




Dear Mr Sid

Re: Changing the Climate on Climate Change

I am at my wit's end trying to convince management and my fellow board members in our publishing company to do our part for climate change.

Nearly two years ago, at my first board meeting, I ventured to say that climate change would be the board's biggest challenge in the coming years. I sensed some eye-rolling around the table, and then the chairman firmly stated that we would be focusing on matters we could impact, such as profits, cash flow and compliance, and leave climate change to the scientists and politicians.

Suitably chastened, I resolved to change attitudes through small but meaningful steps. I proposed saving energy and trees by no longer printing the board "papers". There was grumbling, but I prevailed. I suggested we junk the 10-year-old air-conditioning system in the office (maybe not the boardroom) and open the windows, but management has not yet implemented this. I even brought my own coffee mug and pushed others to do the same instead of using paper cups.

I sent reading materials and links about global warming, net zero emissions and

sustainability to my fellow directors.

One said she appreciated them, but another asked me to stop "spamming" him.

Our business will be dead before the earth dies. We publish educational materials, printed in India and distributed internationally, including to Eastern Europe and Latin America. Sales have been flat.

Six months ago, I proposed we completely transform our business from printed books to e-books. It's a win-win-win. E-books is the trend. Going digital will save on the cost of printing, transport and distribution. Most of all, we save trees and the earth. To mollify me, the chairman suggested acquiring a small e-book firm to "better understand that business". But one board member muttered that I was an environmental terrorist. He should call me a publishing saviour instead.

Mr Sid, how can I convince them that the planet is about to go to hell?

Yours forever (or at least for as long as we've got),

Guardian-of-the-world

Dear Guardian-of-the-world

I commend you on being ahead of your board members on the contentious subject of climate change and sustainability.

You are right that climate change is a pressing issue, and net zero emission targets of greenhouse gases (GHG) is a critical goal for countries, and increasingly for companies. Carbon tax and credits are harbingers of things to come. So, boards should prepare for that eventuality.

However, some of your approaches could be misconstrued as extreme, and you might want to take a more balanced and holistic view of the situation. Let me give you two examples: air-conditioning and books.

Air-conditioning

You are correct to focus on air-conditioning as it typically accounts for about 70 per cent of the energy usage of buildings in Singapore. However, to completely eliminate it may not be realistic either (and it's elitist to have it only in the boardroom).

Lee Kuan Yew once famously hailed air-conditioning as the most important invention of the 20th-century because "it changed the nature of civilisation by making development possible in the tropics". He went on to say: "Without air-conditioning, you can work only in the cool early-morning hours or at dusk.

The first thing I did upon becoming prime minister was to install air conditioners in buildings where the civil service worked. This was key to public efficiency."

While we should accept that air-conditioning may be needed for office productivity, there are nevertheless steps that can, and should, be taken to reduce energy consumption and carbon emissions.

The first is to reduce usage. The whole office, for example, need not be entirely air-conditioned. Common areas such as corridors and some rooms with adequate windows and fans may not require special cooling. For air-conditioned rooms, setting the temperature at about 25°C would save energy because most offices tend to be excessively cooled.

Air-conditioning technology is also important. Yes, you should junk the 10-year-old air-conditioning system, but replace it with an energy-efficient one. Newer systems consume less than half the kilowatts of the older systems, and newer refrigerants (such as R-410A) do not contribute to ozone depletion as the older ones that use chlorofluorocarbons.

If you want to further reduce GHG emissions, use clean energy for your air-conditioning and other electrical needs. You can encourage management to look at solar panels or

purchase green electricity – either solar energy or carbon neutral electricity.

You could justify to the board that all these actions are cost-effective and sustainable, and still recognise that air-conditioning is needed for the staff and board to function effectively.

Printed vs digital books

Your driving rationale for going digital is to save the trees. You believe that digital media is the environmentally preferred choice and print media is the environmentally destructive choice. That is a common assumption, but the reality is more nuanced.

Yes, paper cuts down trees. Chemicals used to enhance paper quality contribute to GHG emissions, and the binding glues and inks also have their environmental footprint. Plus, all the processes involved in getting books into the hands of readers consume energy.

