



Take on Board Podcast – Episode 330

Transcript – Fiona David makes the case for boards to take action on modern slavery risk

Helga Svendsen: Today on the Take on Board podcast, I'm speaking with Fiona David about understanding modern slavery risk. Before we start the podcast today, I'd like to acknowledge the traditional custodians of the land on which we record for me. I am on the unceded lands of the Wurundjeri people of the Kulin Nation and I pay my respects to elder's past and present.

I also pay my respects to any First Nations people who may be listening today. I acknowledge their continuing connection to land, waters, skies, culture, and country. I support Voice Treaty and truth for Aboriginal and Torres Strait Islander peoples in Australia, and I encourage others in the take on board community to do the same.

Now, let me tell you about Fiona. Fiona is on the boards of ACCESS-NRI, Australia's climate simulator, and the Coolaroo Foundation, a philanthropic organisation, and an alternate director on the Forrest Research Foundation for Nicola Forrest. Lawyer, human rights expert and founder of Fair Futures, Fiona, is leading the charge in helping organisations tackle issues like modern slavery in their supply chains.

Having led the creation of the landmark Global Slavery Index, she is an expert in helping companies embed ethical and sustainable practices, proving that commercial success doesn't need to come at the expense of human rights or the environment. Welcome to the Take on Board podcast, Fiona.

Fiona David: Thank you. Helga. Lovely to be here.

Helga Svendsen: It is so awesome to have you here. We have talked about modern slavery a couple of times, but not for quite a while, so it'll be really great to dig into it. However, as always, before we go there, I always like to dig a little bit deeper about you. So tell me when did you know you were destined to work on social justice issues?

Fiona David: Gosh, for me, I think it probably goes back to growing up in the suburbs of Perth in Western Australia. I lived in an area called Como Karawara, which was an area I now realize in the 1970s was targeted by white supremacists. For a lot of racist fire bombings of local restaurants. So I grew up walking every day, past signs that said hateful, very racist slogans on my bus stop, for example.

And it just, it puzzled me deeply. I did not understand it. I had cousins who were from Singapore, I've got relations from all over the place. It just literally didn't make any sense. And I think that really grew a curiosity in me to understand why do we make other people the enemy, and how as a society can we get better at really recognizing everybody's value.

Helga Svendsen: So that thread from a very young age and then got to grow up and live your values in that way.

Fiona David: Absolutely. Yeah.

Helga Svendsen: Did others in your family go on to do similar? because you've all grown up in the same environment?

Fiona David: I think I had the privilege of being the youngest child, so I probably

Helga Svendsen: Me too. Fiona. Me too.

Fiona David: It is a blessing and a curse. So while I was always saying wait for me to my big sisters, I was also the one who got away with really walking my own path. Very, by the time my parents got to me, the expectations had already been, uh, dealt with by, by, by my eldest sister, one of whom is a very respectable lawyer, one of whom is a very respectable doctor.

So I could go my own way.

Helga Svendsen: So you are off the leash to do whatever you like. Perfect. Good job. Alright, well look, let's dive into modern slavery risk then. A topic for today. What is modern slavery? What is modern slavery risk? Maybe let's start there.

Fiona David: Sure. Look, I, I might start somewhere perhaps a little bit different than where most people start.

You started at the very beginning of this podcast with a, a beautiful acknowledgement of country and a recognition of that we're on unseated land. And I think it's very important in Australia to realize that part of our own historical context is that we dispossessed aboriginal people when colonials.

Came to Australia, and in some situations, Aboriginal and Torres Strait Islander people were literally kept in conditions that today we would call forced labor or slavery, or perhaps human trafficking if we're talking about black birding to and from the Pacific Islands. So I think that that cultural historical context is important because it helps us see that these practices happen anywhere where we've got extreme power imbalance.

Anywhere where we've got one group who's got power over another and the ability to coerce and control somebody. And unfortunately that continues to happen today, right through our economy, whether that's in a sweatshop labor, in in garment manufacturing in Bangladesh, or whether that's fishing boats in Southeast Asia or Indeed, whether it's fruit picking in Australia.

So I think it's important to start with our own history and then to step forward and think about, well, where are the areas of, of our society today where people really have the least rights and really are the most vulnerable? And that's where you're going to find modern slavery risk.

Helga Svendsen: So for boards, what might be the prompters for them?

