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From Promise to Proof: GreenBrew Malaysia's Sustainability Challenge

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ABSTRACT

This study examines the growing concerns surrounding corporate sustainability governance, particularly the increasing prevalence of greenwashing, which raises doubts about corporate transparency and accountability. Many companies promote sustainability initiatives without independent verification, creating uncertainty about the credibility of their environmental commitments. This study focuses on *GreenBrew* Malaysia, a company that positioned itself as an environmentally responsible brand but later faced scrutiny over misleading sustainability claims. This study investigates the impact of unverified environmental statements on consumer trust, corporate credibility, and regulatory oversight. Applying the Corporate Sustainability Crisis Management (CSCM) Model, this study evaluates how *GreenBrew* Malaysia responded to the controversy and the broader implications for sustainability governance. This study adopts a qualitative case study methodology, drawing from secondary data, including regulatory reports, industry analyses, media investigations, and academic literature. This study also incorporates expert interviews with professionals in sustainability governance, regulatory enforcement, and Environmental, Social and Governance (ESG) compliance to provide deeper insights into corporate sustainability challenges. This study finds that the absence of independent third-party verification undermines consumer confidence and heightens reputational risks for businesses. This study also finds that Malaysia's fragmented regulatory framework lacks robust enforcement mechanisms, allowing companies to self-certify sustainability efforts without standardised verification. This study highlights the need for more stringent regulatory oversight and independent auditing mechanisms to enhance corporate accountability in sustainability reporting. This study recommends implementing third-party verification for corporate sustainability claims and establishing a standardised framework for environmental disclosures, similar to the European Union (EU) Green Claims Directive. This study concludes that as scrutiny of corporate sustainability practices intensifies, businesses must prioritise transparency, ethical accountability, and compliance with regulatory standards to maintain stakeholder trust and long-term brand credibility. This study contributes to the discourse on corporate sustainability governance by offering insights into the risks associated with misleading environmental claims and advocating for stronger regulatory enforcement.

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1. Introduction

Businesses that promote sustainability face increasing expectations to provide verifiable evidence of their environmental claims. However, some companies struggle to align their marketing narratives with actual practices, leading to consumer mistrust and regulatory scrutiny. *GreenBrew* Malaysia positioned itself as an eco-conscious brand, but inconsistencies in its biodegradable packaging and carbon-neutral initiatives raised concerns about the authenticity of its sustainability commitments. The absence of third-party verification further undermined credibility, highlighting broader governance challenges in corporate sustainability.

Many businesses rely on self-certification rather than independent audits, making it difficult for consumers and regulators to assess the authenticity of sustainability claims. While regulatory bodies such as the Competition and Consumer Commission of Malaysia (CCCM) have introduced guidelines to prevent misleading environmental statements, enforcement remains inconsistent. Although some companies comply with these regulations, others continue to issue unverified sustainability claims, leading to gaps in corporate accountability. The *GreenBrew* Malaysia case underscores the need for stronger regulatory oversight, transparent verification mechanisms, and more effective enforcement to uphold consumer trust.

Previous studies suggest that corporate sustainability governance is closely linked to legitimacy concerns, as businesses that fail to substantiate their environmental claims face heightened regulatory scrutiny and reputational damage [17,22]. According to legitimacy theory, businesses must align their sustainability claims with societal expectations to maintain consumer trust and regulatory approval.

This study examines how inconsistencies between corporate messaging and actual practices influence stakeholder perceptions of legitimacy, ultimately affecting consumer confidence and prompting regulatory scrutiny. The analysis evaluates the effectiveness of existing regulatory enforcement measures in addressing corporate greenwashing and considers the role of third-party verification in enhancing corporate credibility. Additionally, it explores governance mechanisms that businesses can adopt to improve accountability in sustainability disclosures. To investigate these concerns, this study addresses the following research questions:

- i. How does unverified sustainability claim impact consumer trust and brand credibility?
- ii. How effective are existing regulatory frameworks in addressing misleading sustainability claims?
- iii. What role does third-party verification play in strengthening corporate accountability?

1.1 Research Gap

Existing research on greenwashing and corporate sustainability governance has primarily concentrated on Western economies, where regulatory enforcement and third-party verification mechanisms are well established [16,18]. Previous studies have examined the role of independent sustainability audits, the effectiveness of regulatory interventions, and consumer responses to misleading environmental claims. However, empirical investigations into corporate sustainability governance in Malaysia remain limited, particularly regarding the extent to which third-party verification influences consumer trust and corporate accountability.

Although sustainability reporting guidelines exist in Malaysia, the extent to which companies undertake independent verification of their environmental claims remains uncertain. Variability in the voluntary adoption of third-party validation raises concerns about the credibility of corporate sustainability messaging and fosters consumer mistrust towards green marketing strategies. While

previous studies have examined greenwashing scandals and regulatory responses, research investigating the impact of unverified sustainability claims on consumer trust within Malaysia's market remains limited.

This study addresses this gap by examining *GreenBrew* Malaysia's sustainability claims, with a particular focus on the implications of third-party verification for corporate accountability and consumer perceptions. Adopting a qualitative case study approach, this research contributes to the broader discourse on corporate sustainability governance by providing insights into regulatory challenges, consumer trust dynamics, and the role of verification mechanisms in enhancing transparency.

1.2 Significant of the Study

Concerns about corporate sustainability governance have intensified as companies increasingly promote environmental initiatives without adequate verification. Greenwashing remains a significant issue, leading to consumer scepticism, regulatory scrutiny, and reputational risks [18]. In economies where sustainability reporting is largely voluntary, such as Malaysia, companies often self-certify their environmental claims without independent oversight [8]. The absence of regulatory enforcement mechanisms creates uncertainty regarding the credibility of corporate sustainability efforts. Addressing this issue, this study examines corporate sustainability governance within Malaysia's regulatory framework, focusing on the role of third-party verification in strengthening corporate accountability.

Previous studies have explored greenwashing and regulatory enforcement in developed economies, particularly in the European Union and the United States, where sustainability reporting standards are well established, as noted in previous research [29]. However, research on corporate sustainability governance in Malaysia remains limited, especially regarding how the lack of independent verification affects consumer trust and regulatory oversight, as highlighted in earlier studies [16]. Examining *GreenBrew* Malaysia's sustainability claims, this study extends the discussion by evaluating the implications of self-regulated sustainability practices in an emerging market.

Insights from this study contribute to corporate sustainability research by demonstrating how voluntary sustainability reporting affects corporate transparency and consumer confidence. Previous research has shown that unverified environmental claims weaken public trust, increasing reputational risks and reducing investor confidence [23]. This issue is particularly relevant in Malaysia, where third-party sustainability verification is not mandatory, allowing companies to promote unsubstantiated environmental claims without clear legal consequences, as highlighted in recent studies [25]. Addressing this gap, this study provides an empirical basis for understanding corporate sustainability challenges in Malaysia and highlights the importance of independent verification in mitigating greenwashing risks.

