



Modern slavery and human trafficking statement 2020/21

This statement is made on behalf of Herbert Smith Freehills LLP and its wholly owned subsidiary Exchange House Services Limited and Herbert Smith Freehills Paris LLP. It is also made on behalf of Herbert Smith Freehills an Australian Partnership and Exchange House Services Australia Pty Ltd. References to “we”, “us”, “our” or the “practice” are references to each of those five entities.

This statement sets out the steps that we have taken to mitigate the risk of modern slavery and human trafficking occurring within our operations or our supply chains. This statement is made pursuant to section 54 (1) of the UK Modern Slavery Act 2015 and sections 13 to 16 of the Australian Modern Slavery Act 2018 with respect to the financial year ending 30 April 2021.

Our structure

Herbert Smith Freehills LLP, Herbert Smith Freehills Paris LLP, and Herbert Smith Freehills an Australian Partnership are separate member firms of the international legal practice known as Herbert Smith Freehills, providing legal services to clients wherever those services are required by them around the globe. We have a global offering with 26 offices across 19 countries spanning the United Kingdom, Australia, United States of America, Europe, the Middle East and Asia. Globally, we employ approximately 5,000 people.

Exchange House Services Limited and Exchange House Services Australia Pty Ltd are separate service entities, incorporated in England & Wales and Australia respectively, which provide administrative and support services to the practice. We do not make material investments outside of funding our global operations and we do not engage in any external financing of other entities.

For further details on the Herbert Smith Freehills’ structure, please click [here](#).

As signatories to the United Nations Global Compact (UNGC), we strive to incorporate the UNGC’s Ten Principles into the strategy and 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 to work towards the global eradication of forced labour, modern slavery and human trafficking. We produce an annual communication on progress towards 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 (UNGPs). This includes assisting and encouraging our commercial clients to anticipate, prevent, monitor, mitigate and remedy human rights and labour rights violations in their businesses and supply chains.

Our operations

Our principal activity is the provision of commercial legal services to our clients. We operate across 26 offices located in the United Kingdom, Australia, United States of America, Europe, the Middle East and Asia.

Our practice is regulated, meaning that our people are required to conduct themselves according to specific standards applicable in the jurisdictions in which we operate. This includes, but is not limited to, the Solicitors’ Regulation Authority of England and Wales and the legal profession legislation in each relevant Australian state.

We consider the risk of modern slavery and human trafficking existing within our

operations to be relatively low given that we are a regulated practice providing legal services to clients, and primarily employing legal professionals and qualified legal support staff.

To provide seamless advice to our clients across the globe we also have a number of associations and alliances; these are formal agreements with other firms worldwide. The practice has no liability for the acts or omissions of any given firm with whom we have an association or alliance, unless specifically agreed. These include the Law Office of Mohammed Altammami (Kingdom of Saudi Arabia), Prolegis LLC (Singapore), Hiswara Bunjamin Tandjung (Indonesia), Greenwoods & Herbert Smith Freehills (Australia) and Shanghai Kewei Law Firm (China).

Our supply chain

We undertake our 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 sourcing and purchasing of goods and services is supported across the practice by our global procurement team based in London.

The key categories of goods and services that we procure are property space, facilities management, human resources, hospitality and catering, other professional services, and information technology.

To assess our overall risk profile in relation to our supply chain, we take into account several factors, including the geographic location of the supplier and the industry in which they operate.

The pie chart below shows the percentage of our total spend for our FY20/21 by supplier location. It shows that 77% of our spend is concentrated in the UK and Australia, in line with our larger offices and location of operations management functions in those locations.

Risks of modern slavery in our operations and supply chain

Given the level of control we have over our operations, including our comprehensive labour and risk management systems, and the nature of our services and specialist workforce, we consider that our material risk exposures relate to our supply chain.

Every six months, we conduct an analysis of our spend with our suppliers globally so that we can:

