Greenwashing in the Modern Era: A Global Crisis of Trust, Politics, and Accountability

By Dr Bimal Roy Bhanu
April 2025

ABSTRACT:

Greenwashing—the strategic overstatement or misrepresentation of environmental credentials—has become a pervasive feature of the modern sustainability landscape. In recent years, this practice has expanded in scope and sophistication, undermining trust not only in corporate environmental, social, and governance (ESG) claims, but in the broader sustainability agenda itself. Once seen as the domain of a few disingenuous actors, greenwashing is now recognised as a systemic issue embedded within institutional behaviours, regulatory loopholes, and even political rhetoric. It thrives in the grey zones of disclosure frameworks, where ambition is easily claimed but rarely scrutinised, and where sustainability is marketed as a virtue rather than operationalised as a commitment.

This white paper sets out to explore the deepening crisis of trust caused by greenwashing and to analyse how deceptive sustainability claims have become entangled with politics, public discourse, and corporate reputation management. Drawing on case studies from across key industries—including finance, energy, fashion, and consumer goods—we demonstrate that greenwashing is not merely a branding misstep, but a structural failure of governance, accountability, and ethical leadership. From misleading carbon-neutral pledges to vague circular economy commitments, the examples examined reveal how systemic opacity continues to obstruct genuine ESG progress.

Public confidence in corporate climate and sustainability pledges has deteriorated significantly. Emerging data highlights increasing scepticism among consumers, institutional investors, and even corporate executives, many of whom now view ESG disclosures with caution or suspicion. At the same time, political developments—including regulatory reversals, policy U-turns, and populist scepticism of climate action—have further destabilised public narratives around sustainability, emboldening greenwashing practices and delaying much-needed reforms.

However, this crisis has not gone unchallenged. Regulatory bodies, particularly in Europe, the United Kingdom, and emerging markets in Asia, are introducing more rigorous standards and enforcement mechanisms aimed at closing disclosure gaps and penalising false claims. Technological innovation is also playing a role. Emerging tools such as artificial intelligence, blockchain-based verification systems, and natural language processing are being deployed to monitor, audit, and verify ESG statements in real time—offering a new frontier in the fight against misleading sustainability narratives.

The findings presented in this paper support the view that greenwashing is not a symptom to be managed but a systemic challenge that must be addressed through structural change. To restore trust in ESG and to ensure that sustainability efforts are credible, consistent, and impactful, organisations must align their public communications with internal realities. This demands more than compliance—it requires transparency, authenticity, and a willingness to subject corporate claims to independent scrutiny.

We conclude by outlining a path forward, one that balances regulatory enforcement with cultural change, technological support, and stakeholder engagement. Only by closing the credibility gap

between what companies promise and what they actually deliver can we build a sustainable future based on trust, accountability, and meaningful action.

Introduction

In an era of heightened environmental awareness, declarations of corporate sustainability have become almost omnipresent. Yet, as these claims multiply, so too does public suspicion. What was once a fringe concern has now taken centre stage in boardrooms, regulatory agencies, and international summits: greenwashing—the practice of making false, misleading, or unsubstantiated environmental claims—has become a defining issue of our time. While not a new phenomenon, its scale, sophistication, and consequences in the modern context are without precedent.

Fuelled by growing consumer demand for climate action and the meteoric rise of ESG investing, organisations across all sectors now compete to showcase their environmental credentials. Many do so with integrity. Yet, far too often, sustainability is reduced to a branding exercise—one that conceals business-as-usual practices behind a veneer of virtue. Oil and gas companies make sweeping "net zero" commitments while continuing to invest heavily in fossil fuel expansion. Retailers label products with eco-badges that lack verification. Governments set ambitious targets while quietly approving policies that undermine them. In this landscape, greenwashing is no longer a marginal risk—it is a systemic feature of the global economy.

The implications are profound. Most immediately, greenwashing erodes public trust.

Consumers who discover that "biodegradable" packaging is not meaningfully degradable, or that "carbon-neutral" services rely on questionable offsetting schemes, become increasingly sceptical of all green claims. This erosion of confidence extends to capital markets: a late-2024 global survey of institutional investors revealed that 85% now view greenwashing as a more serious concern than five years ago, with nearly two-thirds admitting they are likely to reduce the emphasis placed on ESG indicators in their investment decisions as a result. What emerges is not just reputational risk, but a broader crisis of credibility—one that threatens to destabilise the very markets and mechanisms designed to accelerate sustainable transition.

Greenwashing also has political and societal ramifications. In some cases, it is tacitly endorsed or even actively practised by public institutions: climate targets are announced without pathways to implementation, and regulatory frameworks allow the proliferation of so-called "false solutions" that offer minimal environmental benefit. In other instances, governments have taken a more confrontational stance. The 2023 COP28 summit, led controversially by an oil executive, drew widespread accusations of institutional greenwashing, highlighting how deep the tensions now run. Meanwhile, regulators from London to Brussels and Washington are revising disclosure laws, advertising standards, and securities regulations in an effort to curb misleading claims. Civil society and activist investors are also responding, resorting to litigation and public campaigns to hold companies accountable. Yet some businesses, wary of backlash, have adopted a new tactic: *greenhushing*—deliberately downplaying or withholding information about sustainability efforts to avoid scrutiny.

This white paper seeks to chart the evolving contours of this global accountability crisis. It explores how greenwashing has shifted from isolated public relations failures to a more systemic challenge that undermines trust, distorts markets, and delays meaningful climate action. We begin by examining the collapse of public confidence in environmental claims and the consequences this has for consumers, investors, and sustainability practitioners. We then investigate the political and structural drivers of greenwashing, revealing how incentives, governance gaps, and legacy business models have allowed deception to thrive. Through comparative case studies across sectors—ranging from fashion to finance—we illustrate the breadth and persistence of the issue. Finally, we assess the responses now taking shape: regulatory reforms, legal challenges, and technological innovations including AI and blockchain, which promise new levels of traceability and verification.

Throughout this paper, we incorporate insights and developments up to Q2 2025, employing a critical yet constructive lens. Our goal is to provide a comprehensive and accessible account of how greenwashing has emerged as a defining test of our era's environmental integrity—and how restoring truth and transparency will be essential to building a sustainable future that the public can trust.

The Crisis of Trust in Sustainability Claims

Mounting evidence suggests that public trust in corporate sustainability claims has been profoundly shaken. As companies increasingly promote their environmental credentials, consumers and investors alike have grown more sceptical. A global survey across 33 countries revealed that 52% of people have recently encountered false or exaggerated sustainability claims by brands—a perception consistent across sectors (Kantar, 2023). In other words, more than half of consumers globally believe companies are attempting to mislead them on environmental efforts. This widespread scepticism has fuelled what researchers have called a "crisis of trust," affecting every industry.