Beyond academic contributions, this study has practical implications for businesses operating in sustainability-driven markets. Previous research indicates that Malaysian consumers are increasingly making purchasing decisions based on corporate environmental responsibility and transparency [31]. However, many companies issue sustainability claims without third-party validation, which has been shown to lead to consumer scepticism and reputational risks [12]. The findings provide guidance on best practices for sustainability reporting, reinforcing the necessity of independent third-party audits to maintain corporate credibility.

From a regulatory perspective, the findings support calls for stronger sustainability governance frameworks in Malaysia. Previous studies highlight that while the CCCM has issued guidelines on

misleading environmental claims, enforcement remains inconsistent [25]. In contrast, regulatory frameworks such as the European Union's Green Claims Directive mandate that corporate environmental claims undergo scientific validation and independent verification before being communicated to the public, as noted in recent reports [29]. Drawing on this regulatory comparison, the study emphasizes the need for enhanced regulatory oversight and mandatory third-party sustainability audits in Malaysia.

The relationship between consumer trust and sustainability claims is another important consideration. Research has shown that greenwashing weakens public confidence, leading to negative brand perception and reduced market competitiveness [12]. When companies fail to provide independent verification of their sustainability efforts, consumers become increasingly sceptical of corporate environmental responsibility. Examining this issue in the Malaysian market provides insights into the consequences of misleading sustainability messaging and the role of verification in strengthening corporate accountability.

This study contributes to the broader discourse on corporate sustainability governance, regulatory policymaking, and consumer trust in emerging markets. The analysis of *GreenBrew* Malaysia's sustainability challenges offers a case-based understanding of greenwashing risks in voluntary regulatory environments. The insights generated can serve as a reference for businesses, policymakers, and regulators, supporting the development of stronger sustainability verification frameworks to improve corporate transparency and accountability.

1.3 Research Objectives

This case study examines the sustainability crisis faced by *GreenBrew* Malaysia; a beverage company known for its commitment to environmentally responsible practices. The controversy arose when investigations questioned the accuracy of its claims regarding biodegradable packaging and carbon neutrality. The case highlights the impact of misleading sustainability statements on consumer trust, regulatory scrutiny, and corporate reputation. This study seeks to:

- i. Identify the key factors contributing to the crisis, including inconsistencies in sustainability claims, governance shortcomings, and stakeholder concerns.
- ii. Analyse the company's response in managing the crisis, addressing public scrutiny, regulatory challenges, and stakeholder trust.
- iii. Evaluate the implications of the crisis on *GreenBrew* Malaysia's sustainability commitments and its approach to corporate governance.

2. Industry Background

The beverage industry in Malaysia has witnessed steady growth, influenced by shifting consumer preferences, increased health consciousness, and a rising demand for products marketed as sustainable. The market for non-alcoholic beverages, particularly coffee, tea, and ready-to-drink (RTD) options, continues to expand. Ethical sourcing and environmental responsibility have become key considerations in purchasing decisions, prompting companies to adjust their strategies to align with these evolving expectations [15].

Concerns surrounding plastic waste have driven a stronger push for sustainable packaging solutions. Estimates suggest that Malaysia produces approximately 2.4 million tonnes of plastic waste annually, with beverage packaging contributing significantly to the issue [21]. In response, businesses have introduced biodegradable, compostable, and recyclable materials as alternatives to conventional plastic. However, industry experts have raised doubts about the effectiveness of

these solutions, as some biodegradable materials require specific industrial conditions for decomposition, which remain largely inaccessible in Malaysia.

Market research indicates that consumer sentiment towards sustainability is becoming increasingly influential, with over 60% of Malaysian consumers favouring brands that can demonstrate a verifiable commitment to environmental responsibility [34]. Many are also willing to pay a premium for sustainable products, highlighting the growing importance of transparency in corporate environmental initiatives. Companies making sustainability claims are required to comply with regulations such as the Environmental Quality Act 1974 and the Solid Waste and Public Cleansing Management Act 2007. To strengthen oversight, the Malaysian Green Technology and Climate Change Corporation (MGTC) has introduced certification programmes designed to assess and verify corporate sustainability initiatives [20].

Research suggests that greenwashing can severely damage brand reputation and erode consumer trust. A study by Amer *et al.*, [4] found that misleading environmental claims not only weaken consumer confidence but also generate negative word-of-mouth, further harming a brand's image. Likewise, previous research has shown that greenwashing practices often attract heightened scrutiny from regulators and advocacy groups, increasing the risks associated with non-transparent marketing strategies [13]. These findings highlight the necessity of authenticity in sustainability communications to preserve consumer trust and protect brand integrity.

For companies like *GreenBrew* Malaysia, sustaining credibility in sustainability messaging demands a careful balance between branding, regulatory compliance, and consumer expectations. The growing influence of digital activism and consumer watchdogs has heightened scrutiny, increasing pressure on businesses to substantiate their claims through independent verification. In a marketplace where sustainability serves as a competitive advantage, demonstrating authenticity in environmental commitments is crucial for long-term success.

3. Historical Context

The beverage industry has faced increasing scrutiny over environmental claims, with companies being held accountable for misleading sustainability messaging. In 2024, Keurig Dr Pepper was fined USD 1.5 million by the US Securities and Exchange Commission (SEC) following an investigation which revealed that its claims regarding the recyclability of K-Cup pods were misleading. The company had promoted its products as "effectively recyclable"; however, major recycling facilities reported difficulties processing the materials, leading to accusations of greenwashing. This case underscored the growing demand for corporate accountability in sustainability marketing and highlighted the risks associated with unverified environmental claims.

In Malaysia, consumer awareness of environmental issues has steadily increased. Surveys indicate a shift towards conscious consumption, with many consumers willing to support businesses that prioritise eco-friendly initiatives. A study by Visa [31] found that 80% of Malaysian consumers were aware of the environmental impacts of their purchasing decisions and aimed to make more sustainable choices. Market research conducted by McKinsey & Company and PwC [25] further revealed that 60% of consumers are willing to pay a premium for sustainable packaging, with an average additional spend of 9.7% on sustainably produced goods. These trends reflect growing consumer expectations for corporate transparency regarding environmental commitments.

Against the backdrop of heightened environmental awareness in Malaysia, greenwashing remains a notable concern. While consumer demand for sustainable products grows, companies continue to exploit gaps in the existing regulatory framework. Unlike the stringent measures

enforced within the European Union, Malaysia's approach is less rigorous, characterised by fragmented oversight. Although the CCCM has provided guidelines on corporate environmental claims, enforcement inconsistency persists, enabling corporations to certify their sustainability initiatives independently without mandatory external verification. Consequently, the absence of compulsory third-party validation places reliance on companies' self-reported sustainability claims, leaving consumers vulnerable to potentially misleading marketing and undermining overall trust.

