



Modern slavery and human trafficking statement 2019/20

This statement is made on behalf of Herbert Smith Freehills LLP and its wholly owned subsidiaries Exchange House Services Limited and Herbert Smith Freehills Paris LLP; 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 ensure that modern slavery and human trafficking is not taking place 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 2020.

Our practice

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 27 offices across 19 countries spanning Africa, Asia, Australia, Europe, the Middle East and the US. Exchange House Services Limited and Exchange House Services Australia Pty Ltd are separate service entities which provide administrative and support services to the practice. Globally, we employ approximately 5,000 people.

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

Herbert Smith Freehills LLP is a signatory to the UN Global Compact (UNGC) and 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 (UNGPs). 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.

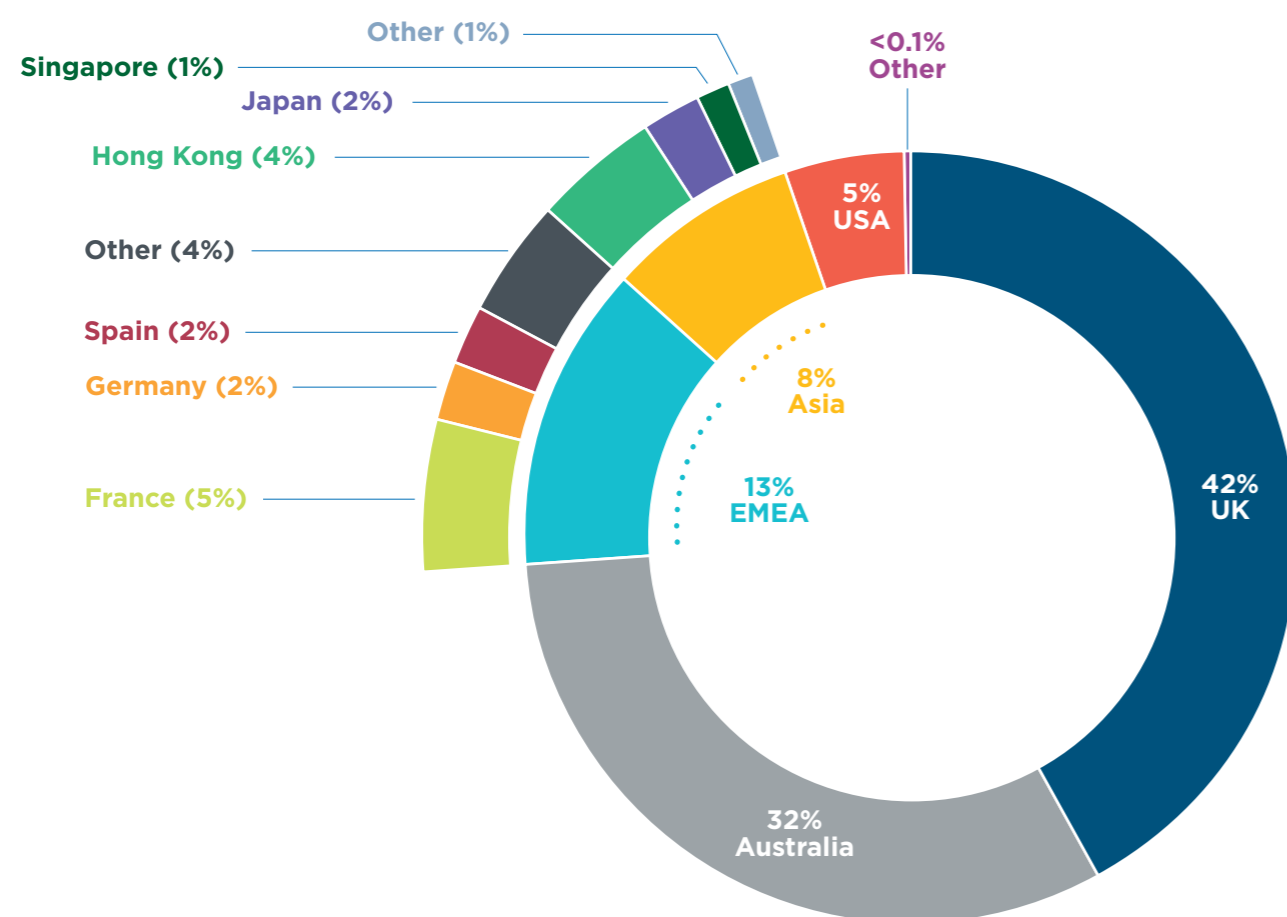
Our operations and supply chain

As a professional services practice, our principal activity is the provision of legal services to our clients. As the practice is regulated, our people are required to conduct themselves to specific standards applicable in the jurisdictions in which we operate including, but not limited to, the Solicitors’ Regulation Authority of England and Wales and the legal profession legislation in each relevant Australian state. As a regulated international legal practice we consider the risk of modern slavery and human trafficking existing within our operations to be low.