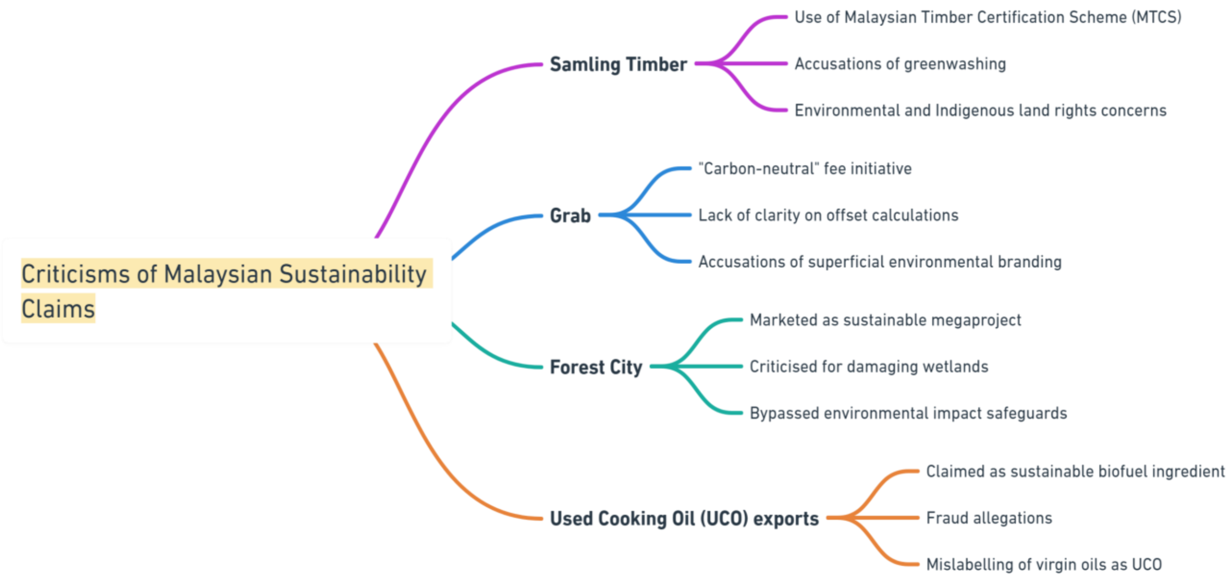
The situation in the UK is particularly stark. According to a late-2023 poll by the Conscious Advertising Network, only 9% of British consumers trust brands to accurately represent their climate commitments and progress. That leaves 91% who suspect greenwashing whenever they see corporate climate messaging. This erosion of credibility has significant implications: even well-intentioned sustainability initiatives are increasingly dismissed as superficial PR exercises. The 2023 Edelman Trust Barometer echoed these findings, revealing that less than half (49%) of people worldwide trust businesses to act responsibly on climate issues. Even typically trusted voices—such as CEOs and climate advocates—are now met with suspicion.

Within corporate circles, the crisis is acknowledged with remarkable candour. A 2023 global sustainability survey by Google Cloud found that over 70% of business executives believe most companies in their sector would be guilty of greenwashing if claims were properly scrutinised. Nearly 60% admitted to overstating their own company's sustainability achievements. These admissions speak volumes about the pressure businesses face to appear sustainable, even when reality falls short. Greenwashing, it seems, is not an exception but an emerging norm in corporate culture.

Malaysia: A National Perspective on Greenwashing

In the Malaysian context, the trust deficit in sustainability claims is similarly pronounced, although nuanced by local regulatory, political, and market dynamics. Malaysia has made strides in promoting ESG practices through frameworks like the Malaysian Code on Corporate Governance (MCCG) and Bursa Malaysia's Sustainability Reporting Framework. Additionally, the Securities Commission Malaysia (SC) has revised its Sustainable and Responsible Investment (SRI) guidelines to enhance disclosure standards and mitigate greenwashing risks. Despite these efforts, enforcement remains inconsistent. There is a lack of standardised indicators and third-party validation processes, which leaves room for selective reporting and reputational management rather than true accountability. Public awareness of greenwashing is increasing, but challenges remain. A 2024 article in *The Star* noted that while 63% of Malaysians prefer eco-friendly products, many struggle to distinguish genuine efforts from misleading claims. Experts and NGOs have highlighted the need for clearer labelling standards and stronger consumer education.

Several high-profile cases have intensified scrutiny:



These cases highlight how weak enforcement and information asymmetry can foster a perception of widespread greenwashing, damaging trust in both corporate and state actors. The Malaysian government has acknowledged the challenge. In early 2025, officials pledged to increase transparency, improve traceability in export products, and consider legal reforms to combat fraudulent sustainability claims.

To restore public trust and attract genuine climate finance, Malaysia must go beyond compliance. This means mandating third-party audits of ESG data, harmonising reporting with ASEAN and global standards, and creating legal consequences for greenwashing. Strengthening institutional enforcement and consumer empowerment will be key to ensuring sustainability is not just claimed but credibly delivered.

Table 1. Trust Metrics in the Era of Greenwashing

Metric (Survey and Date)	Result	Context & Source
Global consumers perceiving widespread greenwashing (2023)	52% – Say brands mislead on sustainability	Kantar Sustainability Sector Index 2023
UK public who trust corporate climate claims (2024)	9% – Trust brand climate commitments	Conscious Advertising Network
Investors viewing greenwashing as more severe now (2024)	85% – See it as a growing issue	EY Institutional Investor Survey 2024
Investors reducing ESG weighting due to credibility issues (2024)	66% – Plan to cut ESG factors in decisions	EY Institutional Investor Survey 2024
Executives admitting to overstating sustainability (2023)	59% – Confess exaggeration	Google Cloud Sustainability Survey 2023
Global trust in business to do the right thing on climate (2023)	49% – Less than half trust business	Edelman Trust Barometer 2023

These metrics paint a sobering picture. When nine in ten people suspect greenwashing, even authentic sustainability leaders suffer reputational damage. Consumers become cynical, and investors question the legitimacy of ESG-focused finance. In the U.S., this scepticism has translated into tangible outcomes: sustainable investment funds saw nearly $9 billion in net outflows in Q1 2024 alone, as investors grew wary of ESG products failing to live up to their promise. Meanwhile, businesses that make genuine environmental efforts face unfair competition from rivals exaggerating their impact through misleading claims. The credibility gap not only distorts markets but actively undermines climate finance goals and the transition to a more sustainable economy.

Regulators and civil society actors are responding with increasing urgency. Greenwashing is no longer seen as a harmless marketing embellishment but as a form of deception with real-world consequences. The cost of false credibility is high—and rebuilding public trust will require robust transparency, independent verification, and, in many cases, accountability for misleading behaviour.

Sector Scandals: A Catalogue of Deception Across Industries

Greenwashing has emerged as a pervasive issue across various industries, manifesting in diverse forms tailored to specific products and services. Over the past decade, numerous companies have made misleading or exaggerated environmental claims—some symbolic, others legally actionable. These instances, spanning advertising, product labelling, and corporate reporting, aim to project a greener image than warranted. The following catalogue highlights the breadth of the problem, recurring tactics, exposure patterns, and the escalating responses from regulators and the public.

Table 2. Notable Greenwashing Scandals by Sector (2015–2025)

Sector	Company / Case (Year)	Greenwashing Tactics & Claims	Exposure & Outcome
Automotive	Volkswagen "Dieselgate" (2015)	Marketed "clean diesel" vehicles while installing defeat devices to cheat emissions tests.	Exposed by regulators; €31.3 billion in fines/settlements; executive convictions; erosion of trust in the automotive industry.
	Hyundai NEXO (2019–2021)	Advertised hydrogen car as "purifying air," omitting particulate emissions from tyres and brakes.	ASA UK banned the ad in 2021; marked increased scrutiny of clean vehicle marketing.
	Mercedes-Benz & Mini (2023)	Claimed EVs produced "zero emissions" in Malaysia, disregarding the fossil fuel-based electricity grid.	Criticised for misleading claims; highlighted the importance of context in environmental marketing.
Oil & Gas	BP "Beyond Petroleum" (2000–ongoing)	Rebranded with green imagery while maintaining oil-heavy investments.	No direct penalties; criticised for hypocrisy, especially after scaling back renewables in the 2020s.
	Shell "Powering Progress" (2023)	Highlighted EV charging and renewables, omitting fossil fuel expansion.	Complaints filed with ASA; investigation ongoing as of 2024.
	Petronas (2020–2024)	Promoted carbon capture projects and "carbon neutral" LNG, excluding Scope 3 emissions.	Flagged for greenwashing; advertisement banned in the UK; raised concerns over misleading decarbonisation claims.
Utilities	English Water Companies (2020–2025)	Framed sewage dumping as water "recycling"; employed multiple disinformation tactics.	Exposed by academic studies and media in 2025; public outcry led to regulatory scrutiny.
Fashion	H&M "Conscious Collection" (2022)	Made vague sustainability claims; many items made from polyester.	Faced a class-action lawsuit in NY (later withdrawn); adjusted marketing practices under pressure.
	ASOS, Boohoo & others (2021–2023)	Marketed "eco" ranges with minimal recycled content or substantiation.	Investigated by UK CMA; required to correct misleading labels; faced

