

SPRAY POLYURETHANE FOAM:
GREEN AND R-VALUE
MARKETING CLAIMS
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Outline

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



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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

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

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

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'wōsh', -wōsh') _

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?

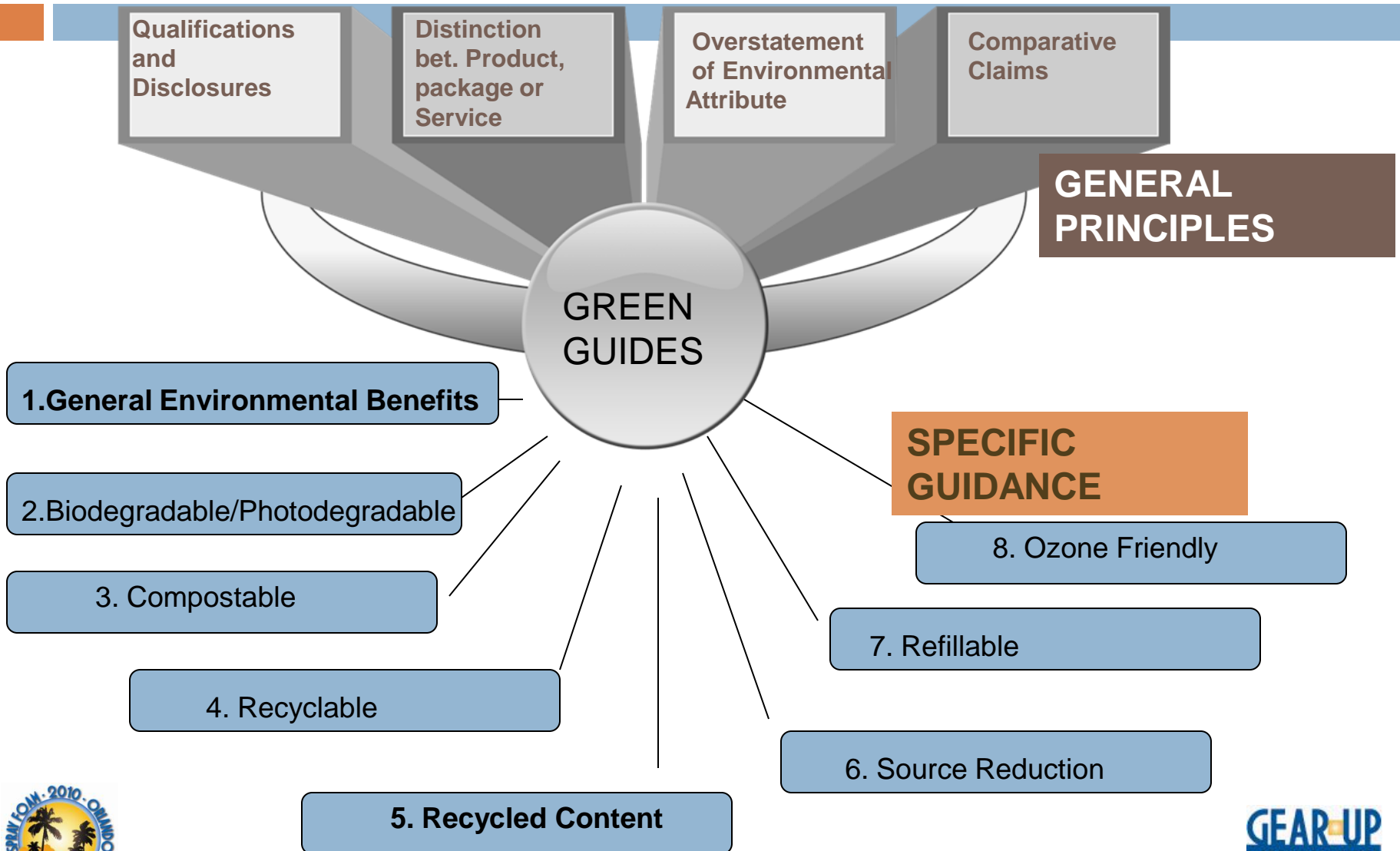


FTC's Guides for the Use of Environmental Marketing Claims (the "Green Guides")

- First issued in 1992, Updated in 1996 and 1998
- Provide general principles for the use of “green” claims
 - ▣ 16 CFR 260 www.ftc.gov/bcp/grnrule/guides980427.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



The FTC can take enforcement action!

