



Modern slavery and human trafficking statement 2022/23

This statement is made on behalf of Herbert Smith Freehills LLP and its wholly owned subsidiary Exchange House Services Limited, Herbert Smith Freehills Paris LLP and Herbert Smith Freehills New York 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 six 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 and 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 2023.

Our structure

Herbert Smith Freehills LLP, Herbert Smith Freehills Paris LLP, Herbert Smith Freehills New York 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 24 offices spanning across 19 countries including 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 submit an annual communication on progress towards the UNGC's Ten Principles and SDGs. Our latest Responsible Business Report 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 24 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 low given that we are a

regulated practice providing legal services to clients, and primarily employ 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 independent law firms being 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 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 developing policies aligned to our approach to reduce modern slavery risks.

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 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. 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 right shows the percentage of our total spend for our financial year 2022/23 by supplier location. It shows that 78% 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.

We routinely 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.

We have 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:

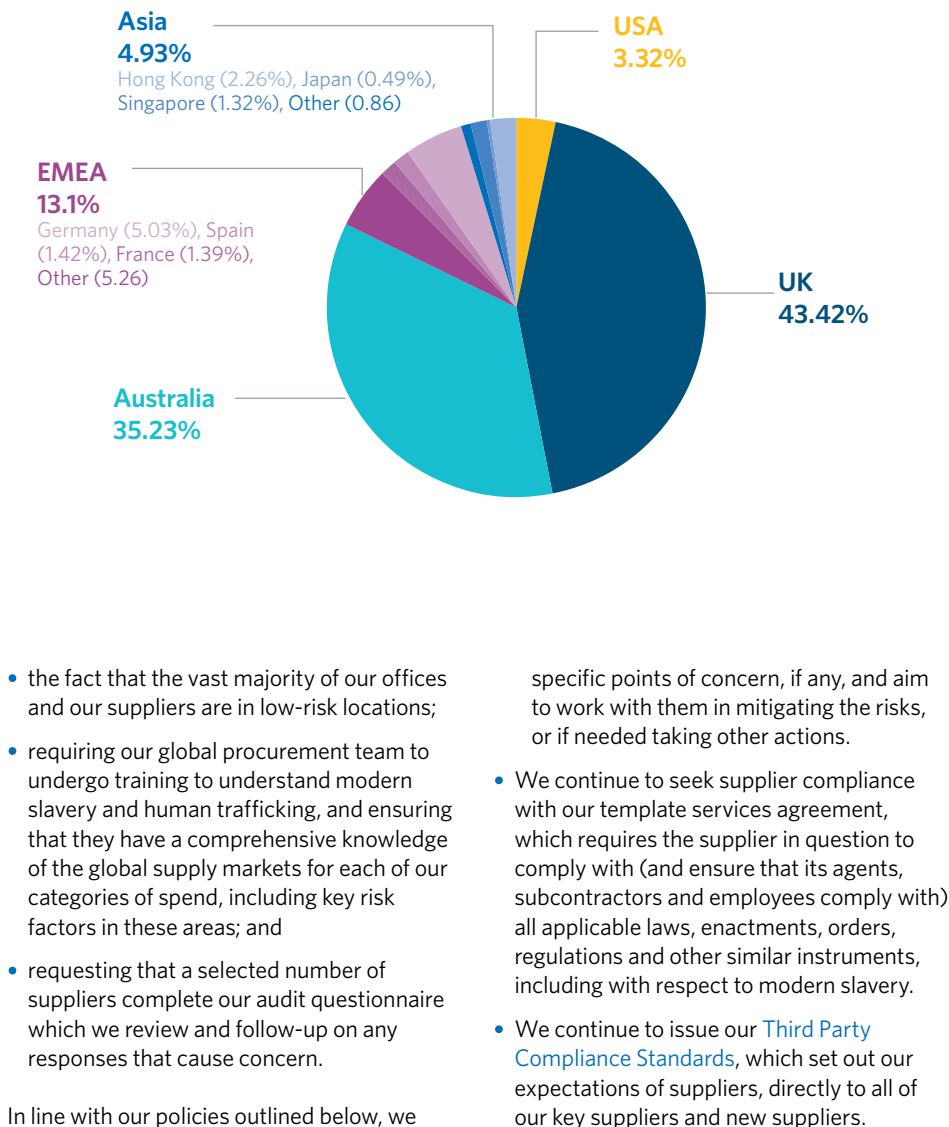
- Office cleaning; and
- Office fit out and build.

Addressing risks of modern slavery in our supply chain

We are members of an organisation that provides an online platform for organisations to manage and improve working conditions in global supply chains. It provides practical tools, services and a community network to help organisations 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 a selected number of suppliers 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 third-party risk intelligence tools. The objective of the tools is to identify risks such as modern slavery, human trafficking, and bribery and corruption. In addition to the assessment of suppliers, our procurement team review the inherent risk associated with each of our office locations.
 - **Qualification:** Our procurement team and contract managers review alerts arising from our assessments and decide on an appropriate course of action depending on the level of risk for any identified supplier.
 - **Additional audits:** We request selected suppliers 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 compliance with our template services agreement, which requires the supplier in question to 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 continue to issue our [Third Party Compliance Standards](#), which set out our expectations of suppliers, directly to all of our key suppliers and 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

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 is supported by a number of internal policies and standards. These include:

- **Human Rights Policy:** this policy was updated in July 2022 following a complete review by our Human Rights Working Group. It is informed by our commitments under both the UNGC and UNGPs. The policy includes commitments to respect internationally recognised human rights and taking steps to encourage our clients, suppliers, sub-contractors and other

business partners to observe standards similar to our own.