			potential fines under new laws.
Food & Beverage	Coca-Cola @ 2024 Olympics	Claimed reduced plastic use while pouring from disposable bottles into reusable cups.	Criticised by environmental NGOs; faced public and media backlash.
	PepsiCo & Coca-Cola Lawsuits (2023–2024)	Misrepresented recycling and sustainability efforts.	PepsiCo sued by NY Attorney General; Coca-Cola faced a lawsuit in US federal court; signalled increasing legal accountability.
Finance	DWS (2018–2022)	Claimed robust ESG integration despite failing to apply stated criteria.	Fined $19 million by SEC in 2023; one of the largest ESG-related penalties to date.
	HSBC & Lloyds (2022–2024)	Advertised green initiatives while omitting fossil fuel financing.	ASA banned ads; set precedent that omissions in green claims are grounds for censure.
	Maybank (2023)	Promoted credit cards as enabling carbon neutrality through questionable offsets.	Flagged for misleading claims; underscored the need for transparency in financial products.
Technology	Apple "Carbon Neutral" Watch (2023–2024)	Relied on questionable forestry offsets to claim carbon neutrality.	Faced a class-action lawsuit in California; defended emissions cuts; case ongoing; spotlighted offset credibility.
Consumer Goods	Procter & Gamble (Charmin) (2025)	Marketed eco-sourced tissue; used logos despite sourcing from clear-cut boreal forests.	Lawsuit filed in Seattle; accused of misleading use of sustainability certifications; case ongoing.
Real Estate & Urban Development	Forest City, Malaysia (2014–present)	Marketed as a sustainable city with green technologies; involved land reclamation harming marine ecosystems.	Criticised by environmentalists for damaging mangroves and marine life; raised questions about the authenticity of eco-city claims.

Cross-Sector Patterns and Key Insights

1. Ubiquity of Greenwashing Across Sectors

Greenwashing transcends industry boundaries, affecting sectors from energy and transportation to finance and consumer goods. In Malaysia, for instance, the oil and gas sector, particularly Petronas, has been repeatedly flagged for misleading environmental claims.

2. Symbolic Gestures Over Substantive Change
Many companies engage in superficial environmental initiatives, such as limited "green" product lines or token sustainability projects, while their core operations continue to have significant environmental impacts. This disconnect undermines genuine sustainability efforts.

3. Omission as a Predominant Tactic
A common strategy involves highlighting positive environmental actions while concealing ongoing harmful practices. For example, financial institutions may promote green investments without disclosing continued financing of fossil fuel projects.

4. Escalating Regulatory and Legal Responses
Regulatory bodies are increasingly addressing greenwashing through investigations, fines, and stricter advertising standards. In the UK, the ASA and CMA have taken action against misleading environmental claims, setting precedents for future enforcement.

5. Recurrence and Persistence of Offenders
Some companies repeatedly engage in greenwashing, indicating a systemic issue rather than isolated incidents. This pattern suggests the need for more robust regulatory frameworks and enforcement mechanisms.

6. Tangible Consequences Beyond Reputation
Greenwashing now carries significant risks, including legal penalties, loss of consumer trust, and financial repercussions. In Malaysia, consumer awareness is growing, with surveys indicating that a majority of Malaysians are taking steps to support genuine environmental initiatives.

The prevalence of greenwashing across industries underscores the need for vigilance, transparency, and accountability. As consumers, regulators, and investors become more discerning, companies must ensure that their environmental claims are substantiated and reflect genuine sustainability efforts. The subsequent section will delve into the evolving regulatory landscape and the measures being implemented to combat greenwashing

Accountability And Enforcement: Closing The Greenwashing Gap

The era of unchallenged green posturing is drawing to a close. What once passed as innocuous "corporate spin" is now widely recognised as a form of misrepresentation—akin to financial fraud or consumer deception. From 2022 to 2025, a decisive global shift has occurred across legal, regulatory, and market landscapes. Greenwashing—deliberately misleading stakeholders about environmental performance—has moved from a reputational issue to a compliance and litigation risk.

This tightening accountability landscape is not a singular development, but the result of an evolving ecosystem built on four interlocking pillars: regulatory crackdowns, financial enforcement, reporting reform, and civil society scrutiny. Yet even as progress accelerates in key markets like the UK, EU, and increasingly in Asia, this forward motion is not without resistance. Political shifts, particularly in the United States, and recent delays in EU implementation have introduced friction into what had seemed like unstoppable regulatory momentum. Meanwhile, nations such as Malaysia find themselves navigating the dual pressures of international expectation and local reform capacity.

Regulatory Crackdowns: The UK and EU Set the Tone

United Kingdom: Shifting the Burden of Proof

In recent years, the UK has emerged as one of the most assertive jurisdictions in confronting greenwashing. The Advertising Standards Authority (ASA) has taken high-profile enforcement action against HSBC (2022) and Lloyds Bank (2024), sanctioning campaigns that promoted climate finance while omitting the banks' significant fossil fuel investments. Crucially, these cases underscored a principle that now echoes across other regulators: omission can be just as misleading as exaggeration.

The Competition and Markets Authority (CMA) has complemented this approach with its Green Claims Code—a structured framework for environmental marketing. Investigations into ASOS, Boohoo, and Asda forced the removal of vague or unverifiable "eco" claims from fashion lines. But perhaps the most significant shift came in 2023 with the passage of the Digital Markets, Competition and Consumers Act, which empowered the CMA to impose fines of up to 10% of global turnover for misleading environmental claims—an unprecedented escalation placing greenwashing enforcement on par with anti-competitive behaviour and data privacy breaches.

European Union: Ambition Meets Bureaucratic Reality

The European Union initially set a bold standard with the adoption of the Directive on Empowering Consumers for the Green Transition in January 2024. Informally dubbed the "Greenwashing Directive," it amends the Unfair Commercial Practices Directive to ban terms such as "eco-friendly," "carbon neutral," and "sustainable" unless they are verifiably substantiated. Climate pledges are now legally meaningless unless backed by credible, science-aligned transition plans. Carbon offsetting, long a tool of marketing sleight-of-hand, is no longer sufficient unless lifecycle emissions are transparently measured, reduced, and offset as a final step.

However, 2025 has seen some of the EU's regulatory ambition tempered by political and industry pushback. Amidst pressure from member states and corporate lobbies, deadlines for certain supply chain due diligence assessments under the Corporate Sustainability Due Diligence Directive (CSDDD) have been extended or softened. Critics argue this creates regulatory "grey zones" that may delay enforcement and give cover to bad actors in the interim.

Financial and Securities Regulation: Disclosure Under Scrutiny

United States: Legal Tensions in a Divided Political Climate

The United States presents a complex picture. On one hand, enforcement is accelerating. On the other, political headwinds—especially under renewed Trump-aligned influence—threaten to derail standardisation efforts.

