SPRAY POLYURETHANE FOAM: GREEN AND R-VALUE MARKETING CLAIMS
MONICA NTIRU KARAMAGI – HUNTSMAN

The comments and opinions in this presentation do not necessarily represent or reflect those of SPFA.
Outline

- Disclaimer
- Green Marketing – What is It?
- The FTC and Environmental Marketing
- Enforcement
- SPF Green Claims
- SPF R-value Claims
- Challenges and Recommendations
- Summary
Disclaimer

Much of the content presented is based upon independent research of publicly available material. The content is not intended to create, does not create, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. Opinions or points of view expressed on this site represent a consensus of the author, and do not necessarily represent the official position or policies of the SPFA. Examples discussed in this document are presented for informational purposes only and do not constitute product approval or enforcement.
Green Marketing – What is it?

The development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality. (social marketing definition)

Source: American Marketing Association
www.marketingpower.com
Green is here to stay – even in a down economy

According to a recent NAHB study in conjunction with McGraw Hill, 40% of the builders report Green features are necessary to sell homes. Source: McGraw Hill

All is not lost in current economic climate: Despite the economic downturn, consumers remain interested in purchasing green products and purchasing products from companies they believe are environmentally responsible. PSB Green Brands 2009 presentation

Make green obvious and easy: Consumers look for green certification marks and labels to tell them whether a product is “green,” and they pay attention to environmentally-related advertising. PSB Green Brands 2009 presentation

Per a McGraw Hill Study, In 2008, Green construction comprised 6%-10% of the market, and that percentage is expected to double within 5 years. Source: McGraw Hill 2009 Green Outlook
What is “Greenwash”?

**green·wash**  (grēn'wŏsh', -wôsh')  v.
- The act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service.

Terrachoice reviewed 18,000 ads in recent issues of Time, Fortune, National Geographic, Sports Illustrated and Vanity Fair. They found that more than 10 percent of all ads in 2008 made “green” claims, up from 3 percent in 2006.

*Source: Terrachoice “The Seven Sins of Greenwashing: Environmental Claims in Consumer Markets.”*
The FTC and Environmental Marketing

- Section 5 of the FTC Act declares unfair or deceptive acts or practices unlawful
  - Be Truthful
  - Have Substantiated Claims

- Ask Yourself
  - What impression do my marketing materials convey to a reasonable consumer?
  - Do I have competent and reliable documentation to back up my claims?
FTC’s Guides for the Use of Environmental Marketing Claims (the "Green Guides")

- Provide general principles for the use of “green” claims
  - 16 CFR 260 sww.ftc.gov/bcp/grnrulageguides980427.htm
- Applies to all forms of marketing claims
  - B2B, B2C
  - Covers labeling, advertising, promotional materials
- Doesn’t set performance standards or grant eco-labels

Structure
- General Principles
- Specific Principles
The Green Guides – 4 general principles, 8 specific guidances

1. General Environmental Benefits
2. Biodegradable/Photodegradable
3. Compostable
4. Recyclable
5. Recycled Content
6. Source Reduction
7. Refillable
8. Ozone Friendly
The FTC can take enforcement action!

- Cease and desist orders, civil penalties, consumer refunds, and monetary remedies,
- Corrective advertising, disclosures, and other informational remedies