Like I remember having a conversation about this a few years ago. At the time I was on a hospital board and I was reminded, for example, about cotton and looking at the supply chain for cotton, therefore for hospital linen and then many things that come into hospitals that involve cotton. And it was a was a great reminder for me.

What are some of the prompters for board directors in thinking about modern slavery, particularly those that might be thinking, it's got nothing to do with me.

Fiona David: Yes. Look, I think the first myth to bust is that this is always a problem that happens overseas. In the last 12 months, I think the Australian federal police have investigated something like 400 of these crime types across Australia, and you mentioned cotton and you mentioned hospitals.

So. I guess the other word that comes to my mind is what about commercial laundries? You know, this is another area where you see people in very low wage labor potentially coming in as migrant workers and maybe at risk. So what most board directors will probably find is that the first time they think about this is that somebody puts a Modern Slavery Act report in front of them and says, we want you to sign this.

And it's at this point that I would encourage board directors to just pause. Take the time to read it, read it seriously, really engage, ask some good questions. Ask your executive, ask your CEO, what have you actually done to understand where the most vulnerable people are in our operations and in our supply chain.

You've said things in this modern slavery report about all the great things that we're doing in response. Have you actually stress tested those? We do fire safety drills to test our alarm systems. What safety drills have you done to actually check, or what scenarios have you actually run to check the things that you put in your Modern Slavery Act statement?

So I think it's, it's really having that curiosity as any good board director should, and thinking about. What's the risk to the business? And of course we know from the Royal Commission into banking that best interest of the business is not just about profit, it's about people. It's about stakeholders.

So really stopping and thinking as a board director, how is this likely to impact on reputation? How is it likely to impact on trust, legal risk? And then just how do we want to show up as a company? And with all of those lenses in mind, then read your modern slavery react statement, ask your questions, and just be curious, interrogate the information you've been given.

Helga Svendsen: I do remember in one of the boards I was on when we first looked at our first modern slavery statement, which I think now, what would that be? Five years ago?

Fiona David: Is it probably four or five years ago?

Helga Svendsen: Something like that. And I said to the CFO, tell me a story about. How you've come to this, what's some of the practical application of it?

Because it was very much, well, here's the statement and you know, we've looked at this and it was all so, oh gosh. I was going to say clinical, but that makes conscious up hospitals, doesn't it? But it was very, I don't know, it was very black and white, I guess. I. And then tell me how this is playing out in practice.

Tell me a story about it. And he told me a story about how they'd spoken to some people in their supply chain about it. And it had, I mean, it was the very start of it, right? But it had really started to change the conversation about those relationships and about what was in play, which I thought was fantastic, that, like I said, that's five years ago back at the start of it.

I would hope things are a bit deeper now, but how is it changing the story?

Fiona David: That's a great question to be asking. Tell me a story. Because I think what it really highlights is board directors are not meant to be CSI, police or something going around catching bad guys. They're meant to be doing their own due diligence to check that their own organisations are doing what they can to create conditions of safety for people.

And it's, you know, in the same way, board directors are not there to stop every person falling off a ladder. They're there to ensure that safety has been taken account of. It's the same for modern slavery risk, and if people in your executive room, your C-suite, can't give you a human story about how they've gone about this, then you can be pretty sure it's just been done on paper.

And just like safety, you need to get out into the field. You need to see things. You need to talk to people. You need to take the, the temperature of your suppliers or of the high risk areas, your operations if you really want to understand what's going on.

Helga Svendsen: So for board directors that are looking at the modern slavery statements, as you say, here you go folks.

Here's your modern slavery statements. What should they be looking for? What questions, or maybe what other questions should they be asking? What have you seen in your experience that works well?

Fiona David: A really good indication for me that a company is nailing it in terms of doing well with the Modern Slavery Act statement is it includes something that's gone wrong.

It actually includes information about, we'd looked and we found this problem, and guess what? It wasn't perfect and here's what we're doing about it. That for me is a sign that a

company's actually taking this seriously. Another sign that a company's taking it seriously. Could even just be, we haven't looked at this properly yet.

We've got it on our radar to look at it next, next quarter or, or in the next six months. So that real honesty, I think is important to building confidence in the information that people are putting in these modern slavery statements, which is trust is what, what this is about building in terms of what to look for in a modern slavery Act statement.

I think it's about interrogating. How has an assessment been done of where is the highest risk? If you are a company that's got 30,000 suppliers, you can't go and personally meet every one of them. Every single one of them go to their factories. So you really have to dig into where is the risk in your supply chain, where is the risk in your operations?