The Federal Trade Commission (FTC) is revising its Green Guides, long the backbone of environmental marketing compliance. These updated guidelines are expected to directly address circularity, net-zero claims, and carbon offset use. Recent legal action against Procter & Gamble for its "forest positive" claims and against Walmart for deceptive recycling labelling reflect a new willingness to pursue environmental misrepresentation as a form of consumer fraud.

The Securities and Exchange Commission (SEC) has ramped up enforcement under its Climate and ESG Task Force. In 2023, Deutsche Bank's DWS was fined $25 million for overstating ESG credentials. State-level lawsuits—most notably in California and New York—are also gaining traction, with brands like PepsiCo, Coca-Cola, and various airlines facing class-action suits over unverifiable sustainability claims.

Yet, at the federal level, the proposed Climate Disclosure Rule remains mired in partisan contention. Political efforts to portray ESG as "woke capitalism" have led to attempts to defund or dilute the SEC's ESG enforcement role. These efforts have also emboldened some firms to pull back from prior sustainability commitments, citing fiduciary concerns over "politicised ESG agendas."

Reforming ESG Reporting: From Ambition to Assurance

Global Baseline: ISSB and IFRS S1/S2
To address the patchwork nature of ESG reporting, the International Sustainability Standards Board (ISSB) introduced IFRS S1 and S2 standards in 2023, with application beginning in 2024. These represent a global baseline for climate-related disclosures, requiring:

- **Integration** of ESG risks with financial reporting;
- **Mandatory disclosure** of Scope 1, 2, and—where material—Scope 3 emissions;
- **Alignment** with science-based transition pathways.

Regulators in the UK, Australia, and Canada have already begun aligning national frameworks with these standards, which are also backed by IOSCO and being reviewed for endorsement by many emerging markets.

Europe's CSRD: From Voluntary to Verifiable
The EU's Corporate Sustainability Reporting Directive (CSRD), implemented from fiscal year 2024, goes further. Affecting over 50,000 companies—including non-EU entities operating within the bloc—it introduces:

- **Double materiality** (impact *on* and *by* the company);
- **Mandatory use** of European Sustainability Reporting Standards (ESRS);
- **Legal requirement** for third-party assurance, placing ESG data on par with financial audits.

SFDR: Reining in the Investment Sector
Within financial markets, the Sustainable Finance Disclosure Regulation (SFDR) mandates classification of investment funds into Articles 6, 8, or 9, based on sustainability ambition. In response to enforcement pressure, the number of funds downgraded from Article 9 to Article 8

has surged. As of Q1 2025, 23% of Article 8 funds were still flagged as potentially greenwashing-prone—an improvement from prior years but still concerning.

Civil Society and Local Resistance

The Role of NGOs and Litigation

Civil society actors have become powerful players in ESG enforcement. Greenpeace France's legal case against TotalEnergies for overstating its transition efforts was allowed to proceed in 2023—a watershed moment for climate-related advertising litigation. Similarly, Apple and Procter & Gamble have faced lawsuits over their use of offset-based neutrality claims.

NGOs now publish greenwashing indexes by sector, with naming-and-shaming campaigns often triggering immediate brand fallout—even before regulators act. Social media has become a high-risk amplifier, with viral posts capable of undermining multimillion-pound campaigns overnight.

Malaysia: Navigating Reform Amidst Regional Pressures

In Southeast Asia, Malaysia stands at a critical juncture. As of 2024, Bursa Malaysia mandates TCFD-aligned climate reporting for all Main Market-listed firms, with ACE Market issuers required to submit basic transition plans. The September 2024 launch of the National Sustainability Reporting Framework (NSRF) aligns Malaysian disclosure practices with IFRS Sustainability Standards—an important step towards global credibility.

However, enforcement gaps remain. A 2024 greenwashing tracker by REACH Malaysia identified a significant number of unverifiable environmental claims, particularly in the banking, FMCG, and energy sectors. These findings have reignited national debate over whether Malaysia should legislate environmental misrepresentation as a criminal or civil offence.
While progress is being made, Malaysia also faces cultural and political inertia. A strong public-private push will be needed to embed ESG enforcement mechanisms in a way that is locally appropriate yet globally coherent.

Overall, the message is clear: greenwashing is no longer a cost-free marketing strategy. It is a legal, financial, and reputational hazard—one that can result in regulatory fines, investor divestment, litigation, or public backlash. We are now witnessing the rise of an ESG accountability regime built on transparency, assurance, and legal enforceability. But this regime is not evenly distributed. While the UK, EU, and parts of Asia lead the charge, political resistance—especially in the United States—and bureaucratic delays in the EU are threatening to create enforcement gaps that bad actors can exploit.

The challenge ahead lies in ensuring that enforcement mechanisms are both credible and globally harmonised. As the ESG agenda continues to evolve, so too must the tools used to detect and deter greenwashing.

Strengthening Disclosure and Standards: The ESG Infrastructure

While enforcement and penalties play a critical role in deterring greenwashing, a more effective long-term solution lies in prevention—designing disclosure and governance systems that make it harder to greenwash in the first place. This preventive infrastructure is now rapidly evolving, fuelled by the development of harmonised sustainability reporting standards, increasing regulatory obligations, and a global push towards audit-backed transparency.

Put simply: if companies must disclose the right information, in the right way, and with credible assurance, then their ability to mislead stakeholders is substantially reduced.

A Global Baseline: ISSB and the Maturation of ESG Reporting

A major milestone in the fight against inconsistent, vague, or cherry-picked ESG disclosures was the creation of the International Sustainability Standards Board (ISSB) by the IFRS Foundation. In June 2023, the ISSB released its first two sustainability disclosure standards:

- **IFRS S1**: General Sustainability-related Disclosures
- **IFRS S2**: Climate-related Disclosures

These came into effect in January 2024 and have been described as the "GAAP of sustainability reporting". Their aim is to create a globally consistent baseline for ESG reporting—particularly useful for investors operating across jurisdictions. Unlike earlier voluntary frameworks, the ISSB standards are structured and enforceable by regulators who choose to adopt them. IFRS S1 and S2 require companies to disclose:

This level of transparency is designed to eliminate "green gloss"—the practice of highlighting isolated metrics like "emissions per revenue" while concealing broader negative impacts.

Importantly, over 20 jurisdictions, including the UK, Australia, Canada, Japan, Singapore, and a number of emerging markets, have either committed to adopting the ISSB standards or begun aligning their national frameworks with them by 2025.

Europe's Hard Law Approach: CSRD, ESRS, and SFDR

The European Union has gone further still. From January 2024, the Corporate Sustainability Reporting Directive (CSRD) came into force, obligating nearly 50,000 companies, including large EU-based entities and non-EU multinationals with significant operations in Europe, to produce comprehensive ESG disclosures from 2025.

Unlike prior EU directives that offered flexibility, CSRD is built on legal force and is underpinned by the European Sustainability Reporting Standards (ESRS). These standards mandate detailed disclosures across:

- **Environmental topics:** climate change, pollution, biodiversity, water, circular economy
- **Social aspects: workforce** treatment, community impact, human rights
- **Governance issues:** board diversity, anti-corruption, business conduct

One of the most transformative elements is the requirement for third-party assurance, effectively turning ESG reports into audited statements. If a company claims alignment with science-based targets or "net-zero" ambitions, it must back it up with verifiable evidence, not rhetoric. This assurance mechanism is expected to be pivotal in reducing unverifiable green claims.