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

Date	Company	Claim	Penalty
June 2009	K-mart	Biodegradable Pkg	Settled FTC charges
June 2009	Tender Corp	Biodegradable Pkg	Settled FTC charges
June 2009	Dyna-E	Biodegradable Pkg	Admin. Litigation
August 2009	Jonano	Biodegradable Bamboo Fiber	Settled FTC charges
August 2009	Mad Mod	Biodegradable Bamboo Fiber	Settled FTC charges
August 2009	Pure Bamboo	Biodegradable Bamboo Fiber	Settled FTC charges
August 2009	Bamboosa	Biodegradable Bamboo Fiber	Admin. Litigation



FTC green enforcement example- Bamboo Fiber

Company Claims:

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



Source: www.ftc.gov/opa/2009/08/bamboo.shtm

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



SPF Has Sustainable Attributes



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”

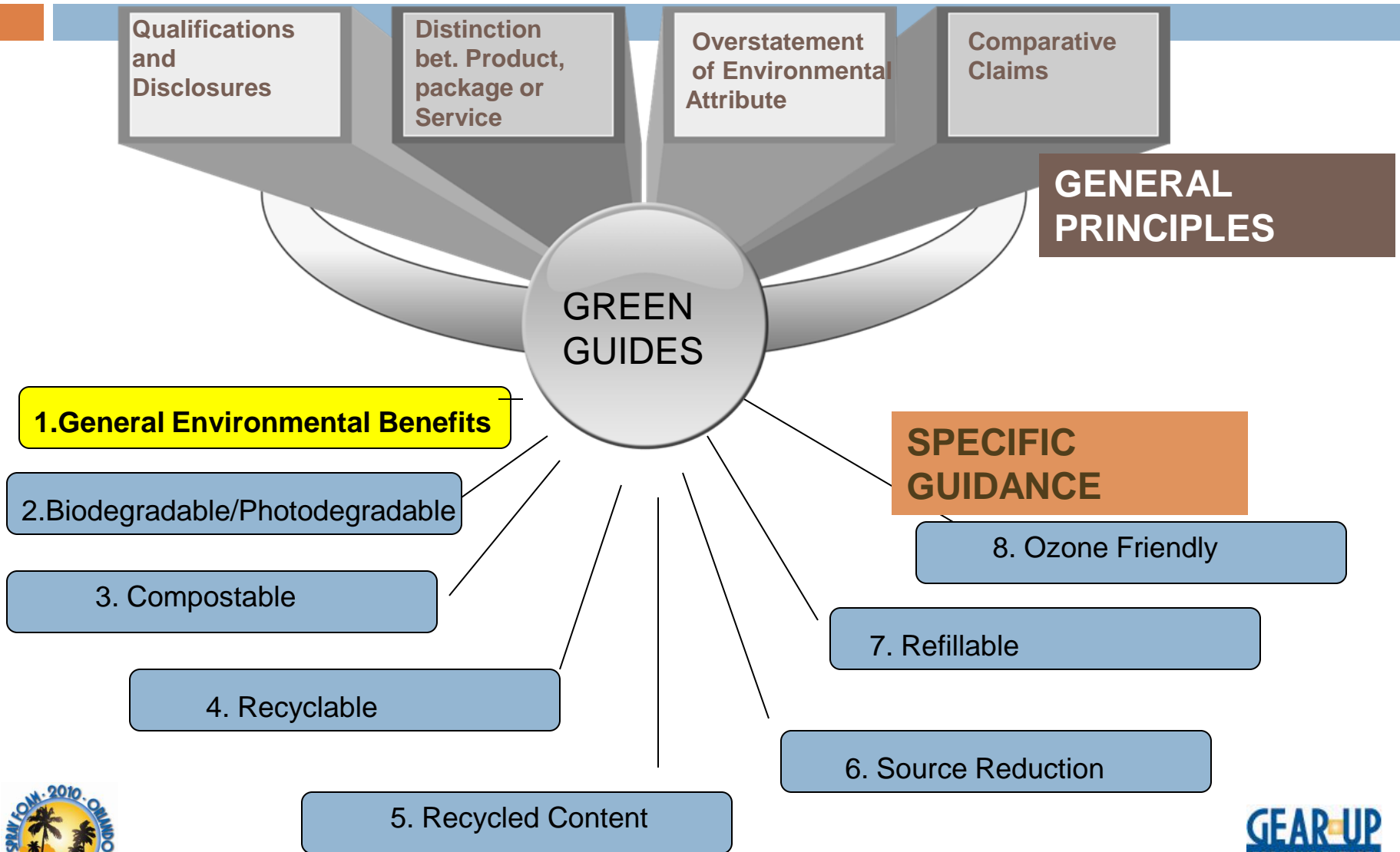
- Sample Statement:
 - “...the application process is green and non-toxic”



