

Ask Mr Sid

Dear Mr Sid

Re: Wrestling with Wokeism

I am the chair of a listed outdoor apparel manufacturer. We are among the top three in our industry. Thanks to our branding consultant, we have a positive image: our packaging is bright green, our sustainability report is lengthy, and our tagline is “We do it for the planet.”

A year ago, we appointed a female director to avoid being labelled as part of the 38 per cent of all-male listed boards. It was her first directorship, and she was appropriately quiet for the first two board meetings. However, she recently attended courses on sustainability and appeared on a televised panel discussion about climate change.

Now, she’s raising concerns about potential greenwashing! She pointed out that our “eco-friendly” labels lack verifiable data. Then, she critiqued our sustainability report for being “economical with the truth” because it highlighted a small reduction in energy usage. Even though this occurred because one of our factories shut down due to flooding, the numbers are technically accurate.

At the last board meeting, she criticised our take-back programme for old products, which

we promote as our “circular economy contribution.” Sure, most of them end up in landfills, but some don’t, which is better than nothing, I explained. She even takes issue with our claim of moving towards carbon neutrality by planting a few trees, arguing it does not balance our environmental footprint.

Our meetings remain polite, but irritation is growing. My colleagues have dubbed her the “green lady” and, more recently, the “woke lady.” I can tolerate this, but now there’s pressure from the Council for Board Diversity to increase the number of female directors from one to two. Why persist with this tokenism? Our board used to be peaceful and practical; the last thing I need is another woke woman pushing corporate responsibility.

Mr Sid, how can I return our board and governance to the good old days?

Yours sincerely,

Sustainable-yet-sensible

Dear Sustainable-yet-sensible

Thank you for your candid letter, which raises three issues: greenwashing allegations, gender diversity requirements and boardroom dynamics.

While these issues seem connected to the presence of a new female director, they are indeed distinct. For example, being woke is not exclusive to women – anyone can champion progressive causes. And board dynamics are always impacted by the arrival of new directors, regardless of gender.

Let us dive into these three issues separately.

Greenwashing and consequences

With the growing focus on Environmental, Social and Governance (ESG) factors, companies face increasing pressure to demonstrate their sustainability efforts. However, some resort to greenwashing – exaggerating or even falsifying environmental initiatives – to create a misleading image of the company’s environmental impact.

But, consumers and investors are now more vigilant about the authenticity of companies’ green claims. They seek genuine sustainability practices, not just marketing hype.

Companies caught greenwashing face severe repercussions: eroded trust, tarnished reputations, regulatory actions and potential financial losses. Here are some examples:

- **Prism+.** A December 2023 advertisement by this Singapore electronics company on the environmental friendliness of its Prism+ zero smart aircon was found by the Advertising Standards Authority of Singapore to be misleading and in breach of its advertising code for greenwashing. The ad was removed.
- **Shell.** In 2021, a Dutch court ruled that Shell’s policies did not adequately address its overall environmental impact, ordering it to cut carbon emissions by 45 per cent by 2030. In 2023, Global Witness filed a complaint with the US Securities and Exchange Commission (SEC), accusing Shell of misleading investors about its investments in renewable energy. No public action by the SEC has yet been taken.
- **Coca-Cola.** In 2021, Coca-Cola was criticised for its marketing and sustainability claims related to recycling and plastic waste management. Critics argued that its campaigns distracted from its significant environmental impact, leading to ongoing reputational damage.
- **UK brands.** In February 2024, the UK’s Competition and Markets Authority (CMA) launched investigations into several fashion brands, including ASOS, Boohoo and George at Asda, over concerns that they were making misleading environmental claims about their clothing lines.

Your environmental impact

As an outdoor apparel manufacturer, your customers likely love nature and value environmental stewardship. It is thus crucial that your slogan,

“We do it for the planet,” reflects your actual practices. Based on your letter, your current efforts may be more focused on form than substance.

Consider your new director’s concerns:

- **Eco-friendly labels.** Your director’s insistence on third-party certification and verifiable data is not just nitpicking; it is about credibility. Ensuring your “eco-friendly” claims are backed by data and documentation will build trust and fend off greenwashing accusations.
- **Sustainability report.** Transparency is the name of the game. Highlighting a reduction in energy usage is great, but context is key. Including the fact that a factory shutdown due to flooding contributed to these figures might seem like oversharing, but it actually shows honesty and integrity. It is about painting a complete picture, warts and all.
- **Take-back programme.** Rethink the landfill disposition. Genuine recycling efforts should be the backbone of such initiatives. Improving the programme and transparently communicating its true impact can turn a potential public relations disaster into a commendable commitment to the circular economy.
- **Carbon neutrality claims.** Planting trees is wonderful, but a drop in the bucket compared to your overall environmental footprint. A holistic and substantive approach towards achieving emission reductions will make your carbon neutrality claims more credible and impactful.

