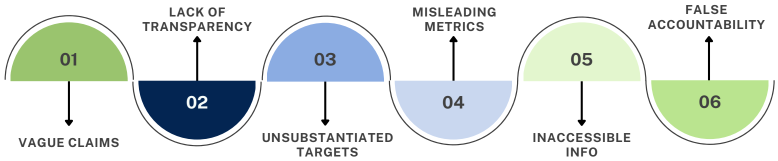
ThinkZero

ThinkZero Greenwashing Risk Assessment©

Navigating the world of sustainability with clarity and integrity

WHAT IS GREENWASHING?

The Australian Securities & Investments Commission (ASIC) provides a succinct definition:
“In relation to investments, 'greenwashing' is the practice of misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical.”
Key actions contributing to greenwashing include:



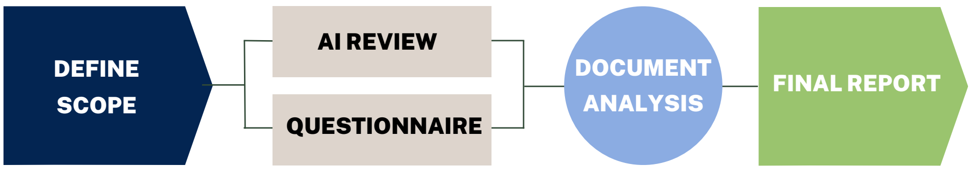
WHY IS IT IMPORTANT?

Greenwashing is a complex issue with significant consequences in both consumer and environmental spheres. Misleading marketing deceives eco-conscious buyers, hindering genuine sustainability efforts and damaging both people and the planet.

HOW DO WE DO THE ASSESSMENT?

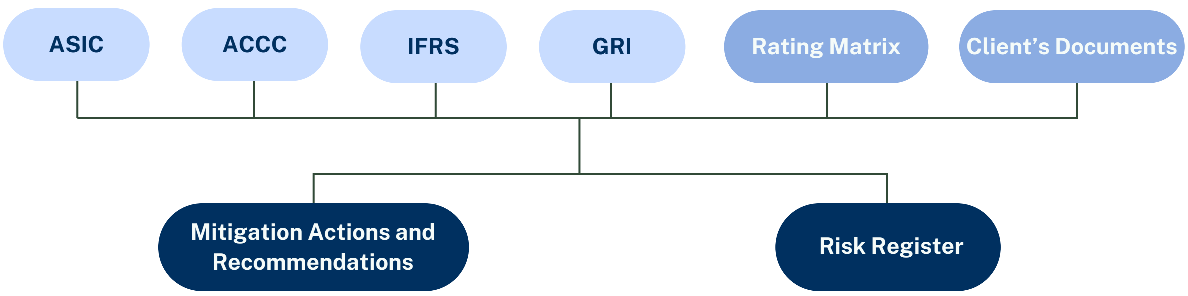
We evaluate the client's current practices or recent documentation based on the information available. Through this process, we help identify potential greenwashing risks and provide guidance on addressing them, fostering genuine and credible sustainability practices.

OUR WORKFLOW



DOCUMENT ANALYSIS - COMPONENT REVIEW

This focused evaluation involves a review of your document(s) against best practice and guidelines to support alignment with your organisation’s objectives, and help enhance compliance and mitigate potential risks.



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SUMMARY OF ANALYSIS

GREENWASHING RISK RATING MATRIX

Grade: Combined effect of Impact/Likelihood

	Likelihood		Rare	Unlikely	Possible	Likely	Almost Certain
	Score		1	2	3	4	5
Impact	Extreme	5	4	7	8	10	10
	High	4	3	5	8	9	10
	Moderate	3	2	5	6	8	8
	Minor	2	1	3	5	5	7
	Insignificant	1	1	1	2	3	4

Recommended actions for rank of issue

	Rating	Risk Level Guide	Risk mitigation actions
Extreme	9-10	Level 4	Mitigation actions to reduce the likelihood and impact to be identified and implemented as soon as the project commences. Must be dealt with by the executive team and referred to the board and will require detailed treatment plans to reduce the risk to low or medium
High	7-8	Level 4	Mitigation actions to reduce the likelihood and impact to be identified and appropriate actions implemented during project execution. Must be dealt with by the executive team and referred to funding partner and will require detailed treatment plans to reduce the risk to low or medium
Medium	4-6	Level 3	Mitigation actions to reduce the likelihood and seriousness to be identified and costed for possible action if funds permit. Executive team specify management requirements and notify funding partner
Low	3	Level 2 (watch list)	To be noted - no action is needed unless grading increases over time. Manage by routine procedures
Negligible	1-2	Level 1 (watch list)	To be noted - no action is needed unless grading increases over time. Manage by routine procedures

RISK REGISTER

Issue name	Issue Description	Document Reference	Consequence	Impact (1-5)	Likelihood (1-5)	Impact/ Likelihood Issue Rating (1-10)
ISSUE 1: Transparency and Emission Disclosure Gaps	GreenEarth's sustainability claims lack clear evidence and detailed explanations, while its emission disclosures are insufficient and not aligned with industry standards. This lack of transparency in both areas increases the risk of greenwashing and undermines the credibility of its environmental initiatives.	page 12: Emission Disclosure Section: "We are committed to reducing our carbon footprint," without detailed data on Scope 1, 2, and 3 emissions or clear targets and measurement methods.	The lack of transparency and insufficient evidence for sustainability claims can lead to a significant loss of trust among consumers, investors, and stakeholders, damaging the brand's reputation.	3	3	6

REGULATORY RELATED RISK

GREENWASHING BASELINE RISK

MITIGATION ACTIONS AND RECOMMENDATIONS

Issue name	Relevant Policy and Guidelines References	Controls - Mitigation Actions
ISSUE 1: Transparency and Emission Disclosure Gaps	Refer to ASIC Guidelines for Avoiding Greenwashing. See, specifically: Explanation of Sustainability Metrics, Justification and Measurement of Sustainability Targets Refer to ACCC Guidelines for making environmental claims. See, specifically: Evidence-Based Claims, Disclose Conditions and Qualifications, Refer to IFRS S2 Volume 66 for Marine transportation. See, specifically: Sustainability Disclosure Topics & Metrics (Code TR-MT-110a.1-4) Refer to GRI 305 Emission disclosure. See, specifically: 305-1, 305-2, and 305-3 (Scope 1, 2, 3 GHG emission).	1. Recommend provide clear, evidence-based explanations for sustainability metrics and ensure that all claims, such as "eco-friendly," are substantiated with measurable data. 2. Should disclose Scope 1, 2, and 3 emissions in line with GRI 305 and IFRS S2, providing transparent, measurable data on its carbon footprint.

ASIC (AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION)

ACCC (AUSTRALIAN COMPETITION AND CONSUMER COMMISSION)

IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)

GRI (GLOBAL REPORTING INITIATIVE)

FINAL REPORT SAMPLE PAGES