



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.

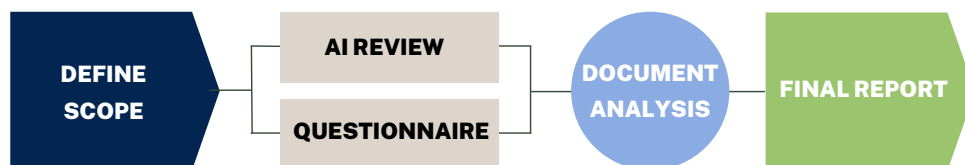


HOW DO WE DO THE ASSESSMENT?



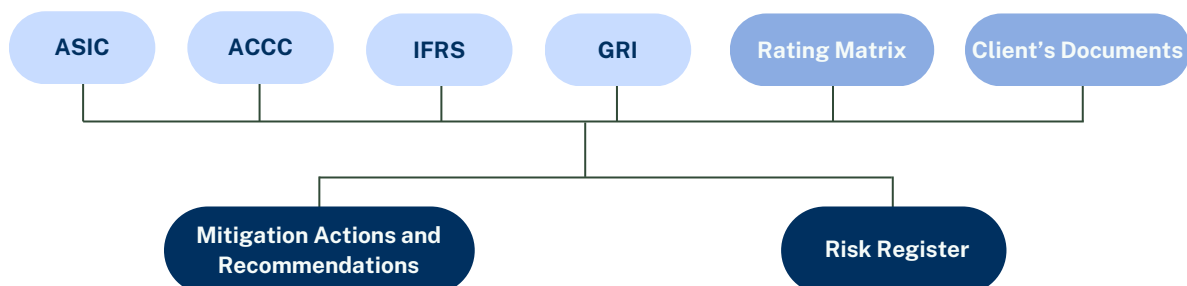
We evaluate the client's current practices or recent documentation based on the information available. Through this process, we help identify potential greenwashing risks and provide guidance on addressing them, fostering genuine and credible sustainability practices.

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
	High	4	3	5	8	9
	Moderate	3	2	5	6	8
	Minor	2	1	3	5	7
	Insignificant	1	1	1	2	4

Recommended actions for rank of issue

	Rating	Risk Level	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

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THINKZERO GREENWASHING RISK ASSESSMENT©

YOUR RESULTS

Prepared for
GreenEarth
Sustainability Report

13 January 2025

Executive Summary

YOUR SCORE: 8

We are pleased to present the ThinkZero Greenwashing Risk Assessment for GreenEarth using our proprietary tools. This report consists of four key components:

1. Risk Register
2. Issue Description
3. Mitigation Actions
4. Track Changes

The average Impact/Likelihood Issue Rating across all identified issues is 6.8, with the highest rating being 8 and the lowest rating 5.

• Issues rated 8 and 9 are considered moderate risks. The required mitigation actions are not urgent and should be implemented if funding permits.

• Issues rated 7 and 8 represent high priority risks and require immediate, comprehensive mitigation strategies. These issues require robust treatment plans and close collaboration between GreenEarth and the funding partner to reduce the risk to a manageable level.

For each identified issue, we have recommended control measures to mitigate actions to address the risk of greenwashing. These recommendations are summarised in the Risk Register table, which is provided in this assessment.

The Issue Rating Matrix captures the combined effect of each issue's impact and likelihood, with a calculated score for each. The matrix ranks the issues according to their score, and corresponding recommended actions are provided based on the severity of the risk.

In addition, we have included relevant references for each issue, drawing specific standards and principles from ASIC, ACCC, GRI, and IFRS that are applicable to this company.

The Track Changes document is attached to clarify the entire process and highlight the key issues. This will help reduce any gaps and create opportunities for improvement to avoid being perceived as engaging in greenwashing.

The Sustainability Report of GreenEarth highlights positive environmental efforts, such as energy efficiency and water reduction. However, when the environmental impact and/or negative impact are not clearly stated, with terms like "sustainable" and without sufficient evidence of data, greenwashing transparency, providing inaccurate data, and incorporating independent verification to improve the credibility of GreenEarth's sustainability efforts and reduce the risk of greenwashing.

ThinkZero

Our products

Our Products Are Eco Friendly and Sustainable (1)
GreenEarth's products are designed to have minimal environmental impact. We use renewable materials and strive for sustainability in every aspect of our production process. Our customers can feel confident knowing they are supporting a company that values the planet's future.

01 Emission Reduction Commitment

We are Committed to Reducing (1) Our Carbon Footprint

GreenEarth is working hard to reduce its carbon footprint. Our goal is to minimise emissions throughout our production and distribution processes. We have already implemented various energy saving technologies and reduced water significantly.

02 Sustainability Efforts

GreenEarth is continuously improving its environmental practices. We are dedicated to implementing new sustainable technologies and working with our partners to reduce our collective environmental impact.

03 Supply Chain Sustainability

GreenEarth is dedicated to fostering a transparent and ethical supply chain by partnering with suppliers committed to sustainability and ethical practices. However, certain issues in this area require attention to ensure full credibility and alignment with sustainability goals.

(1) This statement reflects our definition of "eco-friendly" and "sustainable" for reference only and is not intended to be used as a marketing claim.
(2) The report is for internal use only and is not intended to be used as a marketing claim.
(3) The report is for internal use only and is not intended to be used as a marketing claim.