Fund Transparency and SFDR Classifications

Meanwhile, the Sustainable Finance Disclosure Regulation (SFDR) continues to reshape ESG investing. Under SFDR, funds are classified as:

- **Article 6** – non-ESG
- **Article 8** – promoting ESG characteristics
- **Article 9** – focused on sustainable objectives

This classification has forced a reckoning. By Q1 2025:

- 23% of Article 8 funds were still considered greenwashing-prone (down from over 30% in 2023)
- Only 3% of Article 9 funds showed potential inconsistencies—an improvement resulting from the downgrading of weaker funds to lower classifications

This data demonstrates that regulatory scrutiny can flush out exaggerated ESG claims, compelling fund managers to prioritise integrity over marketing appeal.

Pushback, Delay, and the Political Undercurrent

Despite this momentum, the ESG standardisation agenda has faced growing political scepticism and corporate resistance, particularly since mid-2023.
In the EU, industry lobbies and several member states have pressured the European Commission to delay implementation timelines and dilute the scope of certain obligations.

Notably:

- The Corporate Sustainability Due Diligence Directive (CSDDD) has seen delays in parliamentary negotiations over its supply chain accountability provisions
- Several smaller member states have expressed concerns about the administrative burden on SMEs, resulting in softer deadlines for compliance

These developments risk undermining the EU's leadership role in ESG transparency and could create loopholes for greenwashing to persist during transitional periods. Across the Atlantic, political discourse in the United States—particularly under renewed Trump-aligned influence—has polarised the ESG agenda. ESG has been branded as "woke capitalism" by segments of the Republican leadership, resulting in:

- Proposals to block federal ESG disclosure mandates
- Pushback against the SEC's proposed climate disclosure rule, with claims it oversteps investor needs
- State-level backlash, including bans on ESG investing in public pension funds (e.g., in Texas and Florida)

This hostility has emboldened some corporations to retract previous climate pledges or delay implementation, citing "shareholder primacy" or "regulatory uncertainty."

Carbon Markets, Offset Integrity, and the Risk of Data Overload

A major area of concern—and greenwashing vulnerability—remains carbon markets and offset claims. Voluntary carbon credits, once a favourite tool for "carbon neutrality" declarations, have come under fire for lack of quality and verification. Recent studies suggest that up to 90% of rainforest offset credits used by some large firms have no meaningful carbon impact (Source: Guardian investigation, 2023). In response:

- The Integrity Council for the Voluntary Carbon Market (ICVCM) is developing Core Carbon Principles (CCPs) to improve credit quality
- Updates to the Greenhouse Gas Protocol and new ISO standards (ISO 14068) on climate neutrality are being explored to standardise emissions accounting

Even in mandatory schemes such as the EU Emissions Trading System (EU ETS), regulators have proposed rules to prevent companies from misleadingly advertising ETS participation as voluntary environmental leadership, when it is in fact a compliance obligation. With so much new data being produced, greenwashers may try to exploit volume to create opacity—burying key details in hundreds of pages. As a countermeasure, the EU mandates that environmental product comparisons (e.g., "Product A is greener than average") must be based on identical scopes and methodologies—a direct attempt to curb baseline manipulation.

REGULATING ESG RATINGS AND ENSURING CONSISTENCY

A final, often overlooked contributor to greenwashing risk is the unregulated landscape of ESG ratings providers. Divergent methodologies have allowed companies to selectively cite their best ratings while ignoring poor ones. For example:

- Tesla has received AA-level ESG ratings from one provider, while being near the bottom in another's rankings due to labour and governance concerns
- A 2023 analysis by MIT Sloan found correlations between ESG scores from different providers ranged from as low as 0.38 to 0.71, making them far less aligned than credit ratings

In response, the European Commission is now considering a regulatory framework for ESG ratings agencies, focused on:

- **Transparency** in scoring methodology
- **Conflict** of interest safeguards
- **Disclosure** of data sources and assumptions

MALAYSIA: BUILDING FOUNDATIONS AND CONFRONTING GAPS

In Malaysia, ESG disclosure is gaining traction, but enforcement remains in its formative stages. Bursa Malaysia has taken significant steps to align national sustainability practices with global expectations:

1. From 2023, all Main Market-listed issuers are required to adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework in their sustainability reports
2. As of September 2024, the National Sustainability Reporting Framework (NSRF) was launched, aligning Malaysian reporting standards with ISSB's IFRS S1 and S2
3. Companies listed on the ACE Market must disclose basic transition plans, with phased progression expected by 2026

Additionally, third-party assurance of ESG data is now strongly encouraged and will likely become mandatory in future revisions. However, a 2024 Green Claims Tracker by Malaysian NGO REACH identified significant risks:

1. Over 65% of ESG claims in Malaysian marketing materials lacked verifiable evidence or credible methodology
2. The banking, FMCG, and energy sectors were most frequently cited for misleading claims, particularly around carbon neutrality and product recyclability

The Malaysian regulatory architecture still lacks explicit penalties for greenwashing beyond misrepresentation under general advertising laws. To close this enforcement gap, legal scholars have proposed statutory definitions of environmental misrepresentation, akin to consumer fraud. Malaysia's dual pressures—international scrutiny and domestic capacity constraints—will demand a careful balancing act. But its recent alignment with global standards, coupled with civil society pressure, marks a promising start in curbing systemic greenwashing.

Overall, the architecture of ESG disclosure is shifting from voluntary and fragmented to regulated, standardised, and assured. Frameworks like IFRS S1/S2, CSRD, and NSRF are not mere technical tools; they are bulwarks against manipulation, forcing companies to align sustainability communication with verifiable action.

Yet this progress is not immune to political resistance, bureaucratic delay, or strategic pushback. The coming years will test whether these frameworks can remain robust amidst scepticism and shifting geopolitical winds. What is clear, however, is that in the battle against greenwashing, transparency is the foundation—and standards are the scaffolding upon which lasting accountability is built.

Technology: New Tools for Transparency

In a landscape where sustainability claims have become central to corporate branding and investment strategies, technology is emerging as both enabler and enforcer of truth. While legislation remains the backbone of ESG enforcement, it often struggles to keep pace with fast-evolving narratives and complex supply chains. In contrast, Artificial Intelligence (AI) and blockchain offer the potential for real-time verification, scalable due diligence, and continuous monitoring—marking a fundamental shift from retrospective assurance to proactive integrity.

These innovations are not theoretical. They are already in use by investors, regulators, NGOs, and companies willing to demonstrate credibility over claims. Together, they represent the emergence of continuous ESG verification—a future where greenwashing becomes exponentially harder to execute.

Artificial Intelligence: ESG's Digital Lie Detector

AI technologies are revolutionising how environmental and social claims are analysed, verified, and assessed. From textual analysis to satellite image processing, AI tools enable stakeholders to interrogate ESG performance with precision and scale.

Table 1. Key Applications of AI in ESG Governance

Function	Technology/Approach	Example Use Case	Technology Providers
Text and Language Analysis	Natural Language Processing (NLP) to detect vague, unsubstantiated, or contradictory claims in corporate disclosures	Flags greenwashing phrases like "eco-friendly" without metrics; identifies gaps between headlines and footnotes	Clarity AI, Datamaran, Greenwatch
ESG Risk Scoring	Pattern recognition from media, historical incidents, and third-party reports	Assigns greenwashing risk scores; tracks executive scandals or litigation history	SESAMm, RepRisk, Truvalue Labs
Satellite Image Analysis	AI processing of satellite and remote sensing data to verify environmental impact claims	Detects illegal deforestation by "sustainable" palm oil	Descartes Labs,

		suppliers; tracks emissions from factories claiming neutrality	Satelligence, Planet Labs
Generative AI for ESG Simulation	Scenario modelling and AI-driven ESG reporting aligned to standards	Simulates net-zero pathways, generates ESG disclosures tailored to GRI/CSRD/SASB frameworks	Microsoft Azure AI, Google Cloud AI

Real-World Scenarios of AI in Action

- A company claims a 50% emissions cut but omits Scope 3 data. NLP algorithms compare this to previous disclosures and highlight the gap.
- A palm oil firm states it has a 95% deforestation-free supply chain. Satellite AI finds fresh forest clearances in the reported region.
- AI bots continuously scan media for sustainability controversies. A flagged reputational alert triggers deeper ESG review by investors.