As to what the board could do, I recommend referring to *Tackling Greenwashing from a Governance Perspective* (The Chartered Governance Institute of UK and Ireland, 2023). The report sets out three key principles for boards to avoid the risks of greenwashing:

- Producing high-quality, transparent disclosures.
- Increasing board capacity and guaranteeing robust oversight.
- Implementing change and creating accountability.

By adhering to these principles, your board can foster a culture of genuine sustainability and maintain the trust of your stakeholders.

Gender diversity

Much ink has been shed on the rationale, benefits and costs of board diversity, especially gender diversity. The push for more women on boards is a sign of the times. It reflects broader societal changes, and embracing this shift would show that your board is forward-thinking and adaptable.

You were right to bring on the first female director. But it should not be a box-ticking exercise – that makes it tokenism. Your reason should not have been to avoid being shamed as a male-only board. It should have been to support the social justice of having women more proportionately represented on boards, as in the management ranks.

To avoid tokenism, you should select someone who can effectively contribute and balance the board. From what you have described, you have, by design or otherwise, found someone who evidently fits the bill: she has a fresh perspective on sustainability, is independent, and is not afraid to speak her mind.

Increasing the number of female directors from one to two helps move beyond tokenism, if that is your concern. It fosters a more inclusive environment where women’s contributions are genuinely valued. You should thus embrace it and ensure that the next director adds to the diversity

through complementary skillsets, experience and expertise.

Board dynamics

It appears you had a cohesive board before the addition of the female director. A new board member, especially one with new perspectives, can disrupt those bonds.

The benefits of diversity include avoiding groupthink and providing fresh perspectives. However, it can also accentuate faultlines. The question is whether you want those faultlines to develop into constructive avenues for improvement.

As the chairman, it is incumbent upon you to promote a culture of respect and open discussion. Constructive criticism should be welcomed, not just tolerated. It is about fostering a boardroom where all voices are heard and considered.

From good to great

While the “good old days” of unchallenged boardroom harmony may seem appealing, they might not have served your company’s long-term interests.

Embracing transparency, diversity and genuine sustainability efforts can lead to a brighter, more resilient future. Your company has been successful, but it needs to evolve with the times to continue to thrive.

Here’s to the great new days ahead!

Yours sincerely



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 2.8: Diversity
Section 4.10: Corporate Social Responsibility and Sustainability

Nominating Committee Guide
Section 3.5 Board Diversity
Appendix 3G: Gender Diversity

Board Risk Committee Guide
Section 5.11: Sustainability Reporting

Sustainability Guide for Boards
Section 1: The Sustainability Agenda
Section 2.3: Governance Structures

Singapore Directorship Report 2023
Section F: Gender and Age Diversity

Boardroom Matters
Vol 1, Chapter 26: “Sense and Sensibility in Board Diversity” by Lyn Boxall
Vol 3, Chapter 30: “Dealing with Diversity Fault Lines” by Eugene Kang
Vol 3 Chapter 32: “Narrowing the Gender Gap in Singapore Boardrooms” by Junie Foo
Vol 3, Chapter 47: “For Whom Shall Boards Govern?” by Lawrence Loh
Vol 4, Chapter 24: “Gender Diversity: Supply or Demand” by Junie Foo
Vol 4, Chapter 25: “Is Gender Diversity Actually Good for Boards?” by Willie Cheng
Vol 4, Chapter 46: “What’s the Big Deal about Sustainability?” by Lawrence Loh

SID Directors Bulletin
2017 Q3: “Impact of Sustainability Trends on Business” by K Sadashiv
2017 Q4: “Disconnects on Diversity” by Assoc Prof Eugene Kang
2022 Q1: “Getting on Board with Climate Change” by Michael Schaper
2022 Q1: “Fifty Shades of Greenwashing” by Seeram Ramakrishnan
2022 Q3: “Future-Proofing Companies Through Diversity” by Mildred Tan

SID Courses
Listed Entity Director Programme: LED 2: Board Dynamics
Listed Entity Director Programme: LED 4: Stakeholder Engagement
Listed Entity Director Programme: Environmental, Social and Governance Essentials
SID-INSEAD International Directors Programme: IDP 2: Board Dynamics, Efficiency and the Role of Committees