

# Modern Slavery Statement

## FY 22-23



1st November 2023

# kóala



## Introduction

K Sleep Holdings Pty Ltd (ABN 48 619 538 671) is the parent company of :

- Koala Sleep Pty Ltd in Australia, (ABN 18 605 237 090);
- Koala Sleep Japan KK in Japan; and
- Koala Home SK Co. Ltd. in Korea.

K Sleep Holdings Pty Ltd is an Australian Private Company. The registered office details are:

K Sleep Holdings Pty Ltd  
12/37-41 O'Riordan St,  
Alexandria NSW 2015  
Australia

Through this statement, the reporting entities shall be collectively referred to as "Koala" or "we".

Koala designs a range of mattresses, furniture and homewares in Australia, partners with third party vendors to manufacture and sell our products in an online ecommerce experience in Australia, Japan and South Korea.

This joint Modern Slavery Statement has been prepared in conjunction with all companies we own or control, through an engaged consulting process with internal stakeholders. It encompasses actions we intend to take to address any risks and requirements, and an assessment of the effectiveness of current actions across our business operations and supply chain over the financial year ending 30 June 2023 in accordance with the Modern Slavery Act 2018 (the Act).

Koala is committed to operating responsibly, and taking all reasonable steps to ensure there is no form of modern slavery within our supply chains or other areas of our business.

Moreover, we encourage all our supply partners to promote best practices and continuous improvement within their own supply chains, including:

- Supporting workplaces that are free from any form of discrimination, harassment, abuse, and any form of slavery;
- Supporting businesses that provide a living wage without excessive working hours;
- Supporting the United Nations Universal Declaration of Human Rights;
- Supporting the United Nations Convention on the Rights of the Child;
- Support UN SDG 8 - Decent Work and Economic Growth through target 8.7 to eradicate modern slavery and human trafficking;
- Respecting equal opportunity rights and freedoms;
- Promoting compliance with all relevant laws and regulation; and
- Striving to be a leader in helping habitats thrive.

Koala's FY 22-23 statement reflects our ambition to do better and understand how we can identify and mitigate the risks of Modern Slavery. Similarly, the independent review of the Modern Slavery Act was released during May 2023 with 30 recommendations to strengthen and enhance the law.

Our ambition to bring a laid-back vibe of the modern Aussie lifestyle in the beautiful, innovative products we sell comes with the obligation that we must do right by the people who help to make this happen and ensure that they have the dignity and protection afforded to them.

Mitch Taylor, Founder - Koala

*In the spirit of reconciliation, Koala acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community.*

*We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.*

# koala



# Our structure, operations and supply chain

## Structure

K Sleep Holdings Pty Ltd (ABN 48 619 538 671) is the parent company of:

- Koala Sleep Pty Ltd is an online furniture retailer based in Sydney, Australia
- Koala Sleep Japan KK is an online furniture retailer based in Tokyo, Japan.
- Koala Home SK Co. Ltd. is an online furniture furniture retailer based in Seoul, South Korea

## Registered and Principal Place of Business

K Sleep Holdings Pty Ltd is a registered Australian Private Company. Koala's registered and principal place of business within Australia is located in Sydney and, with additional offices located in Tokyo, Japan and Seoul, South Korea.

Koala operate a physical retail stores Tokyo. We also operate Koala Second Home, a furniture recovery and factory outlet based in Sydney, Australia.

During the reporting period, Koala employed a total of 195 people. The below table summarises this by business jurisdiction and employment status.

	Total Number of Employees	Number employed directly	Number employed on contract	Number employed on temporary visas
Australia	144	138	-	6
Japan	36	36	-	-
South Korea	2	2	-	-
USA	1	1	-	-
Brazil	1	-	1	-
Philippines	2	-	2	-
Fiji	9	-	9	-

## Our Operations

Our operations are primarily focused on design, third party manufacturing, sales and delivery of uniquely designed products such as our award winning mattress, bedding, sofas and sofa beds, homeware furnishings and our tool-less, easy-to-assemble furniture.



## Tier 1 Product Vendor Overview

During the reporting period, we sourced from twenty one Tier 1 product vendors across four countries. The table below breaks down the vendors by country and product type. For three of these vendors we dealt through an agent or intermediary .

