

### Transcription - John Pabon Part 3

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Welcome back, I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec. We're concluding our discussion with John Pabon about all things sustainability, and in this third part, we hear about what impact AI is going to have and how we can integrate the ideas of sustainability across all areas of our organizations and our businesses.

How long does it take you to talk to me into doing that? To do the exercise, to talk them into doing it. [LAUGHTER]

It's a months long process, so sitting down and being dedicated to just one company, for example, it could take six months to eight months. But like I said, it sets the foundation for everything else, and I'll use the Chanel example again. It set the foundation for the work they've done with more sustainable packaging, so sort of leading the fashion houses in sustainable packaging, in sustainable transport and logistics, in women's rights and women's engagement, in gender equality and equity across their organization, equal pay. So it's not as if it was a useless eight months and a useless waste of time and money. It set the foundation of what they were focusing on, and that way they could really look at the most, again, the most material issues, the four or five things that they could focus on and make a massive impact in versus trying to boil the ocean.

I hate that I just said that, boil the ocean, and trying to do a hundred different things and accomplishing nothing, because until you know what's most important to your stakeholders, you're just sort of floating around trying to accomplish everything. And the old adage, you try to do everything, you end up accomplishing nothing. So a critical, if not the most critical part of any sustainability journey, is engaging the stakeholders from the outset.

In terms of the time that we are in at the moment, we've had just over 12 months since we talked to you last time, so really we were still in recovery mode from lockdowns and being separate in all of our entities, is now the time, you're going to say yes anyway, are we in a corporate sense, at a point now where, to future proof our organisations, we should be looking at an exercise like that because we've got so much more information, because we know we need to change, because our organisations have changed and can't go back to the way they were, is now the time where organisations should be thinking about that in terms of future proofing themselves? And can they, if it's going to be too big a task for them to think about, is it better for them to do some work first of all themselves and identify the priorities of what they need to look at?

Absolutely. There's never a wrong time to try to streamline your operations. The best time was yesterday, the second best time is now. So I think when it comes to really identifying what is most priority or material for a business, it doesn't matter if it is a large multinational corporation with a you know, a blue chip hundred year history, or it is a small organization that's just gotten started, having your house in order is never going to be a bad thing. And when I talk about these materiality analyses that I've done, it's not just massive conglomerates. I've also found that smaller startups have found so much value in doing them because they can, again, get their house in order, but they're approaching it slightly differently. They know that eventually as a startup, they want to sell their company in five or

six years time and then investors are looking at making sure they know what is most important to the business. We talk about it through the lens of sustainability, but at the end of the day, it is operational.

So sustainability now in a corporate sense, it's so loaded, such a loaded term, but it filters down throughout every little part of a business. There's nothing within a business that doesn't somehow relate to sustainability. So in the future, probably not if you're going to use that term anymore, because now it's dispersed throughout an organization. So it's going to be an exercise like this and we label it sustainability on the surface, but at the end of the day, it's improving your operations and looking at full scope and everything going on from the, you know, the wages you're paying your workers all the way through to what your suppliers are doing in your third tier. So absolutely beneficial for organizations of all sizes, especially coming out of the pandemic and how stakeholder needs are changing so much and have changed so much. So we've talked about the whole of that and not just doing it once and letting it be static. I'm talking about doing it, if you have the means to do it, once a year because that's how fast stakeholder needs are changing and you need to be really on the front foot when it comes to that.

We've talked about that side of things, you mentioned AI. We could ask you about it. It's obviously an emerging stakeholder. Let's use the words, is there a way for organizations to use it in this environment?

I haven't come across a way to use AI in the sustainability space from a governance perspective just yet, because the technology is not there, but the way I see it evolving and the way it could potentially do so in the future in a meaningful way, not like we talked about with stakeholders, but meaningfully, is to be able to mine data from your company as long as you're recording it, so that you can improve your levels of transparency, so that you can, for example, have, I don't know, a site people go to that they can just type in a few search questions and it comes up with all the information they're looking for, so increased levels of transparency.

