

Modern Slavery Statement, Sotheby's

Introduction

This statement is made by Sotheby's, the unlimited company incorporated in England and Wales, and Oatshare Limited (together "Sotheby's") pursuant to section 54 part 6 of the Modern Slavery Act 2015 (the "Act"). This statement covers steps taken by Sotheby's during the year ending 31 December 2020 to identify and prevent modern slavery and human trafficking in its UK business and supply chains. This statement also reflects Sotheby's practices and approach to the requirements of the Act for year ending 31 December 2019, which remained unchanged from previous years.

Slavery, servitude, forced labour and human trafficking is a global and growing issue, given the rapid rise in global migration, existing in every region in the world and in every type of economy, whether industrialised, developing or in transition. Forced, bonded or compulsory labour, human trafficking and other kinds of slavery and servitude represent some of the gravest forms of human rights abuses in any society. No sector or industry can be considered immune or untainted. Sotheby's takes seriously its responsibilities to be alert to the risks of modern slavery in its operations and supply chains, and to manage them appropriately.

The way that we treat and train our staff, and how we work with our suppliers and vendors, is already informed by the importance we place upon the rights and well being of those who work for us and with us.

We are committed to the principles of the Act and ongoing work to assess and identify the potential risk of modern slavery or human trafficking present in our supply chains or our business.

Sotheby's business and the Art Market

Sotheby's is a global art business, offering our clients opportunities to connect with and transact in the world's most extraordinary objects. Auctioneers since 1744, today we offer a variety of innovative art-related services, including the brokerage of private art sales, private jewellery sales through Sotheby's Diamonds, exclusive private selling exhibitions at our 12 galleries, art-related financing, and art advisory services, as well as retail wine locations in New York and Hong Kong.

Sotheby's U.K. operations are based in London on New Bond Street, where the main salesrooms, exhibition space, and administrative offices are located. We also lease 52,000 square feet for a state-of-the-art warehouse facility in Greenford, West London. We also have auction locations in various locations throughout North America, South America, Continental Europe and Asia, including sales centres in Geneva and Zurich, Switzerland; Milan, Italy; Paris, France; and Hong Kong, China.

The agency segment earns commissions by matching buyers and sellers of authenticated works of art through the auction or private sale process. As compensation for our auction services, we earn a commission from both the buyer (buyer's premium) and, to a lesser extent, the seller (seller's commission) both of which are calculated as a percentage of the hammer price of the property sold at auction. Private sale commission revenues are earned through the direct brokering of purchases and sales of art. Private sales are initiated either by a client wishing to sell property with Sotheby's acting as its exclusive agent in the transaction, or by a prospective buyer who is interested in purchasing a certain work of art privately.

Sotheby's approach to the requirements of the Act for the financial year 2020

In order to operate our business, Sotheby's uses our own workforce, and the services of external suppliers. We operate under our Code of Business Conduct & Ethics, as well as providing policies and programs designed to facilitate our ongoing compliance with all applicable laws, rules and regulations governing our worldwide operations. We educate and train Sotheby's staff about our

policies and regulatory expectations and promote a culture of everyday adherence to our core values of excellence, honesty, transparency, ethical conduct and integrity.

In 2016, in response to the introduction of the Act, Sotheby's established an Anti-Slavery Working Group in the UK (comprising members of Sotheby's UK executive and senior management) to review and identify categories of services and departments within the business that may be at risk of exposure to modern slavery and human trafficking. The procedures relating to supply chain diligence developed by the Working Group and as subsequently applied in Sotheby's business during prior years have remained in place during 2020.

Existing Procedures & Due Diligence Processes

As a highly successful global organisation, we owe our success to our people. Our workforce is passionate about their work, the remarkable objects and the people who collect them. Great works of art, as well as the collectors interested in consigning and acquiring them, inhabit the global sphere: naturally this is the arena in which our employees operate.

We are committed to ensuring that we offer equality of employment throughout the various locations in which we do business, although legal frameworks may differ. Through global standards such as our Code of Conduct, Anti-Discrimination and Anti-Harassment policies, we set clear parameters for how we expect our employees to interact with colleagues, suppliers and clients.

Relevant policies, including but not limited to professional conduct and compliance, are available and accessible to all staff. We maintain and publicise a whistleblowing hotline for employees or any other third party, as further detailed below.

We maintain robust recruitment processes in line with UK employment laws, and all employees are subject to relevant pre-employment checks. We check the identity and "right to work" eligibility of employees, including ensuring everyone employed is aged 16 and over. These standards and practices are reflected in our European offices, although naturally local implementation differs.

We offer market-relevant pay and reward which is reviewed annually, as well as benefits to support our employees and their families - in this way investing in the wellbeing of our staff.

In relation to suppliers, our practice continues to be to cultivate long-standing business relationships and make clear our expectations of their behaviour while on our business. In addition, we adhere to Sotheby's due diligence guidelines when engaging suppliers in larger contracts, or those contractual arrangements involving supply chains deemed to present a higher risk. Further, we have in place a reporting mechanism through Sotheby's whistleblowing hotline that enables employees and any other third party (including contractors) to report anonymously via phone or email any illegal or non-compliant behaviour they may observe, or any concerns.

Sotheby's ongoing monitoring of compliance with the Modern Slavery Act

Sotheby's is mindful of the need for ongoing compliance with the requirements of the Act, and that our work in preventing slavery in our supply chains shall continue to evolve. With that objective in mind, in 2020, Sotheby's developed its operational practices regarding supply chain management through the introduction of a dedicated Procurement function based in Sotheby's headquarters in New York with specific global oversight of the engagement of all suppliers. As part of the procurement function's processes for engaging suppliers, consideration is given to the nature, type and scale of work undertaken by suppliers within Sotheby's business and Sotheby's supply chains. Sotheby's practices have not changed during the year 2020, focusing on:

- Maintaining procedures to ensure Sotheby's operates a zero-tolerance approach to slavery and human trafficking, and is itself free from harassment and unlawful discrimination;

- Ensuring that large contracts or contracts for departments identified as potential higher risk are assessed using Sotheby's due diligence processes to provide greater transparency on suppliers.
- During 2020, a new stage of due diligence was embedded in procurement due diligence guidelines to communicate our expectations of major new suppliers to comply with appropriate anti-slavery and human trafficking laws and ascertaining whether suppliers produce Modern Slavery statements confirming compliance with applicable standards.
- As a result of the emergence of the Covid-19 pandemic during 2020, Sotheby's undertook a global review of its business and in the light of various government guidance took steps to reduce non-essential business activities such as business travel and physical attendance in the workplace. Sotheby's Operations team took steps to work closely with suppliers to ensure continuing operations of Sotheby's business complied with applicable guidelines and regulations. The well-being of Sotheby's employees, its clients and suppliers was Sotheby's priority during 2020, given the significant business disruption.

For 2021, in respect of the UK Sotheby's Working Group, we aim to:

- Continue the review of contracts with existing suppliers and non-employee consultants to make any necessary changes where appropriate; and
- Deliver training for the primary gatekeepers in managing both high-value and low-value suppliers within Sotheby's business, specifically addressing their awareness of and identification of risks of slavery and human trafficking in our supply chain, and their understanding of the regulatory and ethical obligations.



Sebastian Fahey

Managing Director, Sotheby's UK

For and on behalf of:

Sotheby's

Oatshare Limited

This statement has been approved by resolution of the Board of Directors of Sotheby's and Oatshare Limited dated 14 February 2021