

K&L GATES

# Modern Slavery Statement

Under the *Modern Slavery Act 2018* (Cth)

K&L Gates (ABN 81 310 965 026)

**Reporting Period**

**1 January 2020 – 31 December 2020**

# INTRODUCTION

K&L Gates presents our inaugural Modern Slavery Statement (the Statement) made pursuant to the *Modern Slavery Act 2018* (Cth) (the Act) in respect of K&L Gates – ABN 81 310 965 026 (K&L Gates or Reporting Entity), a mandatory reporting entity under the Act, and its controlled entities.

We are committed to opposing modern slavery in all its forms and acting in an ethical manner with integrity and transparency in all of our business dealings. As part of this commitment, we have prepared this Statement to outline the actions taken by K&L Gates in 2020 to fulfil our strategy to assess, identify and mitigate the risk of modern slavery in our operations and our supply chains.

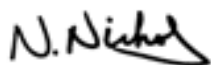
With support from specialists and technology providers within the modern slavery space, we undertook a detailed analysis of the risk of modern slavery in our operations and our supply chains. Whilst the results were positive with indications of a low risk of modern slavery, we have taken proactive steps to mitigate and minimise the risk of modern slavery and will continue our efforts to further reduce modern slavery risk in the coming years.

Despite a rather tumultuous year due to the COVID-19 pandemic, we have upheld our high standards of professionalism, ethical behaviour and integrity in everything we do. This extends not only to providing our clients with an unwavering standard of excellence in legal services, but also to positively contributing to the wellbeing of communities around the world. This Statement will cover the initiatives implemented by K&L Gates to reduce the risk of modern slavery occurring as a result of COVID-19 and our actions more broadly.

K&L Gates is committed to the reduction of modern slavery risk and will continually strive to improve its approach. We will continue to monitor metrics and formulate initiatives to ensure we conduct our business operations in an ethical manner.

This Statement has been prepared under my supervision (with oversight by the Australian Board), and by our senior management team in consultation with external subject matter experts. This Statement has been duly approved by the K&L Gates Australian Board for lodgement in accordance with the requirements of the Act.

Signed



Nick Nichola  
Managing Partner, Australia  
K&L Gates

*On behalf of the K&L Gates Australian Board*  
28 June 2021

## EXECUTIVE SUMMARY

Area	Actions Completed	Reporting Criteria Assessed
 <b>Entities and Structure</b>	<ul style="list-style-type: none"> <li>Identified the Reporting Entity.</li> <li>Described our structure, operations and supply chain.</li> </ul>	<b>1 and 2</b>
 <b>Policies and Protocols</b>	<ul style="list-style-type: none"> <li>Reviewed current policies and procedures to ensure they reflect our commitment to addressing modern slavery.</li> <li>Started the process of implementing a supplier onboarding and engagement process.</li> </ul>	<b>3 and 4</b>
 <b>Due Diligence</b>	<ul style="list-style-type: none"> <li>Categorised direct suppliers based on industry and geography to understand our risk profile.</li> <li>Mapped and assessed our comprehensive supply chain.</li> <li>Performed in-depth analysis on identified elevated risk industries to inform future due diligence.</li> </ul>	<b>3 and 4</b>
 <b>Remediation</b>	<ul style="list-style-type: none"> <li>Implemented our Speak Up Policy (Whistleblower Policy) for the reporting of unethical conduct including occurrences of modern slavery.</li> </ul>	<b>3 and 4</b>
 <b>Training and Education</b>	<ul style="list-style-type: none"> <li>Conducted bespoke training with subject matter experts for senior management.</li> <li>Conducted Continuing Professional Development (CPD) sessions for lawyers and clients.</li> </ul>	<b>3 and 4</b>
 <b>COVID-19</b>	<ul style="list-style-type: none"> <li>Established protocols for safe working conditions both on-site and remotely.</li> <li>Ensured safe transition to work-from-home and back to the office.</li> </ul>	<b>3, 4 and 7</b>
 <b>Assessing Efficiency</b>	<ul style="list-style-type: none"> <li>Established our regular review process on an annual and ongoing basis to measure our modern slavery risk in our supply chain.</li> </ul>	<b>5</b>
 <b>Collaborative Efforts</b>	<ul style="list-style-type: none"> <li>Engaged with key personnel across our business units to ensure a unified and consistent approach.</li> </ul>	<b>6 and 7</b>

# OVERVIEW

## OUR OPERATIONS

K&L Gates is a fully integrated global law firm partnership with locations across five continents. With over 30 practice groups within nine broad practice areas, K&L Gates is committed to diligent and meticulous legal work delivered in an innovative and commercial way.