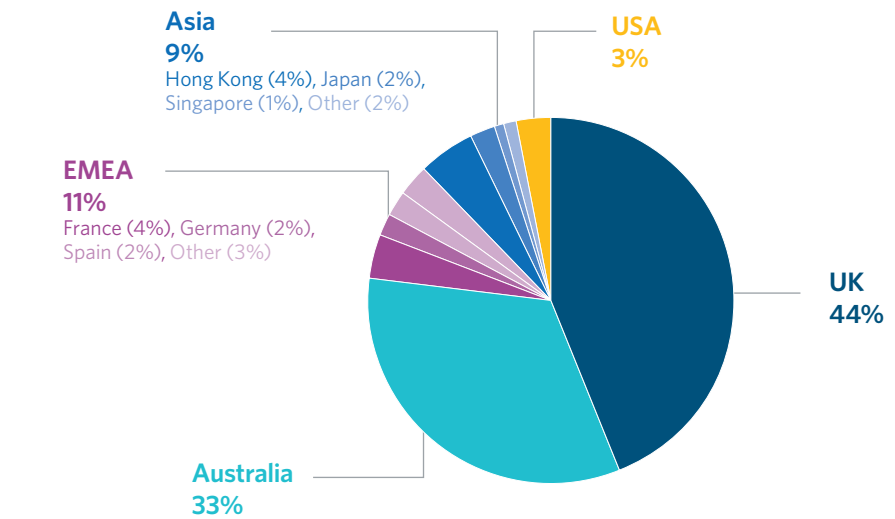
- better understand the extent of our global supply chain;
- inform our risk assessment approach with updated accurate information; and
- identify potential emergent risks outside our 'core' offices and engage further with our suppliers outside the UK with respect to modern slavery and human trafficking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

Any spend which falls under the Procurement Policy has to go through an extensive due diligence to minimise the risk of slavery and human trafficking. We carry out regular risk assessments of our global supply base and those identified as having an increased risk of modern slavery account for approximately 15% of our annual supplier spend.

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 low wages. During 2020, based on the Global Slavery Index, we created a list of offices and spend sub-categories that we believe are the highest risk. During the reporting period, key areas of risk identified included:

- Office cleaning
- Office fit out and build.

We also identified that there is a potential heightened risk of exposure to modern slavery practices through our associations and alliances with other legal practices in jurisdictions in which we do not operate. While we expect that this risk is somewhat diminished given the nature of the services provided by those firms,



our relationship with those firms and the type of skilled work they undertake, we nevertheless acknowledge the potential or perceived risk, particularly where they operate in jurisdictions which have been assessed by the Global Slavery Index as having a heightened vulnerability to modern slavery practices.

Addressing risks of modern slavery in our supply chain

In 2020 we joined an organisation that provides an online platform for companies to manage and improve working conditions in global supply chains. They provide practical tools, services and a community network to help companies improve their responsible and sustainable business practices, and source responsibly.

We seek to mitigate the risk of modern slavery in our supply chain by:

- placing an emphasis on value rather than price alone in our procurement decisions;
- not having a policy that encourages the use of outsourcing;
- the fact that the vast majority of our offices and our suppliers are in low-risk locations;
- requiring our global procurement team to undergo training to understand modern slavery and human trafficking, and ensuring that they have a comprehensive knowledge of the global supply markets for each of our categories of spend, including key risk factors in these areas; and
- requesting that suppliers of high-risk sub-categories in our medium and high-risk locations complete our audit questionnaire which we review and follow-up on any responses that cause concern.

In line with our policies outlined below, we have taken a number of steps to 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. In addition to the assessment of suppliers, our procurement team have also reviewed the inherent risk associated with each of our office locations.
 - **Qualification:** Our procurement team and contract managers review alerts and decide on an appropriate course of action depending on the level of risk for any identified supplier.
 - **Additional audits:** For our high-risk locations, our approach is to request our suppliers within high-risk sub-categories to complete an audit questionnaire with a focus on modern slavery. We assess their response and follow-up by seeking clarification on specific points of concern, if any, and aim to work with them in mitigating the risks, or if needed taking other actions.
- We continue to seek supplier agreement to our template services agreement, which 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 with respect to modern slavery).

- We have continued to issue our [Procurement Compliance Standards](#), which set out our expectations of suppliers, directly to many of our key suppliers and to new suppliers.

In the event that we discover a potential case of modern slavery within our supply chain, we will first seek to work with the supplier to investigate the concern and implement corrective and remedial action (including appropriate training). Where appropriate, we will seek to terminate our agreement with them and notify the relevant authorities.

Our policies

We have a number of policies that address our approach to the identification of modern slavery risks and the steps to be taken to reduce the risk of modern slavery and human trafficking in our operations.