- 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



SPF Example – “Recycled/Renewable Content”

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

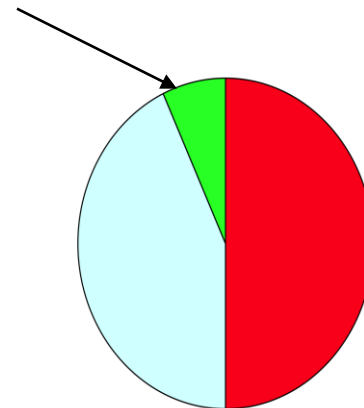


- Problem:
- Overstatement of environmental attribute
 - SPF is mostly petrochemical
- Can the claim be substantiated by a credible authority?

Typical SPF Recycled Content

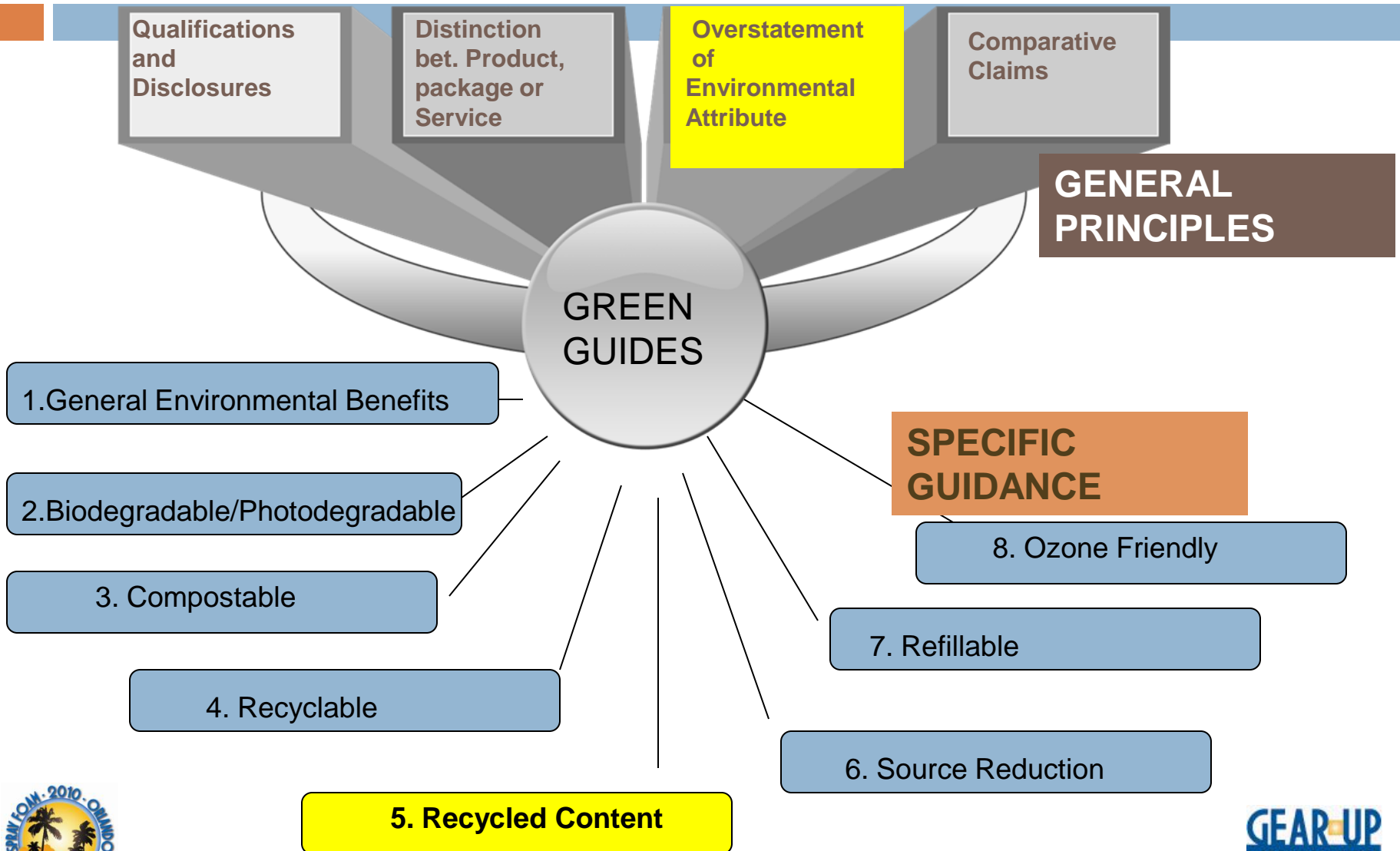
Polyol Blend

“B side”



MDI “A Side”

The Green Guides – 4 general principles, 8 specific guidances



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

TABLE 1—BIOBASED MATERIAL CONTENT SUMMARY

% MEAN BIOBASED CONTENT	METHOD OF DETERMINATION