And then if you found 10 or 15 or 20 places, then of those 15 things, what's the highest, most significant risk? And look, that's where you should be looking. So I would be suspicious of anything that looks a bit vanilla with a, you know, oh yes, we've mapped it. Red, green, yellow, orange, pink, purple, and,

Helga Svendsen: and they're all green.

Fiona David: And they're all green because life ain't green like that. Yeah.

Helga Svendsen: And it's a, and it's a new-ish area too.

Fiona David: Yeah. And we're a trading company. We rely on imports. We buy a lot of stuff from overseas. There is risk in what we're doing, and it's about. Have you identified it so that you can start putting sensible measures in place to mitigate that risk?

Helga Svendsen: Is there any, either from the boards that you are on or other organizations, are there any stories you can share about how this is playing out in practice?

Fiona David: This is not a, a story from my board experience. because the boards that I'm on, they're mostly in the philanthropic or the research space. So they're, they're not covered by these obligations.

But I was talking to A CEO recently about his views on what's the most practical thing you can do to start addressing risk of modern slavery. And he was really clear. It was pay people a decent wage. And there's this concept that you'll hear fancy lawyer types talking about called living wage. And basically, in most countries of the world, minimum wage is not enough to live on.

So if your company is paying minimum wage in Bangladesh, then that means your people cannot afford to send their children to school and cannot afford to have a roof over their heads without doing something extra, something high risk to be able to feed their children. So the idea of a living wage is that's been set by reference to local standards, and it's about how much do we need to pay people in Bangladesh or Cambodia, or.

Myanmar or wherever it is, how much do we need to pay people so that they can afford to feed their children? They can afford to send their kids to school, they can afford to have basic healthcare. That's a living wage. If you pay people that, and it may only be, you know, the difference of 50 cents or something over the course of a day or.

You know, a couple of hours, then that really makes a huge difference in terms of lifting people out of poverty and lifting people out of risk.

Helga Svendsen: Okay, so does that mean for example, the targets of the world or whoever, you know, it might not be fashion or, anyway, the organisation. So they need to themselves do the work in determining what a living wage might be in Bangladesh and my, wherever it might be.

Fiona David: Yeah, there's some websites you can go and find the, go and find the information regionally within India, for example, within five minutes if you know where to look for it. And so companies like Unilever, they've committed to paying. Their workers a living wage and to getting everybody in their supply chain to pay their workers a minimum wage by, sorry, a, a living wage by 2030.

So it is possible, I mean, you don't get much bigger than Unilever. And of course it's also something that smaller companies are doing, particularly, you often see it in the fashion industry where companies will have quite a strong degree of relationships over time with their suppliers.

Helga Svendsen: Do you have any other background on Unilever and how they came to that?

Fiona David: I don't actually, but I, I mean, Unilever really does, has that reputation for some time of leaning into being socially conscious, socially forward as a company. And I think this is just another example of that.

Helga Svendsen: And would that show up having a. A living wage, not a minimum wage, a living wage. That would presumably show up in an organisation's ...

Fiona David: modern savory act statement.

Helga Svendsen: Exactly.

Fiona David: So if I read a modern slavery act statement and I see that there's a commitment to a living wage, I know that that's a mature organisation.

Helga Svendsen: Ah, interesting. Any other hot tips on what we're looking for? For a mature organisation?

Fiona David: So first of all, you want to see change from last year. You don't want to just see somebody's cut and pasted last year's template and changed the date and or even worse, taking another organisation and swapped out Acme Company for Beta company.

Helga Svendsen: Oh my gosh. Asked, I don't know, an AI bot to write it.

Fiona David: Asked AI to do it for them. Yes. That'll be the next thing, won't it? It's about realising the seriousness of the issue and treating. The reporting that you do as a reflection of the seriousness of that issue and the reporting should ultimately reflect what you've done, not be the end game in itself.

Helga Svendsen: It must be quite for the people or the peoples in an organization who are pulling together modern slavery statements. Like it strikes me that it's really, it's not something that AI can write. It's not something even that one individual can sit there and write. It strikes me that it's a whole stakeholder engagement plan in a way, because it's not, there are so many players in your supply chain and in your orbit.

Fiona David: Absolutely. And look, that's something that boards really need to pay attention to is, are they resourcing people properly? Like it's all very well to give somebody a glamorous title and say you're responsible for. Preventing modern slavery or, or what have you, or sustainability or whatever the title is.