These capabilities move ESG evaluation from static and self-reported to dynamic, independently verifiable and real-time.

Blockchain: Immutable Proof of ESG Claims

Blockchain brings **trust through transparency**, enabling environmental claims to be independently recorded, verified, and tracked over time. As a distributed ledger, it is ideally suited for complex global supply chains and carbon markets prone to opacity and double-counting.

Table 2. Blockchain Applications for ESG Integrity

Use Case	Functionality	Impact	Leading Projects/Platforms
Sustainable Supply Chain Tracking	Records every stage of product lifecycle (e.g. material source, transport, certification, emissions)	Prevents false claims like “100% organic” or “zero deforestation”; offers traceability from source to shelf	Provenance, Everledger, IBM Food Trust
Carbon Credit Verification	Tokenises credits, ensures single ownership, links credits to verified, additional offset projects	Stops double-counting or greenwashing through junk offsets	Toucan Protocol, KlimaDAO, Carbonplace
Public ESG Ledger	Time-stamped recording of sustainability claims,	Enables regulators and investors to access third-party verified	South Pole (Digital MRV), Climate Warehouse

	assurance checks, and audit trail	ESG disclosures and detect inconsistencies	
Product Label Transparency	Links QR code to verified environmental attributes via blockchain	Consumers access full sustainability history of a product at point of sale	Circularise, ScanTrust

Blockchain in Practice

- A fashion brand claims its garments use "100% sustainable cotton." Blockchain traceability proves or disproves this, backed by supplier certificates.
- A company's carbon offset registry links every tonne claimed to GPS-tagged reforestation plots, independently validated and updated in real time.
- ESG statements made in Q1 are audited in Q4, with an immutable trail of how, when, and by whom those claims were made or changed.

Risks, Limitations and Cautions

While AI and blockchain represent major breakthroughs, their use is not without challenges. These technologies must be implemented ethically, transparently, and with appropriate governance frameworks.

Table 3. Risks and Limitations of AI & Blockchain in ESG

Risk Area	Description	Implication	Mitigation Strategy
AI Misuse	Generative AI may create persuasive but deceptive ESG content	Firms may "spin" sustainability without substance	Require independent assurance of AI-generated disclosures
Blockchain Data Validity	Garbage-in-garbage-out—incorrect inputs remain immutable	False claims can be "locked in" unless verified at source	Combine blockchain with verified external data and third-party checks
Cost and Accessibility	SMEs may lack resources to deploy advanced AI/blockchain tools	Creates transparency inequality and risks excluding smaller players	Public-private partnerships, open-source tools, capacity building
Bias and Black-Box Models	AI models trained on flawed or non-diverse data may deliver skewed results	Risk of overlooking context-specific ESG realities	Ensure diverse training datasets, explainable AI, regulatory audits

The Future: Continuous ESG Verification

We are entering a new phase in ESG governance—real-time, technology-enabled sustainability assurance. Unlike traditional models dependent on annual disclosures, these innovations offer:

- **Continuous Monitoring**: 24/7 scrutiny of ESG claims using live data feeds, media tracking, and environmental sensors.
- **Instant Validation**: Immediate verification of product claims, emissions data, or supply chain attributes via blockchain.
- **Enhanced Credibility**: Firms adopting these tools demonstrate verifiable integrity and are rewarded by investors and consumers alike.

Table 4. Benefits of Technology-Enabled ESG Verification

Stakeholder	Benefit	Example
Regulators	Real-time compliance checks, lower reliance on whistleblowers or late audits	Monitor emissions or carbon credit misuse proactively
Investors	Data-driven risk assessments; early detection of ESG controversies	Use risk scoring to avoid reputational loss or regulatory exposure
Consumers	Transparent access to sustainability data; QR codes on product packaging	Scan and confirm "organic" or "deforestation-free" claims on food and clothing
Companies	Competitive advantage through transparency and reduced greenwashing exposure	Demonstrate ESG leadership through traceable claims and third-party verified reporting

Overall, AI and blockchain are not just tools—they are rapidly becoming the infrastructure of trust in a sustainability-conscious world. When used responsibly and equitably, these technologies transform ESG assurance from a passive process into an active, accountable, and transparent ecosystem. Firms that embrace them not only protect against regulatory or reputational risk—they position themselves as credible leaders in the sustainability era.

As data becomes the currency of ESG credibility, and transparency its gold standard, the technology-enabled future of ESG is not just imminent—it is already here.

Global Collaboration and Future Outlook

In an interconnected global economy, sustainability accountability cannot afford to remain siloed. Carbon emissions do not recognise national boundaries, nor does capital, which flows effortlessly across jurisdictions in search of regulatory advantage or reputational gain. As such, tackling greenwashing—a borderless practice that undermines investor trust and climate commitments—requires nothing less than coordinated international action.

The Convergence of Global Standards: A Necessary Evolution

Encouragingly, the past two years have marked a turning point in the alignment of sustainability reporting frameworks. The International Sustainability Standards Board (ISSB), under the umbrella of the IFRS Foundation, released its first two baseline global reporting standards—IFRS S1 (General Sustainability Disclosures) and IFRS S2 (Climate-related Disclosures)—in 2023. These draw heavily from existing frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), embedding materiality, scenario analysis, and risk governance into financial-grade ESG reporting.

The EU's Corporate Sustainability Reporting Directive (CSRD), which came into effect in 2024, similarly reflects this convergence while extending its scope with double materiality—requiring companies to report not only on how ESG issues affect them financially, but also how their operations impact people and the planet. This dual lens is increasingly being referenced in global policy dialogues, including at COP28 and in G7 finance summits.

Most significantly, these efforts are being mapped to the emerging global baseline that ISSB seeks to establish—allowing companies to report once, but use the data everywhere. This represents a potential watershed moment for ESG harmonisation, reducing compliance fatigue for multinationals while improving comparability and trust for investors and regulators alike.

Clamping Down on Arbitrage: IOSCO, the G20, and Regulatory Symmetry

The stakes of misalignment are high. Without shared definitions and oversight, companies can exploit regulatory arbitrage—adopting looser standards in one region while presenting themselves as green champions in another. Recognising this risk, global bodies such as the G20's Sustainable Finance Working Group, the Financial Stability Board (FSB), and the International Organization of Securities Commissions (IOSCO) have intensified collaboration to close the enforcement gap.

In 2023, IOSCO issued a formal call to action on ESG data providers and rating agencies, highlighting the lack of transparency, consistency, and oversight in their methodologies. With ESG scores now influencing trillions of dollars in assets, this fragmented and unregulated space has become a key vulnerability in the greenwashing ecosystem. IOSCO's recommendations called for regulatory authorities to supervise ESG ratings providers as they do credit ratings, ensuring robustness and independence.

The G20, meanwhile, is advancing taxonomy interoperability, working to align national definitions of "green" across China, the EU, ASEAN, and beyond. This would prevent scenarios where the same investment might qualify as "sustainable" in one country and not in another—a loophole currently exploited in cross-border fund marketing.