To provide seamless advice to our clients across the globe we 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).

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 we procure are property space, facilities management, HR, hospitality and catering, other professional services, and information technology.

The pie chart below shows the percentage of our total spend for our FY19/20 by supplier location. It shows that 74% of our spend is concentrated in the UK and Australia, in line with our larger offices in those locations.



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:** 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 both our commitments under the UNGC and UNGPs.
- **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 practice.

- **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.¹

- **Whistleblowing policy and programme:** 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 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 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

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

Each year we conduct an annual 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.

We also carry out annual risk assessments of our global supply base by matching the locations of our suppliers against the vulnerability score from the [Global Slavery Index](#) and the risk of the industry related to the goods and/or services using information published by the Institute of Business Ethics. Of the goods and services we purchase 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 the minimum wage. For FY20, key areas of risk identified included:

- Office Cleaning
- Catering
- Branded Marketing Goods
- Events & Hospitality
- Hotels
- IT Hardware (including disposal)
- Ground Transport
- Office Fit Out

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. 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 fact that the vast majority of our offices and our suppliers are in low-risk locations; and
- requiring our global procurement team 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.

Covid-19 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 to agree service adjustments and payment structures that are acceptable to all parties. As the scenario continues to develop globally, we are working with these affected suppliers to agree 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.

Managing modern slavery risks

As a result of the knowledge gained, following the due diligence and risk assessment steps set out above, and supported by our policies outlined above, 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, Refinitiv World Check. 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 2020 we did not undertake any on-site audits.

- We continue to seek 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, both directly to many of our key suppliers and to new suppliers.

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 and remedial action (including appropriate training). Only where appropriate, will we seek to terminate our agreement with them.

Assessing 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 will 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, 118 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 training specifically on preventing modern slavery and human trafficking. Over the past years, we have also delivered a number of modern slavery training sessions for our lawyers.
- **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.

1. With respect to our Australian business, we do not apply client due diligence measures in full as this is not yet a regulatory requirement in Australia.

External engagement

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

This year we have continued to seek external guidance in understanding the risks of modern slavery and 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 the knowledge and capacity on modern slavery issues of a large number of lawyers throughout our international network.

We will continue to engage with NGOs, governments and other corporates across our global network.

Looking ahead

In the financial year ending 30 April 2021 we aim to:

- continue to assess and monitor the risks in our operations and supply chain using our systems and tools outlined above;
- 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;
- roll out supplier scorecards with our key suppliers to assist the continuing evaluation of 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.

Consultation and board approvals

This statement was prepared by our central Pro Bono and Citizenship team (with input from our Procurement, New Business Intake and General Counsel & Risk teams) 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 & Citizenship Council approved this statement on 3 September 2020.

Herbert Smith Freehills LLP Global Council approved this statement on behalf of the members of Herbert Smith Freehills LLP on 24 September 2020.

The Designated Members of Herbert Smith Freehills Paris LLP approved this statement on behalf of the Members of Herbert Smith Freehills Paris LLP on 29 September 2020.

Herbert Smith Freehills, an Australian partnership, Board approved this statement on behalf of the Partners of Herbert Smith Freehills, an Australian partnership on 30 September 2020.

Exchange House Services Australia Pty Limited board of directors approved this statement on 1 October 2020.

Exchange House Services Limited board of directors approved this statement on 7 October 2020.



James Palmer
Chair and Senior Partner
Herbert Smith Freehills LLP

September 2020



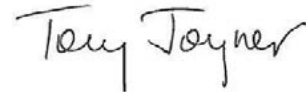
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Designated Member
Herbert Smith Freehills Paris LLP

September 2020



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Director
Exchange House Services Australia Pty Ltd

September 2020



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Partner
Herbert Smith Freehills, an Australian partnership

October 2020



Gareth Roberts
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Exchange House Services Limited

October 2020