



# Modern slavery and human trafficking statement 2018/19

This statement is made on behalf of Herbert Smith Freehills LLP<sup>1</sup> and its wholly owned subsidiary Exchange House Services Limited and Herbert Smith Freehills Paris LLP and references to “we”, “us”, “our” or the “firm” are references to each of those three entities. This statement sets out the steps that we have taken to ensure that modern slavery and human trafficking is not taking place within our organisations or our supply chains. This statement is made pursuant to section 54 (1) of the UK Modern Slavery Act 2015 with respect to the financial year ending 30 April 2019.

## Our firm

Herbert Smith Freehills is a global professional services firm providing legal services to clients wherever those services are required by them around the globe. We have a global offering with 27 offices across 19 countries spanning Africa, Asia, Australia, Europe, the Middle East and the US. Globally, we employ approximately 5,000 people.

For further details on the firm’s structure please click [here](#).

As signatories to the UN Global Compact (UNGC), we strive to incorporate the UNGC’s Ten Principles into the strategy, culture of our business and our day-to-day operations, including our advice to clients. This includes supporting and respecting internationally proclaimed human rights (Principle 1) and the elimination of all forms of forced and compulsory labour (Principle 4). We also seek to promote Sustainable Development Goal (SDG) 8.7 in relation to the eradication of forced labour, modern slavery and human trafficking. We produce an annual communication on progress against the UNGC’s Ten Principles and SDGs. Our latest communication on progress can be found [here](#).

We endeavour to conduct our business in accordance with the United Nations Guiding Principles on Business and Human Rights.

We advise and encourage our commercial clients to anticipate, prevent, monitor, mitigate and remedy human rights and labour rights in their businesses and supply chains.

In the UK we are an accredited Living Wage employer meaning that everyone who works in our UK offices, whether directly employed or by one of our onsite suppliers is paid a real living wage.

## Our supply chain

As a professional services firm, our principal activity is the provision of legal services to our clients. We undertake this work from different offices throughout our global network and our supply chain predominantly consists of goods and services purchased by those offices to enable our people to deliver legal services to our clients. The key categories we procure are property space, facilities management, HR, hospitality and catering, other professional services, and information technology. The sourcing and purchasing of goods and services is supported across the firm by our global procurement team based in London.

## Our policies

We have several policies that address our approach to the identification of modern slavery risks and the steps to be taken to

prevent modern slavery and human trafficking in our operations. These include:

- **Human rights policy:** we recognise that we have a responsibility to respect internationally recognised human rights and we seek to conduct our activities in a manner that respects and supports the protection of human rights.
- **International standards of conduct:** sets out how we agree to conduct ourselves providing a framework to guide our actions, support our culture, promote our values, encourage appropriate behaviour and build trust in each other. This includes making continuous efforts to ensure that our supply chain is free from modern slavery and human trafficking. The Standards apply to all our people including partners, employees and contractors, in all roles across the firm.
- **Responsible procurement policy:** this policy applies to all purchases of goods or services that are made by or on behalf of Herbert Smith Freehills and sets out the rules and standards to which we expect each of our suppliers to adhere. These standards include avoiding, causing or contributing to adverse human rights impacts.
- **Procurement compliance standards:** this complements the Responsible Procurement Policy and sets out our expectations of suppliers. These are issued to new and existing key suppliers.

1. This statement is made on behalf of Herbert Smith Freehills LLP and its service company Exchange House Services Limited and Herbert Smith Freehills Paris LLP, which are each required to make a statement pursuant to s54 of the UK Modern Slavery Act 2015.

- **Anti-money laundering:** our robust anti-money laundering regime applies to all our people at Herbert Smith Freehills and sets out a series of policies and procedures that must be followed that are designed to prevent the commission of financial crime and the movement of money which has derived from crime (including crimes relating to modern slavery).
- **Whistleblowing:** the purpose of this programme is to encourage people to raise concerns as soon as possible, and to feel safe in doing so. The confidential reporting service, FairCall is managed for us by an independent third party (KPMG). FairCall is provided for use by employees, ex-employees, past and present contractors and suppliers, and the close family members and dependents of all these groups.
- **Anti-bribery and corruption:** this applies to all partners, consultants, contractors and employees of the firm, as well as associated third parties such as suppliers, and sets out rules with regard to bribery and corruption.
- **Diversity & inclusion policy:** we recognise and value the differences that make each of us unique. We are not limited to our approach to diversity and have a range of initiatives encompassing gender, race, age, religion and belief, sexual orientation, gender identity, disability and social mobility. We are passionate that all people should feel empowered and be respected.