Our clients include leading multinational corporations, growth and middle-market companies, capital market participants, entrepreneurs in every major industry group, public sector entities, education institutions, philanthropic organisations and individuals.

As a professional services provider, we predominantly employ professionally qualified and highly skilled people. As at 31 December 2020, K&L Gates had approximately 450 partners and employees in Australia in both legal and non-legal roles across our operations.

We operate under a robust governance framework of an Australian Board, consisting of the Managing Partner and six Practice Area Leaders, supported by the Chief Financial Officer (CFO) and the Chief Operating Officer (COO). The COO leads a professional management team including Directors of Human Resources, Information Technology, Business Development & Marketing, Operations and Facilities, and Administration.

Notwithstanding we are part of a global law firm, the operations of the Reporting Entity are specifically focused in Australia, which has limited our exposure to modern slavery risk on a geographical basis due to the robust regulatory framework enacted by the Australian government. This, in conjunction with our own governance framework as well as the nature of our workforce, has ensured that the risk of modern slavery in our operations is relatively minor.

## OUR SUPPLY CHAINS

As a professional services firm, our supply chain largely consists of products and services that support our delivery of professional legal services to our clients.

An analysis of our spend data with over 1,300 separate supplier entities, conducted in conjunction with a third-party technology provider, identified that 97 percent of our direct suppliers are Australian-based, 2 percent are based in the United States and 0.3 percent in Singapore.

The industries in which our direct suppliers operate were identified as:

- Hotels, clubs, restaurants and cafes
- Services to finance and investment
- Retail trade
- Employment placement
- Domestic telecommunication services
- Market research and other business management services
- Electricity and water supply
- Sport and recreation services
- Postal services
- Computer and technical services
- Real estate agent services
- Accounting services
- Cleaning services.

# SUPPLY CHAIN MAPPING AND IDENTIFICATION OF MODERN SLAVERY RISK

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With support from external industry experts and technology providers, K&L Gates undertook an assessment to map the full extent of our supply chains to identify the areas with a potentially elevated risk of modern slavery.

**No actual or suspected cases of modern slavery were identified over the reporting period in our operations or supply chains.**

This analysis was done to create a comprehensive supply chain that identified any potential modern slavery risks from our direct suppliers to the tenth tier of our supply chain. The analysis involved the interaction of a number of factors that operate to elevate the risk of modern slavery within business operations and supply chains, including:

- Total supplier spend amounts (i.e., the value of our direct supplier contracts)
- Industry category and the industries that feed into them further down the supply chain, and
- Depth of “tiering” within the supply chain(s) (e.g., third tier suppliers, fifth tier suppliers).

The overwhelming majority of our direct suppliers are Australian-based entities. Due to the robust regulatory framework in Australia, these suppliers are less likely to have occurrences of modern slavery within their respective operations. Nevertheless, we conducted in-depth analyses of our direct suppliers to obtain a more holistic view of our modern slavery risk profile.

## IN-DEPTH ANALYSIS – DIRECT SUPPLIERS

In the further analysis conducted on our direct suppliers, over 20 percent of them were identified as having a potentially elevated modern slavery risk profile compared to the otherwise low risk profile of our other suppliers. However, additional desktop due diligence indicated that they are also mandatory reporting entities under the Australian and/or UK modern slavery legislation or possess robust policies and statements relating to ethical sourcing and a commitment to positive social outcomes. This does not, of itself, indicate

the absence of modern slavery risk but rather is a positive indication to us that our suppliers are undertaking proactive steps with regard to modern slavery.

## IN-DEPTH ANALYSIS – SPECIFIC INDUSTRIES

As previously noted, the overwhelming majority of our direct suppliers do not present a geographic risk. However, in our efforts to ensure the minimisation of any risk, we undertook an identification and analysis of certain industry categories that were classified as potential risk areas, as geographical analysis alone provides limited insight into modern slavery risk.