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Claim</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2009</td>
<td>K-mart</td>
<td>Biodegradable Pkg</td>
<td>Settled FTC charges</td>
</tr>
<tr>
<td>June 2009</td>
<td>Tender Corp</td>
<td>Biodegradable Pkg</td>
<td>Settled FTC charges</td>
</tr>
<tr>
<td>June 2009</td>
<td>Dyna-E</td>
<td>Biodegradable Pkg</td>
<td>Admin. Litigation</td>
</tr>
<tr>
<td>August 2009</td>
<td>Jonano</td>
<td>Biodegradable Bamboo Fiber</td>
<td>Settled FTC charges</td>
</tr>
<tr>
<td>August 2009</td>
<td>Mad Mod</td>
<td>Biodegradable Bamboo Fiber</td>
<td>Settled FTC charges</td>
</tr>
<tr>
<td>August 2009</td>
<td>Pure Bamboo</td>
<td>Biodegradable Bamboo Fiber</td>
<td>Settled FTC charges</td>
</tr>
<tr>
<td>August 2009</td>
<td>Bamboosa</td>
<td>Biodegradable Bamboo Fiber</td>
<td>Admin. Litigation</td>
</tr>
</tbody>
</table>
FTC green enforcement example - Bamboo Fiber

Company Claims:

- 100% Bamboo fiber
- Biodegradable
- Anti-microbial properties
- Environmentally friendly process

The FTC findings:

- Fabric was Rayon (bamboo was cellulose source)
- Not biodegradable
- Bamboo anti-microbial properties not retained
- Toxic chemicals and hazardous air pollutants released in the process

3 companies settled
1 in litigation

Source: www.ftc.gov/opa/2009/08/bamboo.shtm
SPF Has Sustainable Attributes

SPF as a Green Product

Efficiently Using Energy
- Buildings with SPF may use less energy
- Can allow for reduced GHG emissions

Protecting Occupant Health and Employee Productivity
- Can improve Indoor Air Quality (mold)
- Can prevent ingress of pollen and allergens

Reducing waste and environmental degradation
- May result in less material to landfill
- Can lead to more durable buildings, longer life-cycle
SPF Example – “Non-Toxic”

- Sample Statement:
  - “….the application process is green and non-toxic”

- Problem: This general environmental benefit can convey the wrong meaning to consumers
  - SPF chemicals are toxic, and PPE is required during application.
  - Cured SPF is non-toxic. The difference must be made very clear to a consumer to avoid confusion.
The Green Guides – 4 general principles, 8 specific guidances

General Principles:
1. General Environmental Benefits
2. Biodegradable/Photodegradable
3. Compostable
4. Recyclable
5. Recycled Content
6. Source Reduction
7. Refillable
8. Ozone Friendly

Specific Guidances:
- Qualifications and Disclosures
- Distinction bet. Product, package or Service
- Overstatement of Environmental Attribute
- Comparative Claims

GREEN GUIDES

GEAR UP FOR YOUR FUTURE!
SPF Example – “Recycled/Renewable Content”

- Sample Statement:
  - “…made from agriculturally based materials…”
  - over 75% recycled content”

- Problem:
  - Overstatement of environmental attribute
    - SPF is mostly petrochemical
  - Can the claim be substantiated by a credible authority?

Typical SPF Recycled Content

- MDI “A Side”
- Polyol Blend
- “B side”
The Green Guides – 4 general principles, 8 specific guidances

1. General Environmental Benefits
2. Biodegradable/Photodegradable
3. Compostable
4. Recyclable
5. Recycled Content
6. Source Reduction
7. Refillable
8. Ozone Friendly

Qualifications and Disclosures
Distinction bet. Product, package or Service
Overstatement of Environmental Attribute
Comparative Claims
Examples of Eco Labeling Standards

- ASTM D6866
  - Carbon 14 dating of renewable and organic carbon
- ICC-ES SAVE reports
- Life Cycle Analysis based on ISO 14020 and 14024
- Green Seal
- Greenguard
- Energystar
- LEED
- Green Globes
The Federal R-value Rule

- In 1970s exaggerated R-value claims from insulation marketers were common
- FTC passed consumer protection laws.
- The Federal R-value Rule - 16 CFR Part 460
  - Defines how to test, label and market insulation products
  - Defines acceptable ASTM R-value tests
    - PU insulation must report Aged R-value
    - Does not include “effective R-value” tests
Manufacturers:
- Must give the installer a fact sheet