The Rise of Transnational Enforcement: No More Safe Havens

Perhaps the most intriguing—and hopeful—development is the emergence of transnational enforcement cooperation. Regulators are beginning to treat greenwashing as a shared threat, akin to money laundering or tax evasion, rather than a purely domestic matter.
Recent case studies bear this out:

a. In 2023, Dutch and Norwegian authorities jointly investigated and sanctioned a major European energy company for deceptive "climate-neutral" marketing, marking one of the first cross-border ESG enforcement actions in Europe.
b. In the Asia-Pacific region, regulators in Australia, Singapore, and Japan have initiated dialogues on ESG enforcement cooperation, sharing intelligence on misleading fund claims and green bonds.

c. In the finance sector, ASIC (Australia) and the SEC (United States) have begun informal information exchanges to monitor cross-listed financial products that carry ESG labels.

This new dynamic sends a powerful signal: misleading sustainability claims made in one country may no longer be safe from challenge elsewhere. As regulatory networks strengthen, firms will face accountability across borders, regardless of where their marketing departments or holding structures reside.

Signals of Change—or Strategic Silence?

So, is the tide turning? The data from 2024 offers a complex, nuanced picture. According to recent global enforcement tracking by RepRisk and InfluenceMap, the number of new greenwashing cases declined by 12% between mid-2023 and mid-2024—the first such drop in six years. At first glance, this suggests progress. But what lies beneath that statistic is more revealing.

The decline is attributed not only to improved corporate conduct but to a sharp rise in greenhushing—where companies, wary of legal and reputational risk, have opted to make fewer public sustainability claims altogether. While silence may reduce legal exposure, it also reduces transparency, preventing stakeholders from scrutinising actual ESG performance.

More concerningly, high-severity greenwashing cases rose by 30% in the same period, suggesting that while cosmetic claims are being tempered, the most brazen offenders continue undeterred. The oil and gas sector alone accounted for 22% of total greenwashing incidents in 2024. Worse still, 42% of U.S. companies flagged for greenwashing in 2023 were cited again in 2024, underscoring a disturbing pattern of recidivism. These figures suggest that some companies still view greenwashing as a manageable risk, rather than a career-ending scandal. Until that mindset changes—until the cost of deception outweighs the perceived benefits—enforcement alone may struggle to extinguish the problem.

Beyond Penalties: The Cultural Challenge of ESG Truthfulness

Ultimately, the true test of this global shift will not be measured in the number of fines issued, but in whether corporate behaviour changes systemically. That will only happen when ESG integrity becomes not just a regulatory necessity, but a core value and competitive differentiator.

Encouragingly, a growing cohort of companies are now embracing radical transparency as a source of brand equity and investor trust:

a. Tech firms are publishing real-time supply chain dashboards.
b. Consumer brands are opening their ESG data to third-party auditing and crowdsourced scrutiny.
c. Financial institutions are tying executive remuneration to independently validated ESG outcomes, not internal targets.

At the same time, civil society, media, and consumers are becoming more ESG literate and less tolerant of hollow claims. ESG disclosures are now dissected not only by institutional analysts but by activists, whistleblowers, and investigative journalists equipped with AI-powered monitoring tools.

A Glimpse Ahead: Toward a Global Culture of ESG Accountability

The next five years will be decisive. The world faces a binary path: either greenwashing is normalised as a tolerated business risk—or it is reframed, like financial fraud or insider trading, as a high-risk, low-reward gamble with real consequences. If global collaboration continues to strengthen—and public scrutiny grows sharper—the latter is possible.
The goal is not perfection, but truthfulness. And in the age of interconnected markets, the integrity of ESG claims cannot stop at borders. What is required is a borderless culture of accountability—one where regulation, technology, civil pressure, and corporate conscience converge to make sustainability not just a promise, but a verifiable, enduring practice.

Conclusion

What began as benign corporate spin has now crystallised into a global crisis of trust—a crisis that strikes at the very foundations of the green economy. Greenwashing, once seen as a marketing faux pas, has revealed itself to be a systemic issue: a widespread, deeply embedded pattern of misrepresentation that thrives at the intersection of ambition, opacity, and inadequate oversight.

As this paper has shown, greenwashing today is not simply a matter of a few bad ads or inflated press releases. It is a structural misalignment—between rhetoric and reality, between investor expectations and actual impact, between the surface signals of ESG commitment and the substantive shifts that sustainability requires. It spans continents and sectors, from fashion to finance, agriculture to aviation, and it has triggered growing scrutiny from regulators, investors, civil society, and the informed public.

The past few years have marked a critical inflection point. No longer is greenwashing just a reputational risk; it is fast becoming a legal, financial, and existential liability. The world has begun to push back—with stronger regulations, converging global disclosure frameworks (such as ISSB, CSRD, and IFRS S1/S2), increased regulatory cooperation, and the advent of AI- and blockchain-enabled transparency. These developments are not just bureaucratic progressions; they are signals of a maturing sustainability discourse—one in which trust must be earned, not assumed.

A Crisis of Demand and Supply: How Greenwashing Took Root

This crisis did not emerge in a vacuum. It was seeded in the explosive growth of demand for sustainability in the 2010s and 2020s—demand from consumers seeking ethical products, from investors looking for ESG-aligned portfolios, and from employees wanting to work for purpose-driven firms. In response, companies were incentivised to display greenness, sometimes at the expense of genuine transformation. In a regulatory environment marked by fragmentation and inconsistency, appearances flourished while accountability lagged. In many ways, the market rewarded style over substance.

The result? A race to the top in promises, but often a race to the bottom in credibility. As this paper has chronicled through case studies, data trends, and enforcement actions, greenwashing became a coping mechanism—a way for firms to appear responsive without having to rewire their business models.

The Cost of Cynicism: Why Greenwashing Matters

The implications of unchecked greenwashing go beyond corporate earnings or investor portfolios. At its core, this is about societal trust—the belief that the institutions tasked with addressing the greatest challenges of our time are acting in good faith. If companies are allowed to deceive, and if oversight is inconsistent or toothless, public confidence in climate solutions is eroded.

This is not just theoretical. Greenwashing contributes to climate scepticism, policy resistance, and civic disengagement. As voters ask, "Why support a carbon tax if companies can just lie about their emissions?" or "Why buy sustainable if the label is meaningless?", the entire premise of collaborative climate action risks unravelling. On the other hand, when green claims are enforced, verified, and standardised, the public is more likely to support climate policy, green innovation, and ESG investment.

From Exposure to Evolution: The Corporate Pivot

And yet, amid this reckoning, there are reasons for cautious optimism. That greenwashing has become front-page news is a sign of progress. The fear of exposure, the growth of investigative journalism, the proliferation of ESG data, and the emergence of watchdog technologies have shifted the cost-benefit calculus for corporate leaders.

Today, the smartest companies are not merely avoiding greenwashing—they are actively redefining what sustainability leadership looks like. Some are publishing machine-readable disclosures, inviting third-party audits, embedding sustainability in R&D, procurement, and capital allocation. These firms are not telling the world they are sustainable; they are letting the evidence speak for itself. Their reports may be data-dense and free of marketing flourishes—but they carry a weight of credibility that glossy brochures can no longer match.

A Philosophical Turn: Truth, Trust, and the Role of Business in a Decarbonising World

At its deepest level, greenwashing is not just a communications problem or a compliance issue. It is a philosophical failure—a refusal to confront the truth with rigour. In this sense, it mirrors the broader ecological crisis: both stem from denial, delay, and deception in the face of existential threats.

If we accept that climate change demands a rethinking of how we live, govern, and grow, then the role of business cannot be confined to quarterly performance and PR. It must become a steward of trust, a custodian of truth, and an agent of regeneration.

