

The logo for K&L GATES, featuring the company name in white, uppercase letters inside a solid orange square.

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# Modern Slavery Statement

Under the *Modern Slavery Act 2018* (Cth)

K&L Gates (ABN 81 310 965 026)

**Reporting Period**

**1 January 2021 – 31 December 2021**

# INTRODUCTION

K&L Gates presents our second 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.

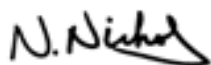
We are committed to opposing modern slavery in all its forms and acting in an ethical manner, with integrity and transparency in all of our business dealings. As part of this commitment, we have prepared this Statement to outline the actions taken by K&L Gates in 2021 to fulfil our strategy to assess, 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 the continuation of the COVID-19 pandemic, we have been able to uphold 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 covers 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, in its capacity as the principal governing body of K&L Gates, for lodgement in accordance with the requirements of the Act.



Nick Nichola  
Managing Partner, Australia, K&L Gates  
**Member, K&L Gates Australian Board**

*On behalf of the K&L Gates Australian Board  
and as a Responsible Member (as defined in the Act) of the Reporting Entity  
22 June 2022*

## 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 2021, K&L Gates had approximately 430 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, Australia, and seven partner board members, 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 (Client Growth), 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 for our Australian offices, with almost 520 separate supplier entities, was conducted in conjunction with a third party technology provider. It identified that over 98.75 percent of our direct suppliers are Australian-based, with other suppliers based in Singapore, the United States and Hong Kong. From our data, we were able to track the first ten tiers of our supply chain.

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

- Hotels, clubs, restaurants and cafes
- Periodicals (publications)
- Market research and other business management services
- Property services
- Retail trade
- Services to finance and investment
- Computer and technical services
- Electronic equipment
- Employment placement
- Domestic telecommunication services
- Cleaning services
- Postal 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., tier 3 suppliers, tier 5 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 suppliers, our second, third and fourth tier suppliers were identified as having a potentially elevated modern slavery risk profile compared to the otherwise low risk profile of our other suppliers in tiers 1, 5 or other tiers.

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 periodicals (publications)
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 Periodicals

As a professional services firm, K&L Gates sources information from publishers such as for case law and judgements, client news, industry updates and tracking of our own media. A number of these publications are sourced from overseas with most being available online.

Through this review, understanding the local laws and corporate social responsibility initiatives of those companies has been highlighted as a potential risk.

An analysis of certain key suppliers within this space, however, indicated an increasing focus on corporate social responsibility initiatives in the form of wage security, working conditions, ethical sourcing policies, supplier codes of conduct and adherence to modern slavery legislation and guidance both in Australia and abroad.

Similarly, suppliers in the publishing 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 second assessment, of 516 unique suppliers, has been forming the basis of ongoing due diligence activities beyond our reporting period. In undertaking such analysis, risk factors for modern slavery have become readily apparent and we now possess relevant information to inform future decision-making based on industry and geographic factors. This has allowed 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 firm-wide 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 has developed a supplier onboarding and engagement process utilising public search tools, such as Supply Nation, and implemented a supplier questionnaire to query the supplier's modern slavery risk, including material sourcing and staffing. This has been applied in parallel with the Innovate Reconciliation Action Plan that K&L Gates published in November 2021.

These actions have allowed 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, in November 2020, K&L Gates put in place a Whistleblower policy called the "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

As part of our ongoing Learning and Professional Development Program, training was undertaken in June and July 2021 to educate partners and staff in relation to Cultural Intelligence (IQ) Training. This was done as a series of three sessions held virtually focusing on issues including conscious and unconscious bias.

Internal meetings, including with partners and senior lawyers in Australia, have also been conducted to provide updates in relation to modern slavery, and to increase awareness of our clients' and our own modern slavery footprint.

This action was undertaken to educate our lawyers and support staff 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 firm-wide 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. As per our ethical sourcing strategy, we are updating our supplier self-assessment questionnaire to include a broader range of risks and more concise questions that are more directly related to our Supplier Code of Conduct. 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.
- Embedded a Speak Up Policy (Whistleblower Policy), including the ongoing monitoring of the handling of any complaints or grievances.
- Firm-wide rollout of targeted modern slavery training.
- 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.
- Establish a K&L Gates committee focused on modern slavery which includes members from various departments including Finance, Office Services (including our Risk Manager), Information Technology, Human Resources, Marketing and Business Development, and Client Services. These groups have the largest responsibility to identify, engage and monitor suppliers and vendors and must be part of the process to generate ideas for best practice to mitigate any potential risks.

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 continue carrying out comprehensive supplier questionnaires (and, where appropriate, further engagement) in conjunction with our product-specific modern slavery analysis.
- **More internal training to improve awareness of where modern slavery can occur**, how to engage with vendors and suppliers and ways to remediate. This is also more relevant as we improve how we track our expenditure (better categorisation and data entry) and identify suppliers beyond tier 1.

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. Weekly (or more frequently daily) video calls were held to ensure swift action and that resources were managed.

On 10 March 2020, 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). As the COVID-19 pandemic continues in different strains, we have continued to issue updates and client alerts regarding changes and developments.

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 the peak times of COVID-19 and with various 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.

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.

In 2021, employees were able to return to the office once they had been vaccinated and were able to adhere to COVID-safe practices. This also meant increase in office costs such as supplies, food and catering.

In Australia, we also undertook a series of meetings, workshops and a design sprint with employees in order to gauge views and ideas regarding 'returning to the office'. As a result, the firm introduced an initiative called 'Konnect' which provided employees with breakfasts and a barista service on nominated days each week in order to encourage people to come into the office and connect again. This also helped with morale and collaboration. We were also able to provide regular support to local businesses with our repeat events.

## 2021 AND BEYOND

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

During 2022, 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 and policy professionals located across five continents. For more information about K&L Gates or its locations, practices, and registrations, visit [klgates.com](http://klgates.com).

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