold.

"Net Primary Production" (NPP) – the sum of all photosynthetic production of the ecosystem, less the energy consumed in growing and supporting plant life, is equal to about 225 billion metric tons of wood, grass, fiber, vegetable matter per year – 60% produced on land, 40%

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in sea. Humans, one species in upwards of 30 million species, claims 40% of that annual production for itself. “St. Mathews Island.” An ecological crash will happen at sometime—at 50%, at 55%, at 60%, somewhere out there, and hundreds of thousands, maybe millions, of species will be lost—forever. The “death of birth,” Hawken calls it, for countless species; never to be born again, ever.

Nobody can predict what the implications of that are for our species.

Tropical forests in Brazil are cut and cleared to raise soy beans to feed cows in Germany to produce surplus butter and cheese that is piling up in warehouses—and one million displaced forest people are disenfranchised and living in squalor in Rio de Janeiro. Surplus in Germany, poverty in Brazil.

While I’ve been talking (3 or 4 minutes), 150-200 people have died from pesticide poisoning; 25 million die each year; in some countries, more than die of disease.

The rate of species extinction today is estimated to be 1,000 to 10,000 times the average rate of the last 65 million years—since the massive extinction of the dinosaurs. Nobody knows the implications—at what point will interdependence between us and them threaten us, i.e., our grandchildren or their grand children?

We are exceeding the carrying capacity of the earth now, and will continue to do so at an increasing, accelerating rate until catastrophe strikes. Unless somebody(ies) does (do) something to arrest and reverse the tide.

The fact that St. Mathews Island exceeded its carrying capacity by 200% or 300% or 400% for a while did not prevent the inevitable day of reckoning.

Now, who can do something about this? The strongest, most pervasive institution in the world has to take the lead. That’s not the church. Not government. Who is it? Business. Industry. People like us. Us!

In the U.S. alone, some 70,000 companies are already committed to some form of environmental commerce. We are in that group, but I do not think we are doing enough. We have not scratched the surface.

I heard Henry Kissinger say that after winning the Cold War we need another goal. His idea is that the goal should be sustainable prosperity. But we’ve already gone too far. I think the

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goal should be a restorative economy, putting back what we've taken.

We and all businesses have three issues to face:

1. What we take from the earth.
2. What we make.
3. What we waste.

1. We (Interface) take oil from the earth in the form of nylon, latex, PVC, bitumen, energy. And we don't put it back. We must push the envelope until we no longer take from earth.

2. We make products that end up, at the end of their useful lives, in land fills, polluting the earth. We must push the envelope until nothing we make ends up polluting the earth.

3. We waste all along the way, but not by nature's definition of waste. In nature, waste is food. It's recycled through the food chain. Our industrial waste is a pollutant. Call it what it is. It's category 2, not category 3. We must push the envelope until all our waste is category 3, i.e., biodegradable and recyclable into the food chain.

So, for starters, the goal is that everything gets reclaimed, reused, or recycled, and conserved, except biodegradable waste, waste by nature's definition that can go back to food.

I believe it is good business and will be increasingly so, to be good stewards of the earth. Just as we know that quality doesn't cost, it pays; we must get to the point that stewardship (conservation) doesn't cost, it pays. Our customers say they want it. Will they pay for it? We must see. We must give them the opportunity to tell us "yes" or "no."

It is a huge technological challenge. And a big management challenge, too. The management challenge is doable quickly, I believe. We can begin by benchmarking among our own businesses; then with other businesses. We can adopt best practices everywhere. Then best practices can become better and better, in the Kaizen fashion.

And we can focus our technological know-how—which is considerable, especially in the chemistry area—on breaking down the problem (the "elephant into digestible bites") and parceling it out among ourselves, our suppliers, and would-be suppliers. We have a lot of

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leverage, both with suppliers and would-be suppliers, to get them to join the process.

So, the bottom line today is: let us commit with this kick-off to not just sitting here, talking to each other, but to doing something. Specifically, doing what? I don't know. You must tell me when you're ready. I know you'll figure it out.

Here's the Vision that Ed asked for: "To be the first name in industrial ecology," So you see the similarity to our corporate vision: to be the first name in commercial and institutional interiors?