However, the fact is that digital media also consumes significant amounts of energy. While e-readers don't require trees, ink or glue, they consist of electronic components (screen, CPU, battery) which need extraction and transformation of materials such as copper and rare earth. The e-readers and the data centres that host the e-books before they are downloaded all require electricity – continually. What's more, an e-reader has a shorter life-span (about three years) compared to a paper book, which is also more shareable than an e-reader.

The studies on this subject suggest that the breakeven point on the amount of GHG emissions depends upon how well-used the e-readers are and how often the paper books are shared. From the individual standpoint:

If someone reads a limited number of books, printed books will have a smaller carbon footprint, but if he/she is a heavy reader, e-books are much more environmentally friendly.

Business model

Rather than just saving trees, you should focus on what your customers want and demand. In general, it is likely to be a hybrid of digital and printed books for some time to come.

I agree that you need to venture into e-books. However, a business transformation takes some thought and time. The devil is in the details of where and how. For example, e-readers (including laptops, iPads) are likely to be cost-prohibitive in the developing countries of Eastern Europe and Latin American, where your current markets are. The acquisition of an e-book company might be the fastest way to get past the learning curve.

As a climate change advocate, you should persuade the company to go into the broader aspects of eco-publishing, which is about managing publications based on sustainability principles.

The first aspect of eco-publishing is to decide whether to publish a book in printed or e-form. As explained above, depending on how the books will actually be used and read should affect this decision. If the book is to be printed, print runs also have an impact on the carbon footprint, depending on the rate of returns of the books.

For printed books, there should be in-depth consideration of the paper, inks and formats. You should opt for ecological paper (recycled paper or virgin fibres from responsibly managed forests), sustainable ink (usually made with vegetable oils), and paper formats which reduce

environmental footprint. You can tell the board that one big benefit of eco-efficiency is image and prestige, which would draw readers.

Then, there is the cost of getting printed books into the hands of your customers. The printing press in India likely adds significantly to the carbon footprint with the containers and long shipping routes needed. You might want to consider printing locally, closer to where customers are.

Sustainability committee

In summary, there could be better options for the company to be sustainable and do its part for climate change in significant ways. Some of these ideas, such as clean energy and eco-publishing, are neither extreme nor new. They could be used to persuade your fellow board members if you emphasise their realisable business benefits.

You are already partially there. After all, the chairman did agree to look at e-books.

A more effective way to get the company on the sustainability path is to form a sustainability committee, instead of doing it on your own. You can offer to chair it and bring in like-minded fellow board members – though, maybe not the ones who accused you of spamming or being an environmental terrorist.

All the best in helping to save the planet.

Yours in green



Mr Sid ■

Who is Mr Sid?



Mr Sid is a meek, mild-mannered geek who resides in the deep recesses of the reference archives of the Singapore Institute of Directors.

Burrowed among his favourite *Corporate Governance Guides for Boards in Singapore*, he relishes answering members' questions on corporate governance and directorship matters. But when the questions are too difficult, he transforms into Super SID, and flies out to his super network of boardroom *kakis* to find the answers.

Mr Sid's References (for this question)

Board Guide

Section 4.10: Corporate Social Responsibility and Sustainability
Appendix 4K: The Evolution of CSR and Sustainability
Section 7.2: Community

Board Risk Committee Guide

Section 5.11: Sustainability Reporting

Boardroom Matters

Vol I, Chapter 46: Towards a New Normal for Business, by Robert Chew
Vol I, Chapter 50: Embracing the 'New Capitalism', by Graham Owens
Vol III, Chapter 47: For Whom Shall Boards Govern?, by Lawrence Loh
Vol III, Chapter 48: Improving Social and Financial Bottom Lines, by Patrick Liew
Vol IV, Chapter 47: What's the Big Deal About Sustainability?, by Lawrence Loh

Directors Bulletin

2019 Q4: Purpose and Profitability – Rethinking Business-As-Usual, by Melissa Kwee
2017 Q3: Impact of Sustainability Trends on Business, by K Sadashiv
2014 Q3: The Emergent New Capitalism, by Stephen B Young

SID Directors Conference Book

2014: Get Ready for the Breakthrough Decade, by John Elkington
2014: The Capitalism We Need, by Constant Van Aerschot