- **International Standards of Conduct:** these Standards set an ethical framework for decision-making and guiding principles for consistent standards of behaviour. This includes making continuous efforts to ensure that our supply chain is free from modern slavery and human trafficking. The Standards apply to all partners and employees of Herbert Smith Freehills. We also expect our temporary staff and contractors to follow their guidance.
- **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.
- **Responsible Procurement Policy:** this policy complements our Procurement Policy and 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 to avoid causing or contributing to adverse human rights impacts through their activities.
- **Contract Management Policy:** this policy sets out the ways in which we manage our most important contracts and suppliers, which helps us minimise risk in our supply chain.
- **Third Party Compliance Standards:** these complement the Responsible Procurement Policy and set out our expectations of service providers and other suppliers to the firm and to our clients (where we are involved in their engagement as an agent). They include a set of specific requirements with regards to addressing the risks of modern slavery and human trafficking.
- **Whistleblowing Policy:** Herbert Smith Freehills maintains a whistleblowing policy. The purpose of this policy is to encourage and empower people across our offices to raise concerns to us, including in relation to modern slavery issues, as soon as possible, and to feel safe in doing so. Our approach is supported by a 24/7 multi-lingual confidential reporting service, Safe Call, which is managed by an independent third party. We have provided supporting information and a Safe Call training video to those individuals listed in the policy to receive confidential disclosures.
- **Anti-Money Laundering & Counter Terrorist Financing Policy:** this policy documents our approach to complying with our anti-money laundering and counter terrorist financing obligations. It sets out the

responsibility to comply with the firm's client on-boarding process and the undertaking of client due diligence measures and ongoing monitoring in accordance with applicable laws in the jurisdictions in which we operate.

- **Anti-bribery and Corruption Policy:** this policy prohibits bribery and related corrupt activities and includes safeguards designed to detect and prevent bribery and corruption and to ensure compliance with regulatory requirements.
- **Diversity & Inclusion Policy:** we recognise the power of diversity and inclusion to drive innovation, collaboration and business outcomes. We believe our vision of Leading for Inclusion fosters an inclusive culture which can help our people being empowered to take an active approach to tackling the risks of modern slavery concerns across our operations.

As described in the 'Our operations' section, we have a number of associations with independent law firms. Each firm has adopted an anti-bribery and corruption policy and a policy or guidance in relation to anti-money laundering and counter terrorist financing. These 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.

This year we developed a modern slavery and human trafficking incident management playbook for use within our own operations and our supply chain. The playbook includes a number of scenarios and documents the key aspects of our approach, key stakeholder roles and responsibilities, and the lessons learnt protocols.

Our People

We are committed to complying with all applicable laws 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 all relevant legislation and regulations in all jurisdictions and we participate in both internal and external audits to ensure compliance.

In the UK, Herbert Smith Freehills is an accredited living wage and living pension employer which means we are committed to paying a wage rate in the UK based on the cost of living and helping our people in preparing for their retirement. This commitment applies to third party contractors as well as our directly employed staff.

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 always aim to use standard contractual controls to help protect temporary workers' human rights, including:

- recruitment providers are required to ensure 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 visa holders meet or exceed any legislative thresholds and are set in accordance with local market salary rates. We work closely with visa holders to ensure any relevant visa conditions are complied with, including the capping of working hours, if applicable. Any visa-related repayment clauses in visa holder employment contracts, if applicable, have been drafted in accordance with the relevant 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 are committed 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, 73 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. Last year our Internal Audit team audited our processes and internal controls to mitigate risks related to modern slavery and human trafficking and produced a set of findings and observations to improve our approach. We have continued to address these findings over the last few 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.

In November 2022 we were one of twenty-two global law firms which have collaborated to establish the Business and Human Rights Lawyers Association (BHRLA), with the objective of advancing business and human rights leadership, learning, collaboration and practice among commercial law firms and business lawyers. The establishment of the BHRLA builds on the Law Firm Business and Human Rights Peer Learning Process, in which we previously participated.

Our Australian offices provided a submission for the statutory review of the Modern Slavery Act 2018 by Professor John McMillan AO, which sought public feedback on the effectiveness of the first three years of the Act. In November 2022, we also hosted a client forum with Professor McMillan AO as part of his engagement with the corporate sector, where clients were able to provide direct feedback on key areas of focus for the review, including modern slavery, due diligence, and grievance mechanisms.

We continue to invest a significant amount of time to pro bono and other projects focused in the modern slavery area for a range of NGOs working to eradicate modern slavery. We also provide pro bono advice and training to NGOs in relation to their own modern slavery policies and compliance with relevant legislation. 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 2024, 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:

- continue to 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 Human Rights Working Group which consists of members of In-House Counsel, New Business & Enterprise Risk, HR, Procurement teams and ESG Practice Partners, 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 LLP Council approved this statement on behalf of the members of Herbert Smith Freehills LLP on 26 September 2023.

Herbert Smith Freehills, an Australian partnership, Board approved this statement on

behalf of the Partners of Herbert Smith Freehills, an Australian partnership on 26 September 2023.

The Designated Members of Herbert Smith Freehills New York LLP approved this statement on behalf of the Members of Herbert Smith Freehills New York LLP on 28 September 2023.

Exchange House Services Australia Pty Ltd board of directors approved this statement on 2 October 2023.

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 2023.

Exchange House Services Limited board of directors approved this statement on 24 October 2023.



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