There's certainly ways to use AI to prevent greenwashing, I think is a potential thing coming into the future. Like in university, I remember there were things that teachers would put your essays through to make sure you didn't plagiarize, the same sort of thing with greenwashing. So those are some directions that could potentially do, transport and logistics absolutely, so moving away from governance, looking more at more that part of sustainability, improving, you know, how bad your emissions are on your trucks if your delivery company improving, and I know companies do this already and I'm sure they're using AI to really capitalize on it, but UPS the delivery company is a great example where in Hong Kong, they'll use computer technology to make sure the routes are as energy efficient and I'm sure that you can see the technology is a great way to do it. So I think that's a great way to do that. So I think that's the third one, if I have the energy to do one, which as I say that, of course, I will. In my mind, it's going to happen. Yeah, it'll just, yeah, it'll hurt me until it's done.

Interesting. Just as you were talking, I'm looking down at my notes, and I've got sectioned off in one area, pragmatic altruist. So this is the perfect time to throw that into the conversation.

I mean, I could do a whole guidebook on being a pragmatic altruist. I suppose that's another

another opportunity or option. Yeah, it's book four. God. I'll have to give you two a dedication at the front of these books, spurring, inspiring me or forcing me to do it. Pragmatic altruism is absolutely.

You have not worked with Fulyana if you don't understand that she will force you to do it.

I'm just going to say, I'll just keep being very, very enthusiastic and interested until you get sick of me and then you do it.

Well, you know it, sometimes people need that, especially authors. It's like running a marathon, right? So you need the people on the sidelines cheering you on. It's the perfect person to have on your team. Just make it happen.

In both our conversations, we have felt some angst about the term sustainability. Is there new terms coming along? Are there new terms being used that we can introduce our listeners to?

I mean, the terminology we use is always changing and growing and evolving. We love an acronym. There's always a new acronym. I think, particularly sustainability, we've talked about being this umbrella term for anything that builds a bit of future. A lot of people may confuse that with ESG, which is an acronym, ESG, that some people, especially in the financial community use. It's essentially the same thing, so don't get confused. There are the two sides of the same coin. But if I think about green washing, this is where I have a particular bug bear around new terminology because it seems to be proliferating because green washing is kind of the, at the forefront of the sustainability movement.

So when I was doing research for the book, I thought I looked through and there must have been a dozen different types of green washing. But all that does is confuse people, right? Because at the end of the day, it is the same thing. So there's green washing, green scamming, green hushing, green, green hushing annoys me. There's, there's rainbow washing, there's sports washing. There's, there's all these washings that are going on. Make it simple. Like I'm very much of the view, keep it simple, stupid. So keep it just a single term, green washing and any of these other terms that are sort of tangential to that. Just remember, just say green washing at the end of the day. So again, green hushing, sports washing, rainbow washing, pink washing, these sort of things, it's all lies that you're being peddled.

Never heard any of those.

I hope you don't have to. We do it to ourselves. And I've said this all the time is sustainability professionals are terrible communicators. We have been from the very beginning. We'd spend our, our massive, our biggest barrier in terms of getting people to actually act and do things, is our lack of strategically minded communications. If we think about the traditional message of sustainability, it's the polar bear on the melting ice cap. It's the Mad Max future with leather jackets and motorbikes. It's the burnt out hellscape of an earth that you sort of sit back and go, well, when am I supposed to do with that? That's, not the message we want to be pushing to people, which is why I think this book on doomism is probably the right time because people have kind of given up because that's the communication that we're being peddled. I'm one of 10 billion people. I'm not going to make

any difference to stop that. So I try to, at least in the way I approach this and the way I approach my writing and my presentation, is to make it as approachable as possible. For anybody who hasn't read my books, I write like I talk, which is sometimes less profanity, but it's approachable and it's honest and it's not put in an ivory tower. It's clear. Yeah, the communication is clear and that's what's important in a global sense.

Do we have countries that, we talked last time about countries, that are leading the way?

I'll preface it by saying we're all on the same rock. So we do all share the impact of one versus another. And I know a lot of people like to point fingers at particular countries, especially in the developing world, as being the bad countries or the most polluting countries, but it's a holistic system, right? So China may be highly polluting, but they're highly polluting because somebody in Los Angeles is asking for an iPhone that has to be produced. So it's not as if we can point fingers. I did a post on TikTok the other day talking about Australia's gas policy that was just introduced. People were basically saying, well, you know, as long as we off shore it to another country in Asia, then it doesn't count towards our emissions. And so that's, that's, that's not how you look at that. That's not how it works. Like just because Australia's emissions look good and the other countries look bad, doesn't mean you've won. We've all lost. It's hard to point fingers, but you know, if you look at the numbers quantitatively, we know there are countries, particularly in the developing world, that are struggling a little bit in terms of improving their performance.