By classifying our suppliers into specific industries and analysing the risk of modern slavery within those industries, K&L Gates was able to identify potential risk areas from which we plan to take proactive steps in future due diligence.

Three key industries were:

1. Australian hotels, clubs, restaurants, and cafes
2. Australian services to finance and business services, retail trade
3. Australian market research and other business management services.

We did not identify these industries as having an elevated risk profile due to any specific high-risk activities being undertaken by our direct suppliers, rather, our identification of these industries was largely due to the more significant proportion of our spend over the reporting period which was attributable to suppliers in these industries. However, the majority of the minor risk identified in our comprehensive supply chain occurs in the more remote tiers of our supply

chain, where K&L Gates has a reduced ability to exert influence, as the risks were related to labour-inputs for manufactured materials.

Despite this, K&L Gates conducted further analysis to gain an insight into the particular root causes of this enhanced level of modern slavery risk to better inform future supplier onboarding and the scope of our future activities in the modern slavery space.

### Australian Hotels, Clubs, Restaurants, and Cafes

This industry category represents a range of small to large businesses that supply food and catering services to K&L Gates. Whilst our direct suppliers are not identified as carrying out activities that have an elevated risk of modern slavery, they source a broad range of inputs from other industries and services. These include:

- Retail trade
- Wholesale trade
- Paper containers
- Property operator and developer services
- Domestic telecommunications services.

The hospitality sector is recognised as a potential risk area for the occurrence of forced labour and other modern slavery practices within Australia. Migrant workers, such as international students in hospitality, are particularly vulnerable as evidenced by instances of exploitation that have been widely publicised in the media. Whilst we have not identified any specific allegations of modern slavery connected (either directly or indirectly) with our suppliers in this industry category, we recognise it as an area for ongoing due diligence.

The inputs for this industry also attract a risk of modern slavery given the raw inputs include the retail and wholesale sourcing of food products from Australian and overseas sources. The agricultural sector is an input for this particular industry and is subject to an elevated risk of modern slavery due to the exploitation of migrant workers on farms and the use of labour-hire companies, which may be undertaking risky practices. This, combined with the seasonal nature of agricultural work, may lead to poor labour practices.

Considering the above, whilst K&L Gates has not identified any instances of modern slavery occurring, we will be using the findings to inform any future engagement with suppliers within the area as well as engage with current suppliers to ensure positive practices.

### Australian Services to Finance and Business Services, Retail Trade

As a professional services firm, K&L Gates is supplied goods and services from a number of companies that operate in financial services, marketing, stationery, and printing services. These companies source inputs in the form of wood and paper products, metal-based materials and fabricated metal products.

Australia is a significant importer of paper products from countries such as China, which is identified as being a geographic region with an elevated risk of modern slavery. Although our direct suppliers in paper-based materials are Australian based, we are unable to exclude the possibility that, at lower tiers of the supply chain, these materials are being sourced from higher-risk localities.

An analysis of certain key suppliers within this space, however, indicated strong corporate social responsibility initiatives in the form of ethical sourcing policies, supplier codes of conduct and adherence to modern slavery legislation both in Australia and abroad.

Similarly, suppliers in the financial services sector do not directly attract modern slavery risk given they are sophisticated companies operating within Australia, rather, they are more likely to attract risk in their respective supply chains in the form of property maintenance services (office cleaning), information technology supply chains (hardware, software and customer support), office equipment, and hospitality services.

The analysis yielded positive results in that the majority of the risk of modern slavery occurs in the remote tiers in K&L Gates' comprehensive supply chain, meaning **we are unlikely to have caused, nor contributed to, modern slavery through our operations and supply chains** but rather are merely linked by virtue of the raw inputs sourced by our suppliers.

The ability for K&L Gates to enact direct and specific action in respect of these risks diminishes the deeper into the supply chain the risk occurs. This is due to the lack of bargaining power K&L Gates possesses to influence suppliers in these remote tiers, but in spite of such restrictions, we endeavoured to enact change to address our modern slavery risks.

# ADDRESSING MODERN SLAVERY RISKS – FURTHER DUE DILIGENCE AND REMEDIATION

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## FURTHER DUE DILIGENCE

The information gleaned from our assessment of over 1,300 of our direct suppliers will form the basis of ongoing due diligence activities beyond our reporting period. In undertaking such analysis, risk factors for modern slavery became readily apparent and we now possess relevant information to inform future decision-making based on industry and geographic factors. This will allow us to take a proactive approach to engaging and onboarding new suppliers and allow us to mitigate modern slavery within our supply chain before we engage with the prospective supplier.