GreenBrew Malaysia established itself as a brand centred around sustainability, emphasising environmentally friendly packaging and initiatives aimed at reducing carbon emissions. Its reputation as an eco-conscious brand grew steadily, attracting customers who valued ethical and sustainable consumption. Nevertheless, independent environmental organisations questioned the credibility of the company's sustainability claims in 2024. Reports revealed that *GreenBrew* Malaysia's biodegradable packaging did not degrade effectively under typical disposal conditions, instead requiring specialised industrial composting facilities that were not widely accessible in the country. Additionally, doubts arose regarding the company's carbon-neutral claims, which lacked external, independent verification. These issues undermined consumer confidence and highlighted significant gaps within Malaysia's current sustainability governance framework.

Public scrutiny intensified when social media platforms amplified concerns, prompting widespread debate over corporate accountability in sustainability marketing. Media coverage further revealed discrepancies in *GreenBrew* Malaysia's environmental claims, exacerbating public scepticism. As inconsistencies emerged, consumer trust diminished, raising broader questions about transparency and reliability in corporate sustainability communications. The increased attention highlighted weaknesses in existing regulatory mechanisms, particularly regarding independent validation of sustainability assertions.

As public scrutiny intensified, particularly through discussions amplified by social media, *GreenBrew* Malaysia encountered mounting pressure to address concerns over its sustainability claims. Media reports highlighting discrepancies in the company's environmental statements further eroded consumer confidence, prompting broader conversations about corporate transparency and responsibility. These developments underscored significant vulnerabilities within Malaysia's regulatory framework, especially regarding independent validation of sustainability disclosures. Consequently, *GreenBrew* Malaysia's challenges exemplify the critical importance of credible and verifiable sustainability initiatives within a marketplace becoming increasingly vigilant and better regulated.

4. Company Background

Established in 2015, *GreenBrew* Malaysia positioned itself as a company dedicated to delivering high-quality, sustainably sourced beverages to the Malaysian market. The brand built its reputation as a leader in eco-friendly coffee and tea products, attracting consumers who valued ethical consumption and environmental responsibility. Sustainability was integrated throughout its supply chain, from sourcing raw materials to packaging and distribution, reinforcing its image as a company committed to minimising its environmental impact.

GreenBrew Malaysia's product range included organic coffee blends, premium and herbal teas, and RTD beverages, all promoted as sustainable choices for environmentally conscious consumers. The company marketed its products as free from synthetic additives, certified fair trade, and packaged using biodegradable or compostable materials. These claims enabled *GreenBrew* to establish a strong foothold within the eco-conscious segment of the beverage industry.

4.1 Product Offerings

GreenBrew Malaysia established itself as a sustainability-focused brand, offering a diverse selection of beverages to meet the growing demand for ethically sourced and environmentally friendly products. Its portfolio featured organic coffee, premium and herbal teas, and RTD beverages, appealing to a wide range of consumer preferences while maintaining a strong commitment to sustainability.

4.2 Organic Coffee

GreenBrew sourced its coffee beans from small-scale organic farms across Southeast Asia and Latin America, ensuring that farmers received fair compensation through fair trade partnerships. This approach aimed to promote ethical sourcing and sustainable farming practices. Among its core offerings was Single-Origin Organic Coffee, sourced from certified organic farms renowned for their distinctive flavour profiles. The company also introduced *EcoBlend* Espresso®, a premium blend made from shade-grown coffee, appealing to consumers who prioritised high-quality, responsibly sourced products. Additionally, Cold Brew Concentrate was developed for convenience-focused customers seeking a smooth, low-acid coffee experience.

4.3 Premium and Herbal Tea

Beyond coffee, *GreenBrew* expanded its range to include premium and herbal teas, reinforcing its commitment to pesticide-free and naturally processed ingredients. Organic Green Tea, sourced from eco-certified farms, was promoted as a pure and authentic choice for health-conscious consumers. The Herbal Infusions collection featured blends such as chamomile, lemongrass, and hibiscus, marketed for their wellness benefits, including relaxation and digestive support. To meet the increasing demand for functional beverages, *GreenBrew* introduced Functional Teas, enriched with adaptogens, antioxidants, and digestive aids to support overall well-being.

4.4 Ready-to-Drink (RTD) Beverages

As consumer demand for convenience grew, *GreenBrew* expanded into the **RTD** beverage market, targeting urban professionals and those with active lifestyles. Cold Brew Coffee in Sustainable Bottles was introduced as a smooth, low-acid coffee option, packaged in biodegradable and plastic-free bottles as part of the company's sustainability initiatives. Iced Herbal Teas were developed as sugar-free and preservative-free beverages, catering to health-conscious individuals seeking natural hydration options. Additionally, Plant-Based Lattes, made with oat and almond milk alternatives, were launched in response to the increasing demand for dairy-free choices.

5. Sustainability Concerns and Industry Scrutiny

GreenBrew Malaysia's growing market presence was accompanied by concerns over the credibility of its environmental claims. Industry experts questioned whether its biodegradable packaging effectively decomposed under standard waste management conditions. Environmental watchdogs urged the company to secure third-party verification of its carbon-neutral status and improve transparency regarding supply chain ethics. Increasing scrutiny placed pressure on

GreenBrew to substantiate its sustainability commitments with verifiable data and ensure compliance with industry standards.

GreenBrew Malaysia's ability to respond to these concerns became crucial in preserving consumer trust. Stakeholders demanded greater accountability, and the failure to substantiate its environmental claims posed a significant risk to the company's reputation. With expectations for corporate sustainability continuing to rise, *GreenBrew* needed to reassess the integrity of its messaging while navigating the challenges of an increasingly competitive eco-conscious market.

6. Issues/Problems

GreenBrew Malaysia's expansion in the sustainability-driven beverage market brought increased scrutiny over its environmental claims. While the company positioned itself as an eco-conscious brand, concerns arose regarding the accuracy of its marketing, the transparency of its sustainability efforts, and its ability to meet both regulatory and consumer expectations. Key issues centred on the biodegradability of its packaging, the legitimacy of its carbon-neutral commitments, and inconsistencies in its ethical sourcing practices.

6.1 Biodegradable Packaging Concerns

The company claim that its packaging was biodegradable became a contentious issue, particularly as consumers began questioning its actual environmental impact. Investigations revealed that the packaging required industrial composting facilities to decompose effectively, which were not widely accessible in Malaysia. This gap between marketing claims and real-world conditions led to consumer dissatisfaction, with many expressing frustrations over what they viewed as misleading messaging.

Increasing public awareness led industry experts and advocacy groups to call for greater accountability in sustainability marketing, stressing that businesses must ensure their environmental claims align with real-world disposal conditions. Concerns were also raised over whether the company had provided sufficient guidance to consumers on the proper disposal of its packaging. The backlash highlighted the risks of promoting biodegradable materials without addressing the infrastructure limitations that impact their actual decomposition.

Regulatory authorities also began reviewing whether *GreenBrew's* claims complied with advertising and environmental laws, cautioning that unverified or exaggerated statements about biodegradability could be deemed misleading under consumer protection regulations. The company faced mounting pressure to re-evaluate its marketing strategy and ensure that all environmental claims were supported by verifiable data.