These include:

- **Human Rights Policy:** this policy applies to all our operations where the firm has management control. We have made a commitment to act responsibly in the conduct of our business operations and we also seek to make a positive impact in the societies where we work. Our Human Rights Policy is informed by our commitments under both the UNGC and UNGPs.
- **International Standards of Conduct:** these Standards set 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 practice.
- **Procurement Policy:** this policy seeks to ensure we have consistency in our approach towards procuring goods and services and that our Procurement function has visibility over procurement activities. It also seeks to ensure we effectively consider and manage our tax, risk and legal positions, while optimising opportunities to harmonise contracts and contain costs.
- **Contract Management Policy:** this policy sets out the ways in which we manage our most important contracts and suppliers.
- **Responsible Procurement Policy:** this policy applies to all purchases of goods or services that are made by us or on our behalf and sets out the rules and standards to which we expect each of our suppliers to adhere. These standards include avoiding, not

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 globally.
- **Anti-money laundering & counter terrorist financing:** our robust anti-money laundering & counter-terrorist financing regime is designed to help prevent the commission of financial crime and the movement of money which has been derived from crime (including crimes relating to modern slavery). This includes a client on-boarding process and the undertaking of client due diligence measures in accordance with applicable laws in the jurisdictions in which we operate.
- **Anti-bribery and Corruption Policy:** this applies to all our partners, consultants, contractors and employees, as well as associated third parties such as suppliers, and sets out rules with regard to minimising risks of bribery and corruption.
- **Diversity & Inclusion Policy:** we recognise and value the differences that make each of us unique. We are not limited in 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.

As described above, we have a number of associations and alliances with independent firms. Each firm has adopted an anti-bribery and corruption policy and has adopted or is in the process of adopting an anti-money laundering and counter terrorist financing policy. Most of those firms have also adopted a form of our International Standards of Conduct. We look forward to working with these firms to further develop their policies relating to modern slavery risks.

Whistleblowing Policy and Programme

Herbert Smith Freehills maintains a whistleblowing policy and programme. The purpose of this programme is to encourage people to raise concerns to us, including in relation to modern slavery issues, as soon as possible, and to feel safe in doing so. The 24/7 and multi-lingual confidential reporting service that supports this framework, FairCall, is managed for us by an independent third party. 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.

During the reporting year we publicised the whistleblowing framework and our rules around reporting concerns / whistleblowing through a variety of communication channels. We also provided e-learning to staff assessed as most likely to receive confidential disclosures.

Our people

We are committed to complying with all relevant legislative requirements relating to the recruitment, engagement and employment of staff at Herbert Smith Freehills. In particular, we are committed to ensuring that our people are paid in accordance with relevant legal industry awards in Australia, and the applicable minimum wage thresholds in other jurisdictions and we annually participate in both internal and external audits to ensure compliance. In the UK, Herbert Smith Freehills is an accredited living wage employer which means we are committed to paying a wage rate in the UK based on the cost of living. In Australia, we ensure that our people are paid at least the minimum wage in the local jurisdiction.

Occasionally, we engage recruitment providers to provide us with temporary workers. In some Australian states, recruitment providers supplying temporary workers are required to hold a labour hire licence and we are required to, and do, ensure that they hold a current licence prior to engaging their services. We also use contractual controls to help protect temporary workers' human rights, including:

- recruitment providers are required to provide warranties that the temporary workers they supply to the firm are eligible to work in the relevant country and they hold all necessary insurances to protect their workers; and
- we require transparency in our recruitment agreements regarding agreed basic and overtime rates of pay to temporary workers.

We also undertake specific global procurement exercises to ensure that our suppliers are aligned with us in relation to modern slavery risk and workers' conditions.

The firm ensures that salaries paid to foreign worker visa holders meet or exceed any legislative thresholds and are set in accordance with local market rates. We also work closely with visa holders to accommodate any relevant visa conditions and ensure working hours are capped at the level set by their visa (if required), ensuring compliance with visa conditions. Any repayment clauses in visa holder employment contracts, if applicable, have been drafted in accordance with the relevant local immigration legislation.

Evaluating the effectiveness of our actions

We assess the effectiveness of our actions in respect to modern slavery risks through several measures:

- **Incidents of modern slavery within our supply chain:** We intend to capture any reported incidents of modern slavery within Herbert Smith Freehills as well as within our supply base and prioritise investigation and remediation processes as appropriate.
- **Training & awareness of modern slavery risks internally:** We monitor the number of people who have completed internal training on modern slavery and continue to issue this training to new members of our procurement team and individuals within the firm who are involved in sourcing and supplier management activities. During the last twelve months, 56 of our staff, made up of members of our procurement team and individuals within the firm practice who are involved in sourcing and supplier management activities, completed specific training on preventing modern slavery and human trafficking. In October 2020, we partnered with Anti-Slavery Australia at the University of Technology Sydney and delivered a webinar on modern slavery risks and our response to key staff across the firm.
- **Internal & external review:** We review our policies and processes with regards to modern slavery on a regular basis, and these are also subject to internal audits. We also engage externally to understand latest best practices and data with regards to modern slavery.