10% (+/- 3%) ¹	ASTM D 6886

¹Based on precision and bias cited in ASTM D 6866.



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



FTC 16 CFR 460 and R-value Advertising – READ IT!

- 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



Sample R-Value sheet for customer

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 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 your 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



2009 FTC R-value Enforcement Actions

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

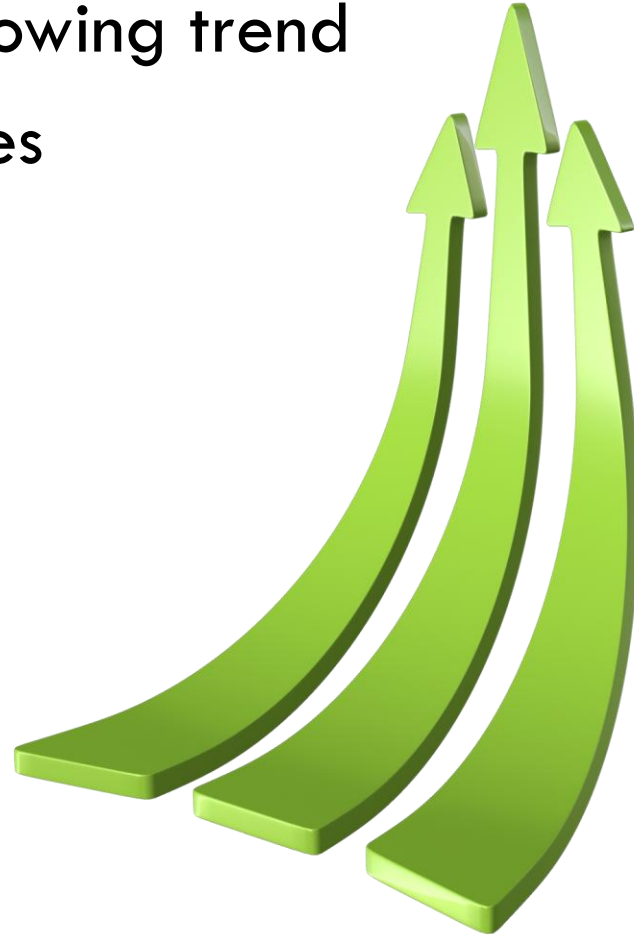
Current Developments

- 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