6.2 Carbon-Neutral Certification Concerns

GreenBrew Malaysia's carbon-neutral claims came under growing scrutiny from regulators, advocacy groups, and industry experts, particularly due to the absence of independent verification for its carbon offset programmes. The company had promoted its investments in reforestation and renewable energy as key aspects of its commitment to carbon neutrality; however, investigations revealed that its data was based primarily on internal calculations rather than third-party audits.

Regulators launched inquiries to assess whether *GreenBrew's* sustainability messaging complied with green advertising regulations, cautioning that unverified claims could be classified as deceptive marketing practices under existing laws. Advocacy groups and consumer watchdogs also criticised

the lack of transparency surrounding *GreenBrew's* carbon offset initiatives, raising concerns over whether the company had sufficient evidence to demonstrate that its sustainability efforts were delivering measurable environmental benefits.

Facing mounting pressure from stakeholders, *GreenBrew* Malaysia had to reconsider its carbon-neutral strategy and evaluate the need for external validation to maintain its credibility. The company risked regulatory penalties, reputational damage, and a decline in consumer trust if it failed to address these concerns effectively.

6.3 Ethical Sourcing and Fair-Trade Compliance Issues

Concerns over the credibility of *GreenBrew* Malaysia's ethical sourcing practices grew alongside the scrutiny of its broader sustainability commitments. The company had promoted its products as fair trade-certified and sourced from ethically responsible suppliers; however, internal audits and external investigations revealed gaps in documentation and compliance. Reports indicated that some suppliers had failed to renew their fair-trade certifications, while others lacked transparency regarding wage policies and labour conditions. These inconsistencies cast doubt on whether *GreenBrew* Malaysia had conducted sufficient supplier due diligence before making sustainability claims.

Consumer advocacy groups and fair-trade organisations intensified scrutiny of *GreenBrew* Malaysia's supply chain transparency, raising concerns about the authenticity of its ethical sourcing claims. The company's reputation as a sustainability-focused brand relied heavily on its commitment to responsible sourcing, and any failure to uphold these standards risked undermining consumer trust and damaging brand credibility.

In response to mounting pressure, *GreenBrew* Malaysia needed to assess whether stronger oversight mechanisms were required to ensure compliance with fair trade and ethical sourcing standards. Addressing rising consumer scepticism also became a priority, as stakeholders demanded greater accountability and independent verification of the company's sustainability claims.

6.4 Implications of the Issues

Increasing scrutiny of *GreenBrew* Malaysia's sustainability commitments exposed the company to significant reputational, regulatory, and financial risks. Inconsistencies in its marketing messages, the absence of third-party verification, and concerns over supply chain transparency contributed to growing consumer distrust and heightened regulatory scrutiny.

Regulatory bodies launched reviews to assess whether *GreenBrew's* claims breached advertising and consumer protection laws, while advocacy groups continued to push for greater corporate accountability. Consumers who had initially supported the brand for its sustainability values began questioning the authenticity of its commitments, leading to declining brand loyalty and the risk of financial losses.

The controversy underscored broader industry challenges surrounding sustainability marketing, ethical sourcing, and corporate transparency. *GreenBrew* Malaysia's response to these concerns would ultimately determine its ability to restore consumer trust, meet regulatory expectations, and maintain its position in the competitive eco-conscious market.

7. Stakeholders Involved

The sustainability controversy surrounding *GreenBrew* Malaysia involved multiple stakeholders, each with distinct expectations regarding corporate environmental responsibility, consumer transparency, and ethical supply chain management. The crisis exposed shortcomings in regulatory compliance, accountability frameworks, and stakeholder engagement, highlighting the risks associated with misleading sustainability claims.

7.1 Consumers Brand Trust

Consumers were the most directly affected stakeholder group, having purchased *GreenBrew's* products based on its sustainability claims. When investigations exposed inconsistencies in its biodegradable packaging and carbon neutrality efforts, consumer confidence weakened. Research indicates that greenwashing undermines trust, leading to diminished brand loyalty and reduced long-term customer engagement [4]. The crisis gained momentum through social media discussions, amplifying reputational damage and increasing public scrutiny of *GreenBrew's* practices.

7.2 Regulatory Compliance Risks

Regulatory scrutiny intensified following allegations of misleading environmental claims. Authorities, including the Malaysia Competition Commission (MyCC) and the Department of Environment (DOE), initiated investigations into potential breaches of consumer protection laws. Global trends suggest that governments are strengthening green marketing regulations to address deceptive sustainability claims, underscoring the increasing legal risks associated with unverified corporate environmental commitments [6].

7.3 Environmental Advocacy and Public Accountability

Sustainability watchdogs and consumer advocacy groups called for greater transparency from *GreenBrew*, arguing that its claims lacked independent verification. Organisations such as World Wildlife Fund (WWF) Malaysia and the MGTC urged third-party audits and stricter enforcement of corporate sustainability disclosures. Research suggests that non-governmental organization (NGO) activism plays a significant role in shaping regulatory interventions and corporate sustainability policies [14].

7.4 Investors ESG Risks

Investors focusing on ESG standards re-evaluated their confidence in *GreenBrew's* financial sustainability. The risk of legal penalties and reputational damage raised concerns about the company's long-term viability. Empirical research indicates that sustainability controversies can result in declining investor confidence, reduced stock valuation, and capital withdrawal [35].

7.5 Ethical Sourcing Governance

The crisis also affected *GreenBrew's* supplier relationships, particularly in relation to its ethical sourcing commitments. Reports identified gaps in supplier compliance with fair trade and

sustainability standards, casting doubt on the credibility of *GreenBrew*'s ethical sourcing narrative. As supplier oversight plays a crucial role in corporate sustainability governance, further analysis is included in Section 9.3 (Sustainability Governance) to align with broader regulatory implications [27].

8. Methodology

This study employs a qualitative case study methodology to examine *GreenBrew* Malaysia's sustainability crisis, with a particular focus on how misleading environmental claims impact corporate governance, consumer trust, and regulatory oversight. The case study approach facilitates an in-depth evaluation of corporate sustainability controversies, especially those involving greenwashing allegations.

To ensure a comprehensive and rigorous analysis, this study integrates both secondary and primary data sources. Secondary data comprises regulatory reports, industry analyses, media investigations, and academic literature, offering insights into *GreenBrew* Malaysia's sustainability commitments, stakeholder concerns, and the broader implications of corporate environmental responsibility. In addition, expert interviews were conducted to complement the secondary findings, providing firsthand perspectives from professionals directly involved in sustainability governance, regulatory enforcement, and industry best practices.

8.1 Data Sources and Triangulation

This study draws upon multiple independent data sources, including reports from regulatory bodies, market research firms, academic studies, and investigative journalism. Documents from the CCCM, the MyCC, and the DOE provide insights into the enforcement of environmental claims and consumer protection laws. Comparative cases, such as Keurig Dr Pepper's recyclability claims, serve as benchmarks for evaluating *GreenBrew* Malaysia's sustainability messaging within a regulatory context.

Industry reports further contextualise consumer attitudes towards corporate sustainability. Studies from Euromonitor [15], McKinsey & Company, and PwC's Voice of the Consumer Survey [25], outline consumer expectations regarding corporate environmental transparency and accountability. The MGTC offers additional insights into sustainability certification processes, regulatory requirements, and corporate best practices.