COVID-19

COVID-19 has increased vulnerabilities to modern slavery in workplaces and supply chains across the world. However the pandemic has not impacted our processes with regards to supplier due diligence and risk assessments. We have worked closely with those strategic suppliers whose provision of services is directly impacted by our office closures. As the scenario continues to develop globally, we are working with these affected suppliers to agree on plans for the restart of services within our offices and the appropriate changes to working operations to ensure all staff, whether the suppliers' or the firms', are able to operate in a safe environment. We are also monitoring indicators of risk for each of our strategic suppliers as we recognise there are some sectors that have been significantly impacted by the pandemic, such as travel and on-site catering.

External engagement

We understand the importance of collaborating with other organisations and the sharing of good-practice on modern slavery and human trafficking.

This year, we partnered with Anti-Slavery Australia and Point Advisory to assess the effectiveness of our current modern slavery response. Anti-Slavery Australia and Point Advisory consulted with key staff across the firm, reviewed our modern slavery risk assessment and undertook a review of our policies and systems in place in responding to modern slavery in our operations and supply chains. Anti-Slavery Australia and Point Advisory provided recommendations (immediate and longer-term) for how we can enhance our modern slavery response.

As noted above, we also partnered with Anti-Slavery Australia to deliver a webinar on modern slavery risks and our response to key staff across the firm.

Through our leading Business and Human Rights Practice, our expert human rights lawyers have an active role in advising, training and updating our clients in relation to modern slavery risks in their businesses. We also participate in public processes for the development of policy and practice on modern slavery issues.

We continue to invest a significant amount of time to pro bono projects focused 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 the knowledge and capacity on modern slavery issues of a large number of lawyers throughout our international network.

We hope to continue to engage with NGOs, governments and other corporates across our global network on the topic of modern slavery and human trafficking.

Looking ahead

In the financial year ending 30 April 2022, we will continue to develop our response to addressing modern slavery risks occurring in our operations and supply chain. It is intended that these responses could include:

- implementing recommendations from the modern slavery risk assessment;
- continuing to assess and monitor the risks in our operations and supply chain using the systems and tools outlined above;

- continuing to evaluate our key suppliers on a range of areas including alignment to our responsible business aims and modern slavery commitments;
- undertaking a review of key policies and template services agreements relating to modern slavery and human trafficking;
- continuing to provide training on modern slavery awareness and prevention to identified individuals within the practice;
- from July 2021, using our audit questionnaire at the tender and contract renewal stage of all high-risk categories in all high-risk countries. We will review the suppliers responses and will not renew or award contracts to any supplier that presents a risk of modern slavery. This could include issuing our audit questionnaire to more of our high-risk suppliers who are in high risk locations.
- considering identifying the different specific forms of modern slavery to our suppliers in the firm's Procurement Compliance Standards during 2021; and
- considering amending the Procurement Compliance Standards to specify minimum breaks and rest periods.

Consultation and board approvals

This statement was prepared by our central Responsible Business team with input from our Procurement, HR, and General Counsel & Risk teams (which includes New Business Intake) and reviewed by our Executive and Global Council, prior to its formal approval by the entities covered by the statement.

Herbert Smith Freehills Pro Bono & Responsible Business Council approved this statement on 2 September 2021.

Herbert Smith Freehills LLP Council approved this statement on behalf of the members of Herbert Smith Freehills LLP on 20 September 2021.

Herbert Smith Freehills, an Australian partnership, Board approved this statement on behalf of the Partners of Herbert Smith Freehills, an Australian partnership on 23 September 2021.

Exchange House Services Australia Pty Limited board of directors approved this statement on 24 September 2021.

Exchange House Services Limited board of directors approved this statement on 4 October 2021.

The Designated Members of Herbert Smith Freehills Paris LLP approved this statement on behalf of the Members of Herbert Smith Freehills Paris LLP on 6 October 2021.



Rebecca Maslen-Stannage
Chair and Senior Partner
Herbert Smith Freehills, an Australian partnership

September 2021



Donald Rowlands
Partner
Herbert Smith Freehills LLP

September 2021



Alissa Anderson
Director
Exchange House Services Australia Pty Ltd

September 2021



Frédéric Bouvet
Designated Member
Herbert Smith Freehills Paris LLP

October 2021



Alison Brown
Executive Partner
Exchange House Services Limited

October 2021