## POLICIES AND AGREEMENTS

K&L Gates has a number of firmwide policies that have been implemented to address social and ethical issues. These policies have been reviewed to ensure they reflect our commitment to addressing modern slavery in our operations and supply chains.

At present, K&L Gates is in the process of developing a supplier onboarding and engagement process utilising public search tools, such as Supply Nation, and implementing a supplier questionnaire to query the supplier's modern slavery risk, including material sourcing and staffing. This will also accommodate the Reconciliation Action Plan that K&L Gates has recently implemented.

These actions will allow K&L Gates to appropriately communicate our commitment to mitigating modern slavery to our staff, suppliers, clients and stakeholders generally as well as equip key members of our firm to appropriately engage with at-risk aspects of our operations in a holistic way.

In order to empower our stakeholders to enact change, K&L Gates has put in place our "Speak Up Policy." The policy provides both our current and former employees, partners and contractors with a mechanism by which they may anonymously report behaviour that is dishonest, fraudulent, illegal, unethical, or any conduct that would be detrimental to K&L Gates, including concerns relating to modern slavery.

## EDUCATION AND TRAINING

Our executives have undertaken bespoke modern slavery training conducted by external subject matter experts. The training involved raising awareness on the types of modern slavery, specific risk insights into our supply chain drawn from the assessment discussed above and the due diligence practices that we can implement to mitigate the risk of modern slavery such as undertaking audits on suppliers. Internal meetings, including with partners and senior lawyers in Australia, have also been conducted to provide updates in relation to modern slavery, increase awareness of our clients' and our own modern slavery footprint.

Since the enactment of the Act, K&L Gates has conducted Continuing Professional Development sessions (in one instance with Professor Jennifer Burns, later appointed NSW Government's Anti-Slavery Commissioner) for lawyers at K&L Gates and our clients. This action was undertaken to educate our lawyers about modern slavery as they are the group most likely to identify and potentially report any perceived instances of modern slavery due to the extent of their involvement in the day-to-day operations of K&L Gates.

## CONSULTATION

K&L Gates recognises the importance of engaging with its numerous constituencies to formulate a holistic and fulsome approach to the risk of modern slavery.

In the process of drafting this Statement, K&L Gates engaged numerous business units within the firm including senior lawyers of various practice areas, human resources, corporate services, and our business development and marketing departments. As part of this dialogue, requests for information, discussion on risk factors and an agreement on the course of action for this reporting period and future reporting periods were facilitated.

This extensive consultation process allowed for the identification of modern slavery risk factors in our operations and supply chain, and helped inform the actions taken by K&L Gates to reduce our firmwide exposure to modern slavery.

# MEASURING THE EFFECTIVENESS OF OUR MODERN SLAVERY RESPONSE

K&L Gates is committed to ensuring ongoing compliance and refinement in the modern slavery space. We intend to continue to update our analysis of our comprehensive supply chain and conduct year-on-year comparative analyses in order to discern quantitative changes in our modern slavery risk profile and assess the effectiveness of our response.

In addition, we have established a number of Key Performance Indicators (KPIs) to measure, on an ongoing basis, the effectiveness of implemented measures for addressing modern slavery risks in our business operations and supply chains:

These KPIs have included:

- The rollout and implementation of new policies to directly address modern slavery issues in the context of a global law firm.
- Updated and introduced new procedures for supplier onboarding to assess modern slavery risks.
- Improved the tracking of goods and services purchased by K&L Gates to increase transparency of our supplier chains beyond the first tier.
- Conducted regular reporting and tracking of new suppliers.
- Instituted a Speak Up Policy (Whistleblower Policy), including the monitoring of the handling of any complaints or grievances.
- Firmwide rollout of targeted modern slavery training, staged over the 2021 calendar year, commencing 1 January 2021.
- Collaborated with local organisations and businesses with ethical supply practices and committing to alleviating modern slavery.
- Monitoring and increasing the level of supplier engagement specifically for addressing modern slavery issues.

