

How to Avoid Greenwashing and Improve Sustainability in the Energy and Transportation Sectors

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Introduction

Conservation and sustainability are important to different audiences, including investors, organizational leaders, customers, and communities. Professionals in the energy and transportation sectors are working to make their operations more sustainable. They are also sharing these efforts publicly in response to growing interest in conservation and environmental stewardship. While any conservation effort is commendable, exaggerating environmental or sustainability claims can lead to accusations of greenwashing, i.e., the practice of overstating or misrepresenting environmental efforts. A parallel challenge to greenwashing is greenhushing, i.e., concealing environmental or sustainability efforts due to fear of scrutiny. While the causes and effects of greenwashing and greenhushing differ, both entail a lack of transparency in how environmental or sustainability efforts are communicated or reported. In addition, both highlight the need for accurate, knowledgeable, and intentional approaches for characterizing environmental or sustainability initiatives.

In this paper, we explore the concepts of greenwashing and greenhushing and the potential impacts they have on companies in the energy and transportation sectors. We highlight examples and costs of misreporting efforts and the different forms

of greenwashing and greenhushing in practice. Last, we offer strategies for mitigating risks when reporting environmental initiatives, making accurate claims, and offering clearer communications.

Background

In August 2025, the Biodiversity + Nature in Energy and Transportation (BNEAT) conference brought together 130 professionals working across the energy and transportation sectors to explore how managing for nature and conservation can reduce operational risks and provide added value to businesses in these sectors. A working session at this conference engaged participants in a conversation on how to avoid greenwashing. Through polling and guided discussion questions, participants explored concerns and potential solutions to avoid greenwashing. The results of that discussion have been incorporated into this paper.

Greenwashing has historically been a concern related to climate-friendly and net-zero claims made by companies wanting to address their climate-related impacts. Likewise, companies may (intentionally or unintentionally) misrepresent nature-related claims in a comparable way by placing over-emphasis on small actions or misrepresenting outcomes to appear more

beneficial than they are.

Miscommunications like this can harm or undermine industry-wide efforts to adopt meaningful practices that create wildlife habitat, reduce nature or biodiversity impacts, and transform operations to be more sustainable and conservation-minded.

Regulation of greenwashing varies across the globe. Governmental initiatives in Europe and Asia consider greenwashing as part of consumer protection regulations. In other regions without such regulatory enforcement, non-governmental organizations (NGOs), financial investors, news media outlets, and social media influencers act in a role as consumer and environmental watchdogs.

What Does Greenwashing Mean for Energy and Transportation Companies?

Companies may have legitimate reasons for not sharing sustainability information. For example, companies may need time and internal focus during development or pilot testing phases, or when evaluating use of appropriate metrics. This can differ from other forms of withholding information that may result in misleading or deceptive communications that make companies appear more sustainable than industry or investor metrics indicate. Alternatively, executives being asked to engage on sustainability-related issues could use greenhushing as a defense mechanism to avoid validating sustainability credentials.¹

During the working session at the BNEAT conference, the audience was asked to identify one to two words that come to mind when considering the term “greenwashing.” Respondents most frequently associate greenwashing with words like deception, misleading, and fake or false (Figure 1).



Figure 1. A word cloud illustrating BNEAT conference participants' responses with words and phrases they associated with "greenwashing."

As noted by Planet Tracker, greenwashing can be sophisticated and take on many different forms.² Thus, different definitions exist. This inconsistency can make it difficult for companies to find and avoid greenwashing. One recent study³ analyzed dozens of published definitions to establish a composite definition for greenwashing. The study identified several common attributes of greenwashing claims. In short, they are claims:

1. Related to environmental performance,
2. Made by a private sector organization,
3. Related to public marketing of a product or a service,
4. Unable to be substantiated,
5. Made with misleading intent, and
6. Used to establish a competitive advantage.

Within the energy and transportation sectors specifically, greenwashing around nature and biodiversity can include:

- Misleading reports or claims about nature impacts or habitat improvements that lack clear metrics,
- Highlighting small habitat demonstration projects while standard land management operations result in larger scale impacts on wildlife and/or habitat,
- Making pledges or commitments for nature-positive strategies without verifiable outcomes,
- Using vague terms like 'green logistics' or 'pollinator-friendly' without demonstrating data or verifications to support claims, and
- Using goals of “no net loss” or “biodiversity net gain” without a clear mechanism for supporting and evaluating such claims.



Photo. Greenwashing can take many forms. Many involve overstating benefits or making unverifiable claims.
(Source: Adobe Stock)

What Are the Costs Associated with Greenwashing Claims?

Organizations that engage in greenwashing face a variety of potential consequences, including financial, reputational, and regulatory ramifications (Table 1).

Table 2. Potential consequences and examples of greenwashing.