But this takes resources. It is a whole of organization, collaborative process. Many organisations will have working groups right across the organisation, across procurement, across. Operations across business development, et cetera, et cetera, and boards need to recognise that and actually ensure that they're not asking people to do the impossible by, you know, having a team of one who's tried to do this in addition to all of the other reporting obligations around sustainability and so on.

Helga Svendsen: So there's a shout out for boards as well.

Fiona David: Make sure you listen, when people say, be sympathetic, when, when those middle managers come to you and say, or the CEO comes to you and says, we need more head count in that part of the organisation.

Helga Svendsen: Oh, Fiona, what should I have asked you about this world of modern slavery and what the boards need to know?

What should I have asked you that I haven't?

Fiona David: Oh gosh. I think it's a big emerging topic, and ultimately it comes down to what does your organisation do? What are your operations in your supply chain look like? Where is your risk? But at the end of the day, I think it's ultimately about values. Being on a board is about setting the tone from the top.

Who do you want your organization to be known as? Do you want to be known as an organization that treats the most vulnerable people in your supply chain? Appallingly. Or do you want to be known as the Unilever's of the world who are not perfect, but they're certainly having a go at uplifting people who work for them and who produce the value that they create.

Helga Svendsen: Yes. Well, it's interesting that in that tone from the top, because the other part that I heard you say earlier was about don't let perfect, I imagine in this space it is very hard to be perfect.

Fiona David: Perfect. He's absolutely the enemy of the, just get stuff done in this context, I mean the, the issues we're talking about are big, huge system issues that no one company can change.

So all you can do is. Set the conditions that you have control over within your area of influence and really think hard about are you acting responsibly with what you are doing? If you know that the context, for example, is very high risk because there's a conflict going on. Or I'll think about this today actually, with.

With all these companies that ask for our data when we, you know, just simply try to, I don't know, buy tickets to a concert, is it really responsible to be asking for that information when nobody seems to be able to secure it? It's the same if you're buying from a conflict zone. Are you really being responsible?

Is this going to stand up in the court of public opinion, let alone the court of law?

Helga Svendsen: Oh, Fiona, so much in here. For people already to think about as they're building around modern slavery and their own modern slavery maturity, what are the main points you want people to take away from the conversation that we've had today?

Fiona David: This is not a far away problem. As I said at the start, these are situations that we see in Australia. There are real people in Australia who are survivors of forced labor and slavery. I work with some of them, so this impacts here and it impacts companies here. So, of. Some of your listeners might have been familiar with the Kmart case that's come up recently where Kmart is, is being taken to court in order to get out information about what sits behind their modern slavery act statements.

It is easy to think this is just a light touch regime, but it is increasingly being used in creative ways. To have some teeth. So that's the first thing. This is not a far away thing. Second thing is that point about this is not your job on as a board. It's not about catching criminals. It's about creating conditions of safety.

And then the third thing I'd like, uh, people to take away is to think about values. How do you want your company to be known? How do you want your organisation to show up in the world?

Helga Svendsen: Yeah, absolutely. Okay. Is there a resource or resources that you would like to share with the take on board community?

Fiona David: Sure. Look, I, um, would love people to go and have a look at the Fair Futures website. Fair futures.com is my website, and I'd love to hear from your listeners if they're interested in a, in a board briefing. You'll find a lot of free resources on there in terms of understanding risk, understanding where you can find good information about where risk is in that regard.

The Walk Free Global Slavery Index is something that board directors will see referred to again and again. That's something that's available freely online for anybody to go and look at as well.

Helga Svendsen: Oh, fantastic. Okay. I'll make sure there is a link to both of those in the show notes so people can find, people can reach out to you either via LinkedIn or your website and some of those resources that you've shared. Fabulous.

Fiona David: Thank you.

Helga Svendsen: Oh, thank you. Thank you so much for coming and sharing. Like I say, we'd had back when the modern slavery stuff was first being introduced. We had a couple of episodes about it, but we haven't done anything for quite a while. So thank you for coming and giving the update and sharing your wisdom about modern slavery and encouraging us as you should.

For all organisations, possibly even those that aren't required to report. Even if you're not required to report my punts, it's worth turning your mind to because even if you're not required to report on it, your values are still part of your values and you still want to make sure that things are looking okay along the supply chain and the others that you are working with in your world.

So yeah, thank you for prompting that with the take on board community today.

Fiona David: Thanks very much, Helga.

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