K&L Gates has identified specific priority areas for due diligence activities in upcoming reporting periods including:

- **Product-specific modern slavery analysis**, building on the industry-category risk analysis that has been at the core of the modern slavery risk assessment activities carried out during the reporting period. We intend to focus on the specific products that form part of the 'typical' supply chain for a professional services/law firm. This includes:
  - » paper products and other office consumables
  - » computers, printers, servers and other electronic items.
- We also recognise that **targeted supplier engagement** can form an important part of holistic modern slavery due diligence activities, particularly in relation to going beyond the first tier. We intend to carry out comprehensive supplier questionnaires (and, where appropriate, further engagement) in conjunction with our product-specific modern slavery analysis.

We are embarking on the above priority activities with the aim of further examining key product groups to identify areas of potential modern risk. We recognise that, whilst complete supply chain visibility may be practically unachievable, the goal is to identify, well beyond those products directly supplied to us, a comprehensive dataset of every component part/material that forms part of a particular supply chain, and where (in terms of country of origin or region) that component part/material has come from.



# COVID-19

As a global law firm, the COVID-19 pandemic had an impact on all areas and in every jurisdiction. In March 2020, Australia's borders were closed and restrictions were put in place to alleviate the spread of COVID-19. Each K&L Gates office immediately enacted its Business Continuity Plan and Pandemic Plan and global and local COVID-19 preparedness teams were established. Fortnightly (or more frequently weekly) video calls were held to ensure swift action and that resources were managed.

On 10 March 2021, a global COVID-19 Task Force was established to assist clients and to provide updates about changes to legislation, rules and regulations. We communicated via email alerts, podcasts and videos which are accessible on our K&L Gates website:

[www.klgates.com/responding-to-COVID-19](http://www.klgates.com/responding-to-COVID-19).

K&L Gates provided technology to our employees to allow for the ease of transition to work-from-home and equipped them with the required tools and support to ensure ongoing productivity and thereby preserve jobs without the need to resort to support programs, such as JobKeeper. This allowed employees to work efficiently and safely within their homes during the pandemic and ensured a continued high standard of excellence in our legal services. This was a key aspect in our business continuity plan and minimised the impact of the pandemic on our operations.

During this time, due to almost every city in Australia being forced into lockdowns, we reduced or cancelled client events and internal meetings. The resulting impact on local suppliers, such as cafés and food and beverage companies,

was blunted due to the initiatives of the Australian government, such as JobKeeper, which allowed for the continued payment of employees, whether or not they were able to work, through a wage subsidy. This allowed for a continued source of income for a large proportion of workers for affected local suppliers and ensured the minimisation of potentially risky labour practices.

When restrictions began to ease, every K&L Gates employee in Australia was provided with a "Welcome back to the office" kit consisting of personal protective equipment (PPE) (gloves, masks, and hand sanitiser). Boxes of masks were placed in every meeting room and communal area along with bottles of hand sanitiser. Hand sanitiser stations were positioned at every entrance with disposable towels. Globally, we were able to manage the distribution of PPE to ensure every office had an adequate supply. K&L Gates undertook a staged return to the office to ensure ongoing engagement with our suppliers that operate within our office services and to protect the safety of our employees.

## 2021 AND BEYOND

K&L Gates remains committed to ongoing improvement in the modern slavery space.

In the upcoming months, K&L Gates intends to enact additional initiatives to better improve outcomes for our suppliers and other stakeholders.

Operationally, we intend to update our relevant policies and agreements to appropriately reflect our commitment to mitigating modern slavery and raise awareness of the issue with our stakeholders.

For our supply chains, we intend to undertake ongoing due diligence with our technology providers, a year-on-year review of changes in our modern slavery profile, and implement supplier questionnaires in our onboarding process to create a proactive approach to modern slavery risk.

We identified our modern slavery risk as being relatively low but K&L Gates is committed to ongoing action and continuing improvement within the modern slavery space and will undertake the proposed initiatives to uphold our values in a practical, tangible manner.

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K&L Gates is a fully integrated global law firm with lawyers located across five continents. The firm represents leading multinational corporations, growth and middle-market companies, capital markets participants, and entrepreneurs in every major industry group, as well as public sector entities, educational institutions, philanthropic organisations and individuals. For more information about K&L Gates or its locations, practices and registrations, visit [klgates.com](http://klgates.com).

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