Modern slavery and human trafficking statement 2021/22

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 2022.

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 around the globe. We have 25 offices across 19 countries spanning the United Kingdom, Australia, the 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. Further details on the Herbert Smith Freehills’ structure can be found on our website.

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, as well as day-to-day operations. 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). We have developed significant expertise in relation to the UNGPs and the implications they have for our clients. This means we can assist them when needed 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 25 offices located in the United Kingdom, Australia, the 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 requirements of 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 and business services professionals. However, as detailed below, this is under regular review and we acknowledge of course that the existence of any material level of risk requires mitigatory actions to be implemented.

To provide seamless advice to our clients across the globe we also have a number of associations; these are formal agreements with other firms worldwide. These include the Law Office of Mohammed Altammami (Kingdom of Saudi Arabia), Prolegis LLC (Singapore), Hiswara Bunjamin Tandjung (Indonesia) and Shanghai Kewei Law Firm (China). The practice has no liability for the acts or omissions of any given firm with whom we have an association, unless specifically agreed. In the Our Policies section of this statement, we describe how we work with our associated firms to support them develop policies aligned to our approach to reduce modern slavery risks.
We undertake our work from different offices throughout our global network and our supply chain predominantly consists of goods and services purchased for use in 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 on the right shows the percentage of our total spend for our financial year 2021/22 by supplier location. It shows that 78% of our spend is concentrated in the UK, Australia, and 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 year, 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.

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.

In 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, The key areas of risk identified included:
- Office cleaning
- Office fit out and build.
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, 119 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.

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. This year our Internal Audit team audited our processes and internal controls in place to mitigate risks related to modern slavery and human trafficking, and produced a set of findings and observations to improve our approach. We have articulated a set of actions to address these findings in the coming months. We also engage externally to understand latest best practices and data with regards to modern slavery.

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

Last 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.

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 2023, 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:

- address the findings and observations of our internal audit review;
- continue to implement the recommendations from the modern slavery risk assessment;
- continue to assess and monitor the risks in our operations and supply chain using the systems and tools outlined above;
- continue to evaluate our key suppliers on a range of areas including alignment to our responsible business aims and modern slavery commitments;
- continue to provide training on modern slavery awareness and prevention to identified individuals within the practice;
- continue to use our audit questionnaire at the tender and contract renewal stage for selected suppliers. 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 suppliers.

Consultation and board approvals
This statement was prepared by our global Responsible Business team with input from our Procurement and HR teams, in consultation with the reporting entities covered by this statement and the entities they own and control, prior to its formal approval by our Global Executive and the entities covered by the statement.

Herbert Smith Freehills Pro Bono & Responsible Business Council approved this statement on 31 August 2022.