	Furniture (Including Sofas and Mattresses)	Bed Linen Textiles, Pillows and Similar	Homeware Textile Products	Homeware Textiles & Rugs
Australia	2			
China	11	5		
India			1	1
Türkiye		1		

## Tier 2 Product Vendors

During the reporting period we dealt with a number of vendors that supplier our Tier 1 products with components, materials or gift with purchase. All of these vendors are based in China. As part of our supply chain mapping we are continuing to work with our Tier 1 vendors to understand Tier 2 vendors and beyond including through material certification such as GOTs (Global Organic Textile standard) and FSC (Forest Stewardship Council)

Fabric Mills	5
Hardware and Components	1
Gift with Purchase	2

## Other services and products

We also procure a range of products and services that help support and facilitate our business operations. These include:

- 3rd party warehousing;
- 3rd party logistics including transport and last mile delivery;
- IT support and development;
- Customer service call centre support;
- After Sales services such as assembly services;
- Marketing services;
- Cleaning services;
- Security; and
- Utilities and other services in Australia, South Korea and Japan

## Our structure, operations and supply chain (cont)

### Koala is a Certified B Corporation

Koala is proudly certified as a B Corporation that is committed to making sure we have a positive impact socially, economically, and environmentally. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

In order to achieve certification, Koala must:

- Demonstrate high social and environmental performance by achieving a B Impact Assessment score of 80 or above and passing our B-Corp's review;
- Make a legal commitment by changing their corporate governance structure to be accountable to all stakeholders, not just shareholders, and achieve benefit corporation status if available in our jurisdictions; and
- Exhibit transparency by allowing information about their performance measured against B Lab's standards to be publicly available on their B Corp profile on B Lab's website.

### Koala's Charitable Activity

Giving back to the planet and its people has been at the heart of Koala since 2017.

- We have supported World Wildlife Fund (WWF) in their efforts to protect biodiversity with over AUD 3 million in donations
- We donate 1% of our gross sales annually through 1% for the Planet
- We work with local charities to donate furniture for people and families displaced by domestic violence and natural disasters

### Koala's Reconciliation Action Plan (RAP)

In May 2023, Koala completed its Reflect Reconciliation Action Plan (RAP). We partnered with the Karrkad Kanjdji Trust (KKT) to provide guidance and support on our on our reconciliation journey. KKT works with Indigenous ranger groups in one of the most culturally rich and biodiverse regions of Australia: West and Central Arnhem Land.

KKT bring rangers and philanthropists together to address some of the region's most pressing issues, including environmental conservation, ranger employment and the intergenerational transfer of Indigenous knowledge. Each project that they partner on is 100% community owned, from concept to implementation.

## Risks within our Supply Chain and Operations

Koala continues to recognise local and overseas supply chains have potential risks of modern slavery existing within them. Modern slavery is a significant problem globally and Koala has a part in helping to eliminate it.

### Understanding the Risks

The following risk assessments were summarised using the SEDEX (Supplier Ethical Data Exchange) application *Radar*. This tool allows for assessment at a Country / Sector level across labour, human rights and governance risks, drawing from a variety of reported evidence from Government, NGOs and media reporting.

The inherent risk is graded as either Low, Medium or High. The numerical scoring is out of 10 with the higher the number the higher the inherent risk score. Labour Standard score is based on:

- Risk of forced labour;
- Ease of Freedom of Association;
- Risk of Child and Young workers;
- Risk of irregular employment;
- Ability to earn a living wage;
- Risk of excessive working hours;
- Risk of discrimination; and
- Risk of exploitation based on gender

This overview highlights the sectors and geographic locations where Koala sources the products we sell and services we source from.

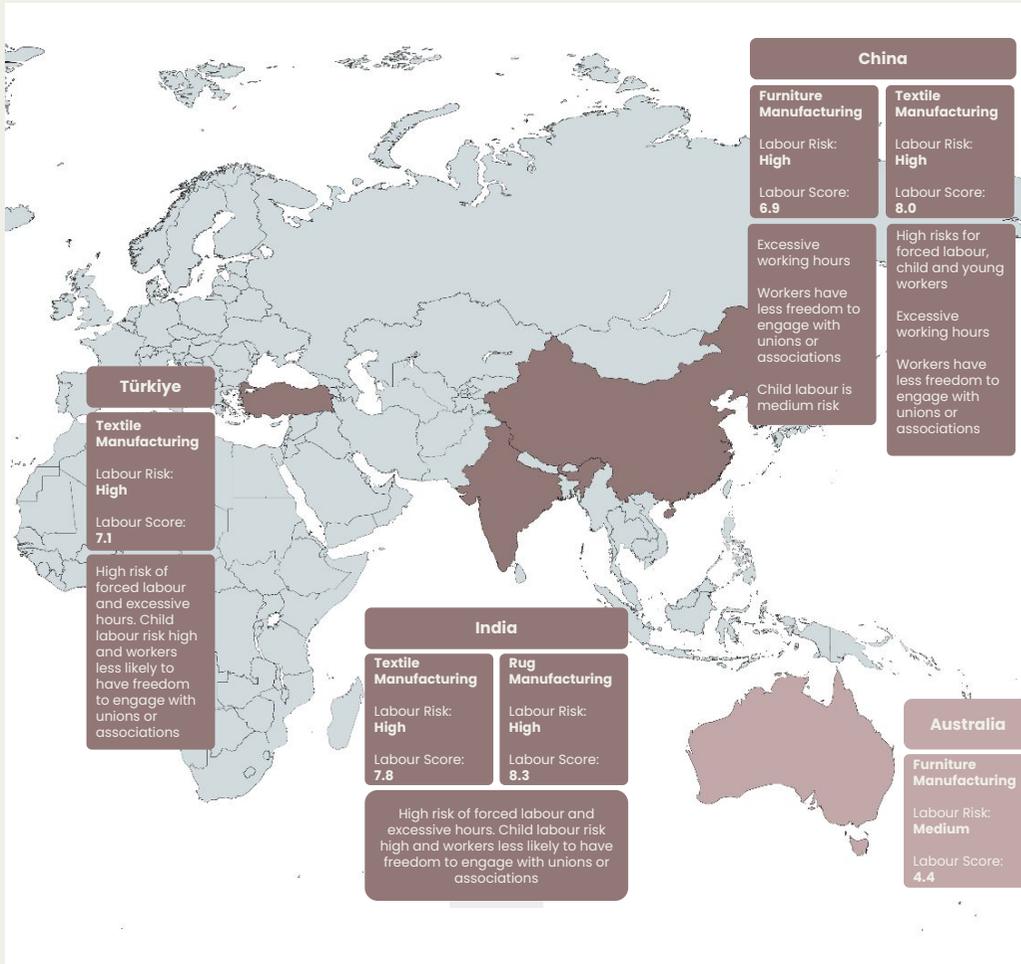
# Risks within our supply chain & operations (cont)