To enhance credibility, findings were triangulated across multiple independent sources. Data from regulatory agencies (CCCM, DOE), market research firms (Euromonitor, PwC), and investigative journalism (Reuters, Bloomberg) were cross-referenced to ensure the consistency and reliability of reported sustainability claims. Given the strategic framing of corporate disclosures and the potential for media bias, a critical evaluation of each data source was conducted to assess its alignment with sustainability governance frameworks.

8.2 Expert Interviews

To complement secondary data, expert interviews were conducted to examine corporate sustainability governance, regulatory enforcement, and stakeholder perceptions of *GreenBrew* Malaysia's sustainability claims. Given the heightened scrutiny of corporate environmental responsibility, insights from professionals in sustainability governance and regulatory compliance

offered a deeper understanding of the challenges associated with corporate environmental claims and the mechanisms available in Malaysia to assess their validity.

A purposive sampling approach was employed to select experts with direct experience in sustainability governance, environmental regulations, and industry best practices [20]. The participants comprised sustainability officers, regulatory officials, and industry analysts with expertise in corporate sustainability, environmental compliance, and ESG governance. These individuals were chosen based on their direct involvement in sustainability compliance, policy implementation, or ESG research.

Interviews examined the credibility of corporate sustainability claims, the effectiveness of regulatory oversight, and the role of independent verification. Experts highlighted the limitations of existing regulatory structures, particularly the absence of a standardised verification system for sustainability claims.

A legal officer from the pharmaceutical industry emphasised that:

“Malaysia does not have a legally binding framework that requires third-party validation of sustainability claims, which allows companies to self-certify their environmental initiatives with little accountability.”

Another expert from the retail industry expressed concern over weak regulatory enforcement, stating:

“Many businesses engage in sustainability marketing without facing real consequences, as there is no central authority actively reviewing the accuracy of their environmental claims.”

Industry analysts and academics highlighted growing consumer uncertainty towards corporate sustainability messaging.

One ESG governance specialist from the banking industry observed:

“Without third-party verification, sustainability claims risk being dismissed as mere branding exercises rather than actual corporate commitments.”

Another expert from the retail industry echoed this concern, arguing:

“Companies that are truly committed to sustainability should have no hesitation in subjecting their claims to external validation.”

Her colleague also pointed out:

“Current sustainability reporting standards in Malaysia are too fragmented, leading to inconsistencies in how companies measure and communicate their environmental impact.”

Corporate representatives acknowledged the challenges of aligning sustainability practices with evolving regulatory expectations.

A sustainability officer from a fast-moving consumer goods (FMCG) company noted:

“Achieving sustainability compliance is challenging when regulations are ambiguous, as businesses often receive mixed signals from different regulatory bodies.”

The complexity of supply chain verification was also emphasised, with the company director explaining:

"Many companies rely on supplier-provided certifications that may lack transparency, making it difficult to ensure that sustainability claims reflect actual environmental impact."

Findings from these interviews were cross-referenced with regulatory reports, market research, and academic literature to validate key observations. The discussions reinforced concerns that regulatory gaps and inconsistent enforcement mechanisms create opportunities for companies to exaggerate or misrepresent sustainability efforts. Experts highlighted successful regulatory models in the European Union, where standardised sustainability reporting guidelines ensure that companies provide verifiable evidence of their environmental commitments. The insights provided by industry professionals offered a broader understanding of how sustainability claims are monitored, enforced, and perceived, complementing the secondary data analysis with real-world perspectives on corporate sustainability governance in Malaysia.

8.3 Theoretical Foundation

The academic literature on corporate greenwashing and sustainability governance provides the theoretical foundation for this study. Research on consumer caution towards green marketing [15,19] establishes the connection between misleading sustainability claims and declining consumer trust. Studies on third-party verification [18,23] emphasise the role of independent oversight in strengthening corporate accountability. Additionally, empirical research on **ESG** risks and investor confidence [22] highlights the financial and reputational consequences that arise when sustainability claims fail to meet public and regulatory.

The case studies on greenwashing controversies, including Volkswagen's emissions scandal and Keurig Dr Pepper's recyclability claims, illustrate how regulatory filings, media reports, and corporate disclosures contribute to a comprehensive understanding of corporate environmental disputes [10,17]. The approach aligns with Ravenswood [26] recommendations for case study research, which emphasise the importance of multiple data sources to enhance validity and reliability.

9. Discussion

9.1 GreenBrew Malaysia's Governance Challenges

GreenBrew Malaysia has positioned itself as a sustainable brand, emphasising environmentally friendly sourcing, waste reduction initiatives, and carbon neutrality efforts. However, concerns have emerged regarding the credibility of these commitments due to inconsistencies in corporate disclosures and the absence of third-party verification. Although the company portrays itself as environmentally responsible, doubts persist due to unclear reporting practices and the lack of independent validation of its sustainability claims.

Industry experts have highlighted significant gaps in Malaysia's regulatory framework, which allow corporations to self-certify sustainability initiatives without standardised enforcement.

A sustainable officer from a FMCG industry noted that:

"Without independent audits, sustainability claims in Malaysia are largely self-regulated, leaving consumers without a clear measure of accountability."

This creates challenges for consumer trust, as companies may claim sustainability without standardised verification. The absence of mandatory third-party verification further complicates corporate accountability.

A legal officer from a petroleum multinational company (MNC) explained that:

"Although voluntary sustainability frameworks exist, the absence of stringent regulations means that companies face minimal consequences for making misleading sustainability claims."

GreenBrew Malaysia's situation reflects a broader issue in corporate sustainability governance, as companies operate within a largely self-regulated environment lacking mandatory oversight.

9.2 Comparative Case Analysis

The concerns surrounding *GreenBrew* Malaysia's sustainability practices align with global corporate sustainability controversies, in which misleading environmental claims and weak governance mechanisms have resulted in regulatory action, financial penalties, and consumer backlash. Examining cases such as Volkswagen's emissions scandal and Keurig Dr Pepper's recyclability claims provides a comparative perspective, illustrating the role of regulatory enforcement. For instance, Keurig Dr Pepper promoted its products as recyclable; however, inconsistencies led to regulatory scrutiny and criticism from consumers due to overstated claims [10].

Similar to *GreenBrew* Malaysia, Keurig Dr Pepper engaged in sustainability branding without sufficient external validation. The key difference between these cases lies in regulatory enforcement: Keurig Dr Pepper faced direct legal consequences for its misleading recyclability claims, whereas Malaysia's existing regulatory framework lacks robust enforcement mechanisms for independent sustainability verification.

Another notable example is Volkswagen's emissions scandal, a widely documented instance of corporate environmental misconduct. The company deliberately installed defeat devices to manipulate emissions tests, creating a false impression of compliance with environmental standards. Independent investigations by regulators in the United States and the European Union exposed that Volkswagen vehicles emitted significantly more pollutants than officially claimed, resulting in legal consequences, substantial financial penalties, and serious reputational harm [10].