To restore belief in corporate claims, we must normalise rigorous disclosure, independent assurance, and radical transparency. This does not mean every company must be perfect. It means they must be honest—about where they are, what they have achieved, and how far they have yet to go.

The Path Ahead: From Greenwash to Gravitas

Looking ahead, we are likely to see a sharpening of what constitutes credible sustainability. Firms that embed ESG not as a label, but as an ethos—woven into strategy, governance, and operations—will rise in stature. Those that rely on borrowed virtue and performative compliance will be exposed, penalised, or simply forgotten.

For academics, this journey offers rich terrain: a confluence of behavioural economics, regulatory theory, moral philosophy, and environmental science. For policymakers, it demands vigilance and agility—to update definitions, close loopholes, and anticipate the next iteration of deceptive sustainability (be it “nature-positive,” “circular-ready,” or “net-zero adjacent”). For investors and the public, it invites discernment—a critical reading of sustainability claims not through slogans, but through substance.

Final Reflections: A New Ethics of ESG Communication

In the final analysis, greenwashing is not just a symptom of market immaturity—it is a moral hazard. If left unchecked, it undermines the very language through which we navigate our path to a liveable future. If sustainability becomes synonymous with spin, then we lose the ability to distinguish progress from pretence. If we confront it with vigilance, law, science, and a cultural shift toward honesty, then greenwashing can serve as a catalyst—forcing businesses, and society at large, to elevate standards, not just slogans.

The most powerful sustainability communication of the future may not be a campaign or a tagline. It may be a dry, verified, publicly available spreadsheet—boring to marketers, but beautiful to a generation that has grown tired of being sold illusions. In that quiet data, truth will once again find its voice. And with it, the foundations of a trust-based, accountable, and genuinely sustainable global economy.

Dr Bimal Roy Bhanu
Circular Economy & Sustainability Strategist | ESG Expert | Visionary Entrepreneur | Published Author

Dr Bimal Roy Bhanu is a highly accomplished ESG leader and Circular Economy Strategist with more than 25 years of cross-sector experience spanning Europe, Southeast Asia, and the Middle East. Recognised for his ability to navigate the intersection of regulatory compliance, sustainability transformation, and commercial growth, he has become a trusted advisor to corporates, financial institutions, and public bodies alike. An expert in ESG reporting, disclosure frameworks, and sustainability strategy, Dr Bhanu has led the design and implementation of comprehensive ESG infrastructures aligned with global standards such as CSRD, IFRS S1/S2, TCFD, and Bursa Malaysia requirements. His leadership has supported organisations in decarbonisation, regulatory alignment, and responsible innovation—embedding ESG not as a box-ticking exercise, but as a lever for resilience, trust, and long-term value.

As the co-founder of multiple ventures, including the AI-powered Audit XPRT and ESG Disclose Ltd, he has pioneered the use of technology in ESG compliance, greenwashing detection, and sustainable finance. His entrepreneurial drive is matched by a strong academic foundation, including a Ph.D. in Social Psychology and a certification in Circular Economy & Sustainability from Cambridge University.

A published author and thought leader, Dr Bhanu's white papers and commentary are widely cited in ESG circles, and his work often blends strategic insight with ethical clarity. He is also a passionate advocate for inclusivity, having launched *The Neuro Pioneer Hub*, a legacy initiative dedicated to empowering neurodivergent individuals through training, mentorship, and entrepreneurial support. Dr Bhanu's professional journey reflects a rare fusion of visionary thinking, operational expertise, and a profound commitment to sustainable, inclusive progress.

Bibliography

No.	Author / Organisation	Title & Summary	Publication Date	Source Type	Key Theme(s)
1	Kantar	*Mistrust and rejection: The impact of greenwashing and social washing on brands* – 52% of global consumers report seeing misleading sustainability claims	Nov 2023	Insight Report	Consumer Trust
2	Reewild / Edie	*Distrust in Climate Claims* – Only 9% of UK respondents trust	Jun 2024	Survey Summary	Consumer Perception

		brands' climate messaging			
3	EY	*Global Institutional Investor Survey* – 85% believe greenwashing is more serious today	2024	Survey	Investor Sentiment
4	Google Cloud (via CFA)	*Sustainability Survey 2023* – 60% of execs admit overstating efforts	2023	Executive Survey	Greenwashing Admissions
5	Edelman	*Trust Barometer: Trust & Climate Change* – Only 49% trust business on climate action	Oct 2023	Global Trust Index	Public Sentiment
6	RepRisk / ESG Dive (Johnson)	*Greenwashing Case Trends* – 12% case decline, but 30% rise in high-severity filings	Oct 2024	Media / Analytics	Enforcement Trends
7	RepRisk / ESG Dive (cont'd)	*Sector Analysis* – Oil & Gas top offenders; Coca-Cola & PepsiCo legal scrutiny	2024	Media / Analytics	Sector Focus
8	The Guardian (Laville)	*Water firms accused of greenwashing sewage discharge* – 22/28 known tactics used	Jan 2025	Investigative Journalism	Utilities Sector Scandal
9	DeSmog (Ormesher)	*ASA considers Shell ad misleading by omission*	Aug 2024	Media Analysis	Fossil Fuels & Advertising
10	Reuters / Guardian (Chrisafis)	*Coca-Cola at Olympics accused of greenwashing*	Aug 2024	News Report	Packaging/Waste
11	Reuters / Guardian (Makortoff)	*Lloyds advert banned for omitting fossil fuel ties*	Dec 2024	ASA Ruling	Financial Sector
12	Jones Day	*Lloyds ASA case & UK green claims enforcement roundup*	Mar 2025	Legal Commentary	Regulatory Enforcement
13	Reuters (Stempel)	*P&G Charmin lawsuit: misleading "green" branding*	Jan 2025	Legal Case	Consumer Goods
14	Tech Xplore / AFP	*Apple Watch neutrality claim challenged in US*	Feb 2025	Legal Coverage	Tech Sector
15	Reuters (Taylor)	*Volkswagen Dieselgate Update: €31.3bn cost*	Mar 2020	Corporate Scandal Update	Automotive Industry
16	The Guardian (Ungoed-Thomas)	*UK law to impose 10% fines for greenwashing*	Feb 2023	Policy Report	UK Enforcement Law

17	Investment International (Battersby)	*23% of Article 8 funds flagged for greenwashing*	Feb 2025	Investment Analysis	ESG Fund Classification
18	CFA Institute	*AI's Role in Tackling Greenwashing* – mentions $8.8bn in Q1 2024 fund outflows	Jul 2024	Research Insight	Technology & AI
19	Medium (Sreenuch)	*Role of AI/LLMs in greenwashing detection* – e.g., H&M's Conscious collection	Oct 2023	Thought Leadership	AI & Data
20	DoxyChain	*Blockchain as greenwashing guardrail*	Jun 2022	Blog	ESG Tech
21	Earth.Org (O'Riordan)	*EU Directive: Empowering Consumers Against Greenwashing*	Apr 2024	EU Policy Analysis	Regulation
22	ClimateCase Chart	*Greenpeace France v. TotalEnergies* – landmark advertising case allowed	2023	Legal Database	Fossil Fuels / Advertising
23	SEC Press Release	*DWS fined $25m for ESG misstatements*	Oct 2023	Legal Ruling	Asset Management
24	Jones Day (2023)	*UK & EU take coordinated greenwashing enforcement steps*	Sept 2023	Legal Summary	Enforcement Approach
25	Edie.net	*FTC class actions and global greenwashing round-up*	2024	Industry Digest	