## Product Supply Chains – Our Highest Risks

Koala sources furniture, bedding and homewares products mostly from offshore and, by extension, much of the raw & semi-finished materials and components which increases the risk of modern slavery occurring in our supply chain.

### Tier 1 Vendors

The map highlights the risks of the sectors and countries where our products are produced and finished as per *Radat*.



## Further within the Supply chain: Tier Two and Beyond

The inherent risks extend through the supply chain including processes of materials, components that make up the finished product (such as metal, textiles, packaging materials and internal freight).

The below tables summarises some of the key processes and activities within the product supply chain as per *Radat*

	Australia	China	India	Türkiye
Freight / Transport	4.2 (Medium Risk)	6.3 (High Risk)	6.6 (High Risk)	5.9 (Medium Risk)
Manufacturing of Games and toys	-	7.0 (High Risk)	-	-
Paper / Cardboard Manufacturing	4.4 (Medium Risk)	6.8 (High Risk)	7.0 (High Risk)	6.3 (High Risk)
Printing (Books etc)	-	6.2 (High Risk)	-	-
Fabrication of metal components	-	6.3 (High Risk)	-	-
Weaving of Textiles	-	8.0 (High Risk)	7.8 (High Risk)	7.1 (High Risk)

## Raw Materials – Cotton

Cotton is widely recognised as having amongst the highest risk of child and bonded labour of any commodity. This extends from growing and refining. Based on engagement with our supply chain and through information from *Radat* we have identified countries of origin and their risks.

	Labour Standard Risk Score	Labour Risk Category	Specific Labour Risk
Brazil	6.6	High Risk	Child Labour
China	7.8	High Risk	Child Labour & Forced Labour
Egypt	7.5	High Risk	Child Labour
India	8.1	High Risk	Child Labour
Kyrgyzstan	6.8	High Risk	Child Labour
Türkiye	7.1	High Risk	Child Labour



# Risks within our supply chain & operations (cont)

## Risks in our Operations

To support our core business activities, we procure a variety of goods and services. We have mapped out the risks across the countries of Koala's operation (Australia, Japan and South Korea). The risk in the table shows the Labour Standard risk as per Radar.

	Australia	Japan	South Korea
Cleaning Services	Medium Risk	Medium Risk	
Marketing Services	Low Risk	Low Risk	Low Risk
Professional Service	Low Risk	Low Risk	Low Risk
IT Support & Development	Low Risk	Low Risk	Low Risk
3rd Party Warehousing / Logistics	Low Risk	Low Risk	Medium Risk
Security	Low Risk	-	-

## Internal Business Operations

Within our own business operations, the risks of modern slavery have been identified as low. This is based on our internal policies and process for hiring. During our screening process we have the following checkpoints in place:

- Upon application in our recruitment software platform, candidates are required to submit their CV/contact details, as well as right-to-work affirmation and right-to-work document proof;
- Through the interview process we gather further information and meet them in person or virtually prior to offer; and
- At the offer stage, we request their ID or Passport and run a final VEVO (Visa Entitlement Verification Online) system check.

# Our Governance and Policies



Koala has maintained and updated policies to manage risk through our supply chain and organisation:

- Koala's ESG Strategy;
- Product Supply Chain Vendor Due Diligence;
- Supplier Code