Installers:
- Must give the customer a fact sheet
- Must give the customer a receipt for the insulation

R-value must be listed at recommended use thickness
- Do not list the R-value for one inch only

Manufacturers are liable if they do not have a reasonable basis for the savings claims
- “cuts energy use by 30%”
- “Slashes energy use”
- Must maintain savings data for 3 years
FACT SHEET

THIS IS

Performance Insulation System

A SPRAY-IN-PLACE POLYURETHANE INSULATION

3” Specimen  R=6.6/Inch (initial)
R=6.2/inch (aged)*

*Aged 180 day per Federal Trade Commission 16CFR Part 460

READ THIS BEFORE YOU BUY

What you should know about R-Values

The chart shows the R-values of this spray-on insulation. "R" means resistance to heat flow. The higher the R-value, the greater the insulating power. Compare insulation R-values before you buy.

There are other factors to consider. The amount of insulation you need depends mainly on the climate you live in. Also, your fuel savings from insulation will depend upon the climate, the type and size of your house, the amount of insulation already in your house, and you fuel use patterns and family size. If you buy too much insulation, it will cost you more than what you'll save on fuel. To get the specified R-value out of any insulation, it is essential that the insulation be installed properly.

NOTE: Fact Sheet is a requirement of the Federal Trade Commission R-Value Rule, which governs all Insulation Products, which are marketed across state lines.

01/2009
2009 FTC Enforcement Actions

March 2009: Enviromate, LLC

- Sold PolyCell Insulation, treated with a chemical additive
- Actual product R-value was less than half of what was claimed in ads

The FTC Findings:

- Claims not supported by tests
- Actual R-value differed by 10% from labeled R-value
- Thickness not indicated

Outcome

- Settlement with reporting provisions

Source: www.ftc.gov/opa/2009/03/rvalue.shtm
2009 FTC R-value Enforcement Actions

March 2009: Meyer Enterprises, LLC, Insulated Solutions, LLC

- Sold Insul-Tarp - a thin blanket to be installed under concrete slab floors
- Claimed Insul-Tarp’s R-value is 7.54 – in reality R-value was 2

The FTC Findings:
- Did not use required testing procedures
- Did not provide consumers with R-value disclosures
- Did not report R-value at use thickness

Outcome
- Court order with monitoring and record-keeping terms
  - Civil penalty of $155,000

Source: www.ftc.gov/opa/2009/03/rvalue.shtm
March 2009: Edward Sumpolec

- Liquid coatings and radiant barriers
- Claimed “equals R-100 insulating value”
- “Saves 40 to 60% on your energy bills.”

The FTC Findings:

- No reasonable basis for making the cost-saving claims
- No savings-claims disclosures or 3 year records of such claims
- No fact sheets for consumers

Outcome

- Litigation without settlement underway

Source: www.ftc.gov/opa/2009/03/rvalue.shtm
R-value Guidelines

- **AVOID:**
  - R-value exaggerations
  - Use of “effective” R-value
  - Use of “equivalent” R-value
  - Installing a lower insulation thickness — meet the code
  - Quoting a 1 inch R-value — quote R-value at installed thickness

- **DO:**
  - Read the R-value Rule
  - Quote an aged R-value — ask your supplier
  - Provide owner with fact sheets
  - Maintain evidence to support claims
  - Support industry testing for advanced methods
Current Developments

- Federal Register Notices seeking comments on the Green Guides & new green claims
  - Sustainable
  - Renewable
  - Life Cycle Claims
  - Carbon Offsets

- Updated Green Guides may be released late spring
  - Be Informed
  - Participate

- SPFA/CPI Green Marketing Claims Workgroup
  - Upcoming industry guidance documents
Summary: Responsible Green Marketing
Has Benefits

- Green Marketing is a growing trend
- SPF has “green” attributes
- Know the rules
- Be Truthful
- Substantiate
- “Gear Up” for Success
QUESTIONS