China's done a very good job, at least during the time I was living there up through right before COVID, in terms of turning the country around and sort of becoming a green leader, doing investment into green innovation technology. They've taken their foot off the gas a little bit over the past few years. Their economy is struggling a bit more than it ever has before. So sustainability, unfortunately, has kind of fallen down the list of to do. And in my conversations with other sustainability professionals, other corporate leaders, unfortunately sustainability has also fallen down a bit in terms of priorities given everything going on in the world, economics, geopolitics, sustainability is back down at the bottom of the list, which is unfortunate. So long answer to your short question, there's plenty of room for people and countries to be doing more.

And just in that, is there then an opportunity for us to push sustainability as part of those other things that have taken over priority? So not working at it in isolation. Is it needed now to be integrated in much the same way as we have done with equality of employment and health and safety in the workplace and some of the other things that we know have been that were separate for a long time? Fulyana and I worked in the construction industry and so we had someone who was employed as the equal opportunity officer and Fulyana worked in health and safety for a long time as well and industrial relations, you know, and all of that now seems to be integrated into all decisions that get made.

So how do we start pushing that sustainability element into every decision that gets made rather than a separate topic?

Yeah, and those are great examples because when we talked earlier about how sustainability is now filtered out throughout every part of an operation, things like DEI worker help, sorry diversity, equity inclusion, won't use acronyms, that sustainability communications, person diversity, equity inclusion, health and safety, wellness, things like the gender pay gap and so it's originally sat squarely within the realm of social sustainability. So we took those there are

right of originally, but they've become their own things within an organization that now they don't necessarily, in people's minds, sit within sustainability, even though again we would claim them. Because they've been integrated into a business and that's what we want to see with everything that we do, I don't want to be calling myself a sustainability professional in 10 years, I just want to be a consultant, right, because it needs to be embedded in all parts of the business because if you're talking about labor standards or you're talking about your recycling program or you're talking about water usage, all these things are within the realm of sustainability, but they're also within the realm of business.

So we need more thinking like the way we've integrated DEI into just conversations as business conversations, not sustainable business conversations, we need to see more of that and that also includes the issues of geopolitics and economics globally because that impacts the business. But from a sustainability perspective, we're also looking at how that ties into a wide range of issues. So we need to stop keeping sustainability as a separate entirely separate thing and I think when that happens, it will no longer be able to fall to the bottom of the list because it will be dispersed throughout the list.

So then it becomes the responsibility of everyone who is making those decisions, regardless of what they're area of specialty use.

Absolutely. That just becomes part of the considerations. So they're doing a project plan that they know they've got to look at the financial side of it, they've got to look at health and safety, they've got to look at the resourcing, they've got to look at, we need another word for sustainable. And it's not that they within, you know, they see this list of things that need to be done and they pitch it to the sustainability person to handle. And we've seen that, pass out through a lot of businesses that are a little more seasoned on their sustainability journey, where there was a big move, not so recent past, of having a chief sustainability officer sitting at the C suite level or one step below. And people have kind of gotten off of that because they realize there's no need to have an executive doing that because all the individual unit heads are now doing these pieces of sustainability, so why have an executive? Have somebody monitoring to make sure it's getting done, sure, but we've dispersed it throughout the organization so there is no need for that one person to be the be all and end all of getting these things done.

To my mind then, it comes into risk assessment. So it should be part of what you're doing when you're doing a risk assessment. Is that the easy entry level for you to start?

In the conversations I have with those that are just starting their journey or thinking about starting their journey, is from a risk perspective because at the end of the day everything we do is risk management. It's reputational risk, it's environmental risk, because if there's no planet you can't do business and make money. If you kill all your consumers you know they're not going to buy your stuff, so it's all risk at the end of the day.

I was thinking exactly the same thing, thinking that's where it should be. As well as that, then everything is in that bucket, it is auditable anyway. Then you've got your audit, so when we talk about people issues or people strategies, are we doing what we said we're going to do and that's auditable, we do the same with the environment.