## Due diligence and risk assessment

We carry out a regular risk assessment of our global supply base and, based on our most recent assessment, we consider that the risk of modern slavery and human trafficking in our business and supply chain is low. Our evaluation of those risks is based on the following:

- we place an emphasis on value rather than price alone in our procurement decisions;
- our standard policy is not to procure through out-sourcing. Where we do procure outsourced services, the delivery locations for those services are rated as low risk for modern slavery by the [Global Slavery Index](#) and include locations such as London, Sydney, Melbourne and New York;
- the vast majority of our offices are in low-risk locations; and
- our global procurement team are trained to understand modern slavery and human trafficking and they have excellent knowledge of the global supply markets for each of our categories of spend and the key risk factors in these areas.

In addition to our regular risk assessment outlined above, we also conduct an annual analysis of our spend with global suppliers so that we can:

- understand the full extent of our global supply chain;
- inform our risk assessment approach with updated accurate information; and
- identify potential emergent risks outside our 'core' offices and engage further with our suppliers outside the UK with respect to modern slavery and human trafficking risks.

Based on our risk assessment and annual spend analysis, we have identified the highest risk areas of our supply chain as being the purchase of goods/services in industries where a large proportion of people are paid the minimum wage. This includes hospitality, facilities management and branded merchandise. Our contracts in these areas are also considered by us to have a low risk overall.

As a result of the knowledge gained, following the due diligence and risk assessment steps set out above, we have taken a number of steps to then manage our potential risks (with a particular focus on our areas of highest risk identified above):

- We use a three-step process to assess and monitor our suppliers:
  - **Monitoring & assessment:** Our suppliers are assessed and monitored using a third-party risk intelligence tool. The objective of the tool is to identify risks such as modern slavery, human trafficking, and bribery and corruption.
  - **Qualification:** Our procurement team and contract managers review alerts and decide on an appropriate course of action depending on the level of identified risk. This typically would require the identified supplier to complete our standard modern-slavery questionnaire, the responses of which are reviewed internally to determine next steps.
  - **1:1 Dialogue and on-site audits:** Where further investigation is required based on the questionnaire responses, we will decide on an appropriate risk management approach for the supplier and an on-site audit of the supplier may take place. In the financial year ending 30 April 2019 we did not undertake any on-site audits.

- We continue to seek agreement to our template Services Agreement that includes warranties that the supplier in question will comply with (and ensure that its agents, subcontractors and employees comply with) all applicable laws, enactments, orders, regulations and other similar instruments (including the UK Modern Slavery Act 2015).

We have continued to issue our [Procurement Compliance Standards](#), which sets out our expectations of suppliers, directly to many of our key suppliers and we continue to send them to new and existing suppliers, working with our colleagues across our global network. In the event that we discover a case of modern slavery within our supply chain we will first seek to work with the supplier to implement corrective action (including appropriate training). Only where appropriate will we seek to terminate our agreement with them.

## Training available to our people

We remain committed to educating our people with respect to the risks our businesses faces in relation to modern slavery and human trafficking and also how these risks can be negated.

During the last twelve months, we provided our key people with training specifically on modern slavery and human trafficking in the form of a bespoke online training course on Modern Slavery Awareness. This online training course has been issued globally to both our procurement team and individuals within the firm who are involved in sourcing and supplier management activities. Over the past years, we have also delivered a number of modern slavery training sessions for our lawyers. In addition our expert human rights lawyers have an active role in training our clients in relation to modern slavery risks in their businesses and also participating in public processes for the development of policy on modern slavery issues.

This year we have also sought external guidance in understanding the risks of human trafficking in the context of charitable relationships with orphanages. We have also continued to invest a significant amount of time to pro bono projects focussed in the modern slavery area for a range of NGOs working to eradicate modern slavery. This work not only underlines our dedication to the protection of human rights, but also has had the effect of building knowledge and capacity on modern slavery issues of a large number of lawyers throughout our international network.

## Looking ahead

In the financial year ending 30 April 2020 we aim to:

- continue to assess and monitor the risks in our supply chain using our systems and tools;
- review our procurement related policies and template services agreements and update where appropriate with regards to the latest developments and laws relating to modern slavery and human trafficking;
- extend Modern Slavery Awareness training out to other identified individuals within the firm and;
- conduct an assessment of our key suppliers and their compliance to the Modern Slavery legislation.

## Board approvals

Herbert Smith Freehills Pro Bono & Citizenship Council approved this statement on 3 September 2019.

Herbert Smith Freehills LLP Council approved this statement on behalf of the members of Herbert Smith Freehills LLP on 18 September 2019

The Designated Members of Herbert Smith Freehills Paris LLP approved this statement on behalf of the Members of Herbert Smith Freehills Paris LLP on 26 September 2019.

Exchange House Services Limited board of directors approved this statement on 3 October 2019.



**James Palmer**  
**Chair and Senior Partner**  
**Herbert Smith Freehills LLP**

**September 2019**



**Frédéric Bouvet**  
**Designated Member**  
**Herbert Smith Freehills Paris LLP**

**September 2019**



**Clare Wilson**  
**Director**  
**Exchange House Services Limited**

**October 2019**