This case highlights the importance of robust regulatory oversight in corporate sustainability governance. Volkswagen faced scrutiny and severe consequences because independent regulatory bodies enforced stringent verification standards. In contrast, *GreenBrew* Malaysia operates in an environment where third-party verification remains inconsistent, raising concerns about the credibility of self-regulated sustainability disclosures and their subsequent impact on consumer trust.

The Volkswagen and Keurig Dr Pepper cases highlight the importance of independent regulatory oversight and third-party verification in preventing corporate greenwashing. Markets with clear enforcement mechanisms help ensure accountability and transparency in sustainability claims, reducing opportunities for misleading corporate practices. Conversely, *GreenBrew* Malaysia illustrates the risks posed by weaker regulatory environments, where self-regulation can lead to reduced scrutiny compared with companies subject to more rigorous environmental oversight. These comparisons underscore the necessity for stronger regulatory frameworks to enhance transparency and consumer trust in corporate sustainability initiatives. Table 1 shows the comparative between these three companies:

Table 1
Structured comparison table

Aspect	Volkswagen	Keurig Dr Pepper	GreenBrew Malaysia
Issue	Emissions Scandal	Misleading Recyclability Claims	Questionable Sustainability Claims
Regulatory Environment	Highly stringent, mandatory independent verification (U.S., EU)	Moderate enforcement with legal consequences (U.S.)	Weak, mostly voluntary guidelines (Malaysia)
Nature of Verification	Mandatory third-party audits; rigorous verification processes	Required verification with clear enforcement repercussions	Voluntary disclosures, minimal external valid
Consequences	Legal actions, significant financial penalties, damaged consumer trust	Regulatory action, fines, consumer backlash	Minimal legal repercussions, primarily reputational risks
Consumer Trust Impact	Severe, long-lasting damage to brand credibility	Moderate but notable damage to consumer trust	High vulnerability to consumer scepticism due to lack of transparency
Corporate Accountability	High due to strict enforcement and legal consequences	Medium; direct accountability enforced legally but limited scope	Low, due to absence of mandatory external verification

9.3 Regulatory and Consumer Trust Implications

The absence of standardised third-party verification mechanisms in Malaysia has significant implications for consumer protection and corporate sustainability governance. In highly regulated markets, businesses are required to undergo independent audits to validate sustainability claims [1]. Contrarily, without such mechanisms in Malaysia, there are risks to consumer trust and corporate accountability. Studies indicate that unclear sustainability claims and greenwashing practices significantly reduce consumer confidence in corporate environmental initiatives [18,23]. Without robust regulatory enforcement and third-party verification, scepticism regarding sustainability claims is likely to increase, undermining public confidence in corporate environmental commitments.

9.4 Challenges and Implications

Corporate sustainability governance in Malaysia operates within a regulatory landscape that combines voluntary guidelines with legally binding provisions. However, the absence of a centralised enforcement mechanism and mandatory third-party verification creates significant gaps in corporate accountability. Although sustainability reporting has gained traction among publicly listed companies, inconsistencies persist, leaving sustainability disclosures vulnerable to manipulation. Without robust enforcement and independent verification, doubts remain regarding the reliability of corporate sustainability claims, undermining transparency and consumer trust.

The primary regulations governing corporate sustainability in Malaysia include the MCCG, Bursa Malaysia's Sustainability Reporting Guidelines, and the Environmental Quality Act 1974. The MCCG, issued by the Securities Commission Malaysia, encourages companies to integrate ESG principles into their governance practices. While the code provides valuable guidance, compliance remains voluntary, resulting in uneven implementation. Similarly, Bursa Malaysia's guidelines promote sustainability reporting by listed companies, yet these guidelines lack mandatory third-party

verification, raising concerns about accountability and accuracy [8]. Additionally, the Environmental Quality Act 1974 sets legal standards for pollution control and environmental protection but stops short of mandating independent verification, limiting its effectiveness in preventing misleading corporate sustainability claims [20].

Despite the existence of these frameworks, Malaysia's regulatory landscape presents notable enforcement limitations. While voluntary guidelines and legally binding provisions are present, the lack of centralised enforcement mechanisms and mandatory third-party verification means accountability remains inconsistent. Although regulations against false advertising exist under Malaysia's Competition Act, administered by the MyCC, active monitoring and enforcement of misleading sustainability claims remain limited. In contrast to the European Union's Green Claims Directive, which requires active auditing of corporate sustainability statements, MyCC's less rigorous oversight creates opportunities for selective sustainability messaging without meaningful regulatory consequences [29].

The weaknesses in Malaysia's regulatory environment stem primarily from the absence of mandatory third-party verification, regulatory fragmentation, and limited legal repercussions for greenwashing. Unlike regulatory models in jurisdictions with structured frameworks, Malaysia has not yet established a unified approach to sustainability governance, allowing corporations considerable freedom to shape their environmental narratives without external oversight. Interviews with industry experts underline the importance of independent verification to ensure the accuracy of corporate sustainability claims. As one expert remarked, independent verification is crucial for maintaining the integrity of sustainability reporting and consumer confidence [33]. Another emphasised that without robust third-party oversight, corporations can easily frame their environmental narratives without meaningful accountability, thereby undermining trust [10,33].

A comparative analysis with global regulatory frameworks offers insights into potential improvements for Malaysia's sustainability governance. The European Union's Green Claims Directive mandates that all corporate sustainability claims be substantiated by scientific evidence and independently verified before being communicated to consumers [29]. This regulatory model has substantially reduced misleading sustainability statements and reinforced corporate accountability. Similarly, the European Union's approach has significantly strengthened compliance through rigorous independent verification processes. Additionally, the regulatory models in regions like the European Union and Canada demonstrate effectiveness in addressing greenwashing through mandatory independent audits of sustainability claims prior to their use in consumer and investor communications. The European Union's Green Claims Directive, for example, mandates that corporate sustainability statements must be substantiated by scientific evidence and independently audited to prevent misleading claims [29]. Likewise, Canada's TerraChoice programme has effectively enhanced corporate accountability through mandatory independent verification of environmental statements before their use in marketing and investor communications [30].

GreenBrew Malaysia's case highlights the broader issue of sustainability governance in Malaysia, where sustainability claims frequently lack independent verification. While *GreenBrew* Malaysia promotes its environmental credentials, the absence of standardised regulatory oversight leaves consumers uncertain about the authenticity of such claims. Industry experts argue that introducing mandatory third-party verification and stronger legal repercussions for misleading disclosures are essential steps to reinforce transparency and restore consumer confidence [16]. Without such regulatory improvements, consumer scepticism towards corporate sustainability efforts is likely to continue, weakening overall trust in sustainability governance.

The absence of standardised third-party verification mechanisms in Malaysia has significant implications for consumer protection and corporate sustainability governance. In highly regulated markets, businesses are required to undergo independent audits to validate sustainability claims. Malaysia's still rely on voluntary sustainability reporting allows inconsistencies to persist, increasing the likelihood of greenwashing practices. Consumer trust is shaped by the level of transparency in corporate sustainability efforts. Studies have shown that greenwashing leads to consumer doubt, ultimately reducing confidence in corporate environmental initiatives [18,23]. Without clear regulatory enforcement and third-party verification, uncertainty about sustainability claims is likely to grow, undermining public trust in corporate environmental commitments.