Absolutely right and there's plenty of organizations out there that do auditing especially when it comes to a fast moving consumer goods company with an intricate value chain. They love to be audited because it shows they're transparent, which is great. The issue and I hate to veer towards the negative, but there is sometimes a need to, is that sustainability has become a business in and of itself and I'm seeing a proliferation of not so quality organizations that are either consultants or auditing firms that probably don't know what they're doing. So as a caveat to all of this, if you do want to get audited make sure it's from an established auditing or consulting firm that you're working with, knows what they're doing, not some new start up that just wants to jump on the bandwagon of making a buck off sustainability.

So in that sense, we talked last time about how the consulting area was not quite as cohesive, friendly, as you might have liked it to be. Is there an opportunity for some governance, some certifications, some levels of recognition, as an industry?

I unfortunately don't see that happening in the near term. I think that's from a governance perspective, that is something that should sit with government regulators to be doing, but as we know, in most countries around the world, sustainability and sustainable issues is not really the forefront of getting re-elected, so I don't see that happening unfortunately. But I think the industry is not going to regulate itself and I think that's where the government needs to step in, because from an ethics perspective which is not really the right way to do that but as a collective which again squarely within the realm of sustainability. You can have an ethical sustainability consultant that are auditing firms going about and lying and as I say that I automatically think of McKinsey and how unethical they are but that's a totally different subject for a different day, but you know we can't let this proliferate because it's just going to take the wind out of the the sails of everything we've been doing for decades. The organizations are looking for excuses not to do it, so yeah, and this is what will happen, is these organizations will rubber stamp things. You see it happening quite a bit in terms of, PWC is a great example as we've seen in the news, of just rubber stamping things when that's actually not the reality within a business. So in and of themselves, facilitating greenwashing, which is why we need government regulation of the stuff and you know Australia led the way internationally in terms of fining companies for greenwashing and they've now taken their foot off the gas a little bit on that because of corporate pressure saying hey you know, don't be so mean to us, we we don't know how to fix the stuff just yet, we need a bit of time. At least it's happening and it's certainly, it's good to see that it's happening here, but we have a little bit of way to go.

All right, we have come almost to the end of our time, in fact we're over time, but that's okay because when it's all talking I would really like to finish on a positive note for you, so tell us what we can do till next time we talk, when book three is out. No pressure at all, it's come up multiple times, but no pressure at all.

The thing I want everybody to really remember is there is no such thing as a perfect environmentalist, so that area of building a better future that you find you have a particular passion in, that you have a special skill in, that you can financially contribute to, if that's your thing focus on that. I think so often we try to do everything and we accomplish very little at all and we lead to burnout. You know, I'm an altruist, I care, but a lot of people you go outside and you want to adopt every stray dog, feed every homeless person, read to the elderly and

go build a house on the weekends and you can't do all of that, so I would encourage everybody to remember that you can do anything but you can't do everything. There is no such thing as a perfect environmentalist, you don't have to do it all. Define your passion point to really build up the whole thing. And then we can go back to really build a better future and I think from there that's where the psychology starts to shift and it makes it much more of a pleasurable experience to be building a better future, it's not so onerous and a task and a thing to do and something that you want to do and that you actually will start to see a, maybe not financial incentive or pay back on, but you'll start to see the impact of your work and that's what's going to keep people going. So we'll just follow here for the long term because we're not solving all the world's problems tomorrow, so got to be in it for the long term.

Fabulous John. Thank you again for sharing with us, it's been a great conversation as it was last time and we'll give you, I think 18 months or so till next time.

That's pretty good runway, so thank you for the 18 months, I was expecting six.

Well the problem with six is that we have our guest list hooked up for this year.

That's fair enough, so I'll make sure I time it perfectly with the next. I'm being so efficient saying no I'm not going to be anywhere else. I mean at the end of the day, if and when I do do one because it's now a when and not an if, after this conversation, you are going to get exclusive rights to the first conversation.

John thank you again for sharing with us today. We've been talking with John Pabon, his latest book The Great Greenwashing is out now and you can get it all sorts of places. We will put some links to where you can get it on to the website and we wish him well for the future and I'm sure that we will talk again soon.

Absolutely.

I'm Kim Baillie, she's Fulyana Orsborn and this is Inside Exec.