Potential Consequences	Examples
Financial Costs	- Several energy corporations collectively paid hundreds of thousands of dollars in settlements with the federal government, state governments, and other parties due to misleading claims about nature and climate related claims.⁴ - When combined with other risks, added scrutiny from damaged reputation can cost companies billions of dollars.⁵
Reputational Damage	- Exposure of organizational greenwashing can lead to loss of consumer trust, community relations, and investor confidence. - Greenwashing practices can result in negative media coverage and scrutiny from government agencies, investors, and NGOs. - Loss of trust resulting from unfulfilled or false claims can result in added scrutiny and delays on future company projects.
Regulatory Exposure	- The European Union (EU) Green Claims Directive and the United Kingdom (UK)'s Digital Markets, Competition, and Consumers (DMCC) Act impose strict substantiation requirements for organizations that are reporting and sharing sustainability practices.⁶ - California's Voluntary Carbon Market Disclosures Act mandates transparency in carbon offset disclosures.⁷ - Exposure of greenwashing claims can lead to loss of regulator trust and confidence that results in additional scrutiny and review time.
Legal Exposure	- Misleading claims can expose companies to legal risks and potential litigation. - Under the Canada Business Corporations Act, directors must oversee foreseeable and material risks — including those related to nature — under established duties of care and loyalty.⁸ - While executives have more discretion under Delaware corporate law, they still bear responsibility to verify that nature-related risk management strategies are well formulated, carefully analyzed, and supported by evidence that demonstrates benefits for the corporation.⁹

How Do Greenwashing Fears Impact Decisions on Nature- Related Sustainability Communications in the Energy and Transportation Sectors?

Companies in both the energy and transportation sectors face challenges when trying to avoid greenwashing in public disclosures. For example, focused media coverage and public interest around environmental impacts from energy and transportation operations can result in heightened feelings of pressure and scrutiny as a company begins to engage in communications and reporting about their sustainability or conservation initiatives.

When surveyed during the BNEAT conference, participants rated the impact of greenwashing concerns (i.e., potential backlash) on their external communication efforts with an average response of around 2.5 out of 5, indicating moderate hesitation. While some companies are held back by fear of greenwashing accusations, it is not considered a dominant barrier across the board. However, the standard deviation of 1.3 in survey responses indicates that feelings varied considerably among participants and some companies perceive the risks around greenwashing as a significant barrier. This variation may reflect the differing organizational cultures, stakeholder pressures, or regulatory or reputational environments that companies operate within.

How Can Companies Prevent or Address Potential Greenwashing?

In order to avoid greenwashing, companies should report on their conservation and sustainability initiatives with specificity and provide supporting data as evidence of any claims being made. Participants at the BNEAT conference identified a series of best practices for clearer sustainability communications that minimize potential greenwashing:

Increase Transparency

- Be transparent in reporting by sharing both successes and challenges as well as data limitations.
- Align claims with measurable outcomes that are publicly disclosed.
- Use specific statements that can be supported by data, instead of vague terms like “eco-friendly”, “green,” or “nature positive.”
- Adopt repeatable methods and replicable metrics that can be understood by the intended audience(s).

Leverage Partnerships

- Use external partners, established conservation programs, accredited certifications, and third-party standards to achieve sustainability goals and help communicate about them.
- Consult external experts to assess claims and possible risk exposure.
- Collaborate with NGO and government partners to strengthen scientific support and provide verification where needed for nature-related claims.

Align Expectations

- Create a culture of learning and adaptation in sustainability reporting by encouraging continuous improvement over perfection.
- Focus sustainability reporting on the material concerns relevant to stakeholders.
- Partner with communication professionals or public relations teams to ensure accurate disclosures and have subject matter experts proofread statements for accuracy.
- Conduct audits and assessments of nature-related claims prior to publishing sustainability communications to identify gaps, potential miscommunications, and expectations.
- Train marketing and communications teams on sustainability efforts and communication risks.

Actions and Resources for Nature-related Sustainability Communications

For energy and transportation companies interested in disclosing their nature-related sustainability initiatives, consider the following additional recommendations to avoid greenwashing.

- **Develop a sustainability framework with short-term goals and a long-term vision.** This may be informed by corporate financial disclosures for which the company may be responsible. Short-term goals offer companies a chance to demonstrate success and adapt programs over time. When focused by a long-term vision, companies can communicate a consistent message informed by their data and successful

outcomes. It can also be informed by nature-related corporate assessments using planning frameworks published by the Taskforce for Nature-related Financial Disclosures (TNFD) or Science Based Targets Network (SBTN).

- **Engage company stakeholders through transparent reporting.** Stakeholders may include investors, customers, neighbors, and employees. Focusing reporting on “double materiality” issues (i.e., topics that have both a financial impact on the company *and* an environmental impact on nature) can help prioritize what to disclose.
- **Monitor evolving regulations and expectations across jurisdictions.** The landscape related to financial disclosures, regulatory responsibilities, and social expectations is constantly changing. Companies must remain vigilant and adopt continuous learning to remain current in addressing concerns.
- **Invest in internal training and team alignment on nature-related sustainability.** The BNEAT conference brought together vegetation managers, environmental compliance specialists, and sustainability professionals to build connections and create alignment around nature and biodiversity issues. Similar connections are important within companies to ensure that teams stay aligned and share data efficiently. When teams are informed and have a common understanding of how nature-related risks and opportunities impact a company, they can unite around a clear purpose and direction. This alignment leads to more effective management and improved communications.

Conclusion

Greenwashing and greenhushing are not just reputational risks but strategic and financial liabilities. In a time of changing regulatory environments, increased investor interest, and social scrutiny, energy and transportation companies must embrace transparency, accountability, and continuous improvement. By doing so, they can build trust, avoid strategic pitfalls, and contribute meaningfully to global sustainability goals.

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