Although Malaysia has made progress in corporate sustainability governance, regulatory gaps continue to undermine the credibility of sustainability claims. Implementing mandatory third-party verification, enhancing legal enforcement mechanisms, and establishing centralised oversight would create a more robust governance framework that fosters transparency, corporate responsibility, and consumer trust. These reforms would position Malaysia as a leader in corporate sustainability governance while reducing the risk of greenwashing and promoting accountability in corporate environmental practices [35]. Table 2 shows the comparison of corporate sustainability governance and regulatory frameworks in different regions.

Table 2

Comparison of corporate sustainability governance and regulatory frameworks in different regions

Aspect	Malaysia	European Union (EU)	Canada
Regulatory Framework	The Malaysian Code on Corporate Governance (MCCG) encourages the integration of ESG principles; compliance remains voluntary.	The Corporate Sustainability Reporting Directive (CSRD) mandates comprehensive sustainability reporting based on the European Sustainability Reporting Standards (ESRS).	Bill C-59, enacted in June 2024, amends the Competition Act, requiring environmental claims to be substantiated according to internationally recognised methodologies.
	Bursa Malaysia's Sustainability Reporting Guidelines encourage sustainability reporting without mandatory third-party verification.	ESRS requires reporting from a 'double materiality' perspective, covering both environmental impact and financial significance.	The Competition Bureau of Canada enforces these provisions, with companies bearing the responsibility to prove the accuracy of their environmental claims.
Third-Party Verification	The Environmental Quality Act 1974 addresses pollution control but does not require independent verification.	Recent amendments have reduced the number of companies required to report and extended compliance deadlines.	Companies must substantiate environmental claims using internationally recognised methodologies, effectively making third-party verification compulsory.
	Not mandatory; companies typically self-certify sustainability initiatives, which can lead to inconsistencies and lower accountability.	Mandatory independent audits are required to validate sustainability claims under the CSRD and ESRS frameworks.	
		The EU Green Claims Directive mandates scientific substantiation and independent verification of all sustainability claims before communication to consumers.	

Table 2 (continued)

Aspect	Malaysia	European Union (EU)	Canada
Enforcement Mechanisms	Limited enforcement due to the absence of a centralised mechanism, resulting in inconsistent accountability and susceptibility to greenwashing.	Robust enforcement with significant legal penalties for non-compliance. The EU's stringent verification standards have resulted in legal actions, financial penalties, and reputational damage for companies making misleading sustainability claims.	The Competition Bureau actively monitors and enforces regulations against false or misleading environmental claims, imposing legal penalties on non-compliant companies.
Consumer Trust Implications	The absence of mandatory verification and effective enforcement mechanisms can undermine consumer trust, as it increases vulnerability to greenwashing and unreliable sustainability claims.	Mandatory reporting and verification improve transparency and accountability, thus strengthening consumer trust. However, recent regulatory adjustments that reduce reporting requirements might impact the availability of ESG data, potentially affecting consumer confidence.	Stringent regulatory enforcement ensures credible sustainability claims, thereby maintaining or enhancing consumer trust.
Recent Developments	Malaysia has proposed a climate change law aimed at improving its sustainability governance, indicating a potential shift towards a more structured regulatory environment.	The EU recently revised its climate-accounting policies, reducing the number of companies required to report and extending compliance deadlines in response to concerns over financial burdens and competitiveness. Despite these adjustments, the EU remains committed to transparent and accountable sustainability reporting.	Canada continues to enhance its regulatory framework against greenwashing, ensuring environmental claims are credible, verifiable, and accountable.

10. Problem Analysis

GreenBrew Malaysia's sustainability crisis reveals fundamental weaknesses in corporate governance, stakeholder engagement, and regulatory compliance. The controversy underscores the difficulty of aligning sustainability marketing with verifiable accountability, highlighting the risks posed by unsubstantiated environmental claims. The CSCM Model, outlined in Figure 1, serves as a structured framework for managing the crisis, rebuilding consumer trust, and reinforcing governance mechanisms. Implementing this model strengthens transparency, ensures regulatory compliance, and reduces the long-term reputational and financial risks linked to sustainability controversies.

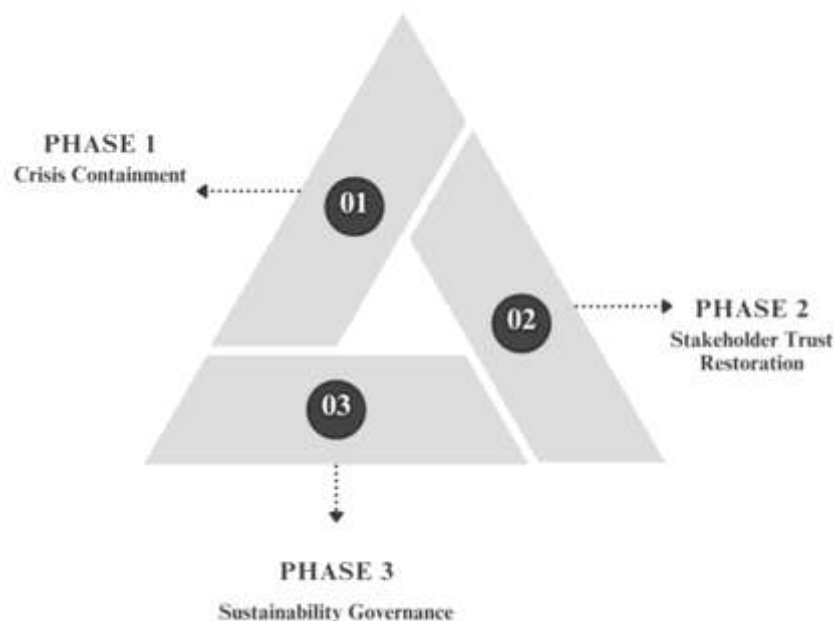


Fig. 1. Corporate Sustainability Crisis Management Model (CSCM)

10.1 Phase 1: Crisis Containment

GreenBrew's response to the crisis focused on minimising reputational damage and ensuring compliance with advertising laws. Research suggests that corporate credibility during crises depends on transparent communication and tangible corrective measures [16]. The misrepresentation of biodegradable packaging capabilities triggered consumer backlash, while the absence of third-party verification for carbon offset programmes deepened public scepticism. Social media discussions further magnified reputational risks, reinforcing findings that consumer trust in corporate sustainability claims relies on independent validation [4]. To address these concerns, *GreenBrew* engaged external auditors and regulatory bodies as part of its corrective strategy. However, long-term reputational recovery depends on systemic governance reforms rather than short-term crisis management efforts.