Ed only asked for a vision, but what about a mission? I'm reminded of what a NASA scientist told us at a sales meeting years ago. President Kennedy's mission for NASA to put a man on the moon by 1969 turned out to be flawed. It was too easy. After Apollo XII, NASA floundered, looking for a suitable new mission. So let's make our mission ambitious enough. How about this for a mission: To convert Interface into a restorative enterprise, worldwide.

Ed didn't ask for this either, but how's this for a strategy: Reclaim, reuse, recycle, conserve, adopt and advance best practices.

While I'm at it, how about this for a goal: To achieve sustainability by: _____. You must fill in the year. In fact, feel free to take each of these, massage them, develop them, then come back to me with your version of each.

Thank you for this beginning. I know it will lead to good things. All the best.



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Sustainability Brief: The Power of One

With the same entrepreneurial spirit that led to the founding of Interface, Ray Anderson has inspired a worldwide workforce of more than 5,100 to lead the industrial world on a path to sustainability. There is no model to follow; there is only innovation. To that end, Interface has been recognized time and again as a leader in a movement that has no precedence. Following are milestones in that journey.

1993

- Founding sponsor of the EnviroSense Consortium, a non-profit 501(c) 3 for IAQ

1995

- Shelf Mills becomes the first textile mill in UK to obtain ISO 14001 registration
- First in our industry to introduce a fabric produced from 100% post consumer recycled PET

1996

- First company in US to adopt The Natural Step

1997

- Founding partner of Forum for the Future, UK
- Craigavon is first major Northern Ireland manufacturing plant to sign up for Green Eco Energy
- First in commercial interiors industry with "Trees for Travel" program
- First in our industry to publish a Report on Sustainability
- First recipient of Global Green Millennium Award
- First corporate recipient of the Dubai International Award for Best Practices to Improve the Living Environment – United Nations Center for Human Settlements

1998

- First in our industry to install solar arrays to support the production of flooring materials (Bentley Prince Street) and fabrics (Intek)
- First in our industry to endorse CERES Principles
- Founding member of CEO Coalition to Advance Sustainable Technologies
- Interface Fabrics – first textile manufacturing facility to receive third party registration to ISO 14001

1999

- The Natural Step UK, Pathfinder Network, Founding Member
- Original supporter of the Climate Neutral Network

- First Climate Neutral flooring product – Solenium®

2000

- First recipient of Argon Award from Southface
- Founding member of the Atlanta Regional Chapter of the US Green Building Council
- First floorcovering design based on biomimicry – install in any direction
- Invited member of Pew Center's Business Environmental Leadership Council
- Co-founding member with BP: Society of Organizational Learning, Sustainability Consortium

2001

- Business Leaders Initiative on Climate Change, Founding Member
- Respect Europe, "Respect Table" member
- Charter member of EPA's National Environmental Performance Track Program
- Charter partner of EPA's Green Power Partnership
- Charter partner of EPA's Climate Leaders Program
- Charter partner of WRI/BSR's Green Power Market Development Group
- First corporate recipient of George and Cynthia Mitchell Prize

2002

- First to produce a carpet product made from "PLA", a renewable and biodegradable fiber made from corn sugar
- Recipient of USGBC Leadership Award (Private Sector)
- Founding member of the EPA's SmartWay Transport Program
- First "Cool Fuel™" program
- First charter member of the California Climate Action Registry
- Charter member of the Maine Step-Up Program

2003

- First to introduce a Climate Neutral product offering – Interface's "Cool Carpet™" program
- First company in American carpet industry to partner with a municipal landfill gas producer to use landfill methane gas for our energy needs
- First in our industry to join the EPA Landfill Methane Outreach Program
- First company to receive Environmentally Preferable Product (EPP) certification from Scientific Certification Systems for a commercial modular carpet product - using DuPont Antron® fiber and Interface's GlasBac® RE

2004

- First company to introduce fabric for commercial interiors made from 100% polylactic acid (PLA)
- Blue Ribbon Charter Partner in Georgia's P2AD Pollution Prevention Program

For additional information about Interface, Inc., please visit www.interfaceinc.com or www.interfacesustainability.com