10.2 Phase 2: Stakeholder Trust Restoration

Restoring trust required transparent sustainability reporting and stricter compliance enforcement. Empirical research indicates that companies accused of greenwashing can rebuild credibility through independent third-party audits, stronger regulatory alignment, and proactive stakeholder engagement [35]. *GreenBrew* released an updated sustainability report, integrating externally verified data on carbon offset initiatives and supply chain governance. Investor engagement efforts prioritised enhanced ESG disclosures, while supplier agreements were revised to enforce stricter ethical compliance measures. These actions reflect corporate legitimacy frameworks, which emphasise that organisational recovery relies on structural reforms rather than superficial reputational management [2].

10.3 Phase 3: Sustainability Governance

The crisis exposed weaknesses in *GreenBrew*'s internal governance framework, highlighting the need for stronger sustainability oversight mechanisms. Research indicates that sustainability controversies often arise from inadequate corporate governance structures, a lack of third-party verification, and ineffective regulatory compliance strategies [27]. To address these gaps, a Sustainability Oversight Committee was established to review all environmental claims before public disclosure, ensuring adherence to best practices in sustainability governance [16].

Supplier agreements were revised to include mandatory third-party audits and enforceable sustainability clauses, correcting previous compliance failures in ethical sourcing. Studies show that stronger supplier governance frameworks help reduce corporate greenwashing risks [2]. Long-term credibility also relies on external sustainability certifications, ensuring that claims related to biodegradable packaging, carbon offsets, and ethical sourcing meet regulatory expectations. Independent verification enhances corporate accountability and reduces the likelihood of greenwashing [22].

11. Recommendation

11.1 Implementing Independent Third-Party Verification

To rebuild consumer trust and enhance corporate accountability, *GreenBrew* Malaysia must implement independent third-party verification for all sustainability claims. Without an external validation process, corporate sustainability disclosures remain vulnerable to selective reporting, reducing stakeholder confidence in the company's environmental commitments. The adoption of third-party verification would align *GreenBrew* Malaysia with global sustainability standards and reinforce transparency, mitigating the risks associated with misleading environmental claims [16]. This approach has proven effective in the European Union, where the Green Claims Directive mandates independent validation for corporate sustainability claims, ensuring credibility and regulatory compliance [29].

11.2 Developing a Transparent Sustainability Dashboard

Developing a transparent sustainability dashboard with regular updates on environmental performance would enhance credibility, enabling stakeholders to monitor the company's progress while maintaining active engagement with its sustainability initiatives. This system should integrate third-party verified data on carbon emissions, resource consumption, and supply chain sustainability, offering consumers and investors measurable indicators of corporate environmental performance. Comparable sustainability reporting frameworks have been introduced in Canada and Australia, where businesses must publish publicly accessible, third-party audited sustainability reports to reinforce consumer confidence [28,30].

11.3 Strengthening Regulatory Certification Processes

At the regulatory level, Malaysian authorities should consider introducing a standardised certification process for corporate environmental claims, following the model of the EU's independent sustainability verification frameworks. At present, sustainability reporting in Malaysia lacks a cohesive, legally binding certification process, allowing businesses to self-regulate their environmental disclosures [8]. Establishing a government-backed verification framework, similar to

the EU's Environmental Claims Verification Board, would ensure that all corporate sustainability reports undergo rigorous validation before public disclosure [29]. Enhancing regulatory oversight and enforcement mechanisms would offer greater assurance that businesses comply with verifiable sustainability commitments, reducing the risk of corporate greenwashing while reinforcing corporate responsibility [25].

11.4 Partnering with Independent Sustainability Certification Organisations

GreenBrew Malaysia should consider partnerships with independent sustainability certification organisations such as ISO 14001 Environmental Management Systems, the Carbon Trust, and the Global Reporting Initiative (GRI) to enhance the credibility of its sustainability commitments. Many leading corporations have adopted these globally recognised certifications to ensure transparency and compliance with international environmental governance standards [33]. Pursuing independent sustainability certification would not only set *GreenBrew* Malaysia apart from its competitors but also reinforce consumer confidence in its environmental initiatives.

11.5 Strengthening Legal Penalties for Greenwashing

Strengthening legal penalties for misleading environmental claims is crucial to preventing greenwashing and reinforcing public trust in sustainability governance [7]. Malaysia's current consumer protection laws do not impose substantial consequences for unverifiable sustainability claims, reducing the incentive for businesses to commit to genuine environmental efforts [19]. Introducing financial penalties and regulatory sanctions for corporations that engage in deceptive sustainability reporting would act as a deterrent against greenwashing, ensuring that businesses take greater responsibility for their environmental disclosures [34].

11.6 Aligning with Global Sustainability Standards

Aligning Malaysia's regulatory framework with global sustainability reporting standards such as the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD), and the Science-Based Targets initiative (SBTi) would enhance transparency in corporate environmental governance. Standardising reporting practices in line with these frameworks would strengthen investor confidence and position Malaysia as a regional leader in sustainability reporting within ASEAN [35].

11.7 Increasing Consumer Awareness and Public Accountability

Increasing consumer awareness and strengthening public accountability mechanisms would play a crucial role in reinforcing corporate responsibility. Introducing eco-labelling requirements and sustainability impact ratings on consumer products, similar to France's mandatory Eco-Score labelling system, would enable consumers to make informed purchasing decisions while encouraging companies to adopt sustainable business practices [25]. Establishing a public sustainability compliance database, where consumers can access third-party verified corporate sustainability reports, would further enhance transparency and promote ethical corporate behaviour [19].

11.8 Adopting a Multi-Stakeholder Approach

A multi-stakeholder approach that combines corporate sustainability commitments, regulatory reforms, and consumer awareness initiatives is crucial for strengthening Malaysia's corporate sustainability governance. Implementing independent verification, reinforcing legal enforcement, and enhancing transparency through public accountability mechanisms would ensure that businesses uphold greater integrity in their sustainability commitments. For *GreenBrew* Malaysia, aligning with international sustainability certification standards, increasing consumer engagement, and complying with stricter regulatory oversight would reinforce its corporate credibility while positioning it as a leader in sustainable business practices.

12. Conclusion

The *GreenBrew* Malaysia case study highlights the challenges businesses encounter in maintaining credibility in their sustainability commitments. This case illustrates the risks linked to unverified environmental claims, showing how inconsistent corporate messaging can weaken consumer trust and attract regulatory scrutiny. Applying the CSCM Model in this context provides a structured approach to crisis containment, trust restoration, and governance reforms, reinforcing the need for evidence-based sustainability governance. Beyond this case, broader concerns surrounding sustainability governance failures require further examination. The increasing reliance on technological solutions, such as AI-driven verification systems, presents opportunities for enhancing transparency and reducing corporate greenwashing. However, the effectiveness of these tools in ensuring sustainability accountability remains uncertain and warrants further exploration. Additionally, regulatory enforcement mechanisms play a critical role in shaping consumer trust in sustainability initiatives, yet the extent to which they influence corporate compliance remains an area for further study. In an increasingly regulated environment, businesses must uphold transparency, ethical accountability, and adherence to sustainability standards to maintain stakeholder trust and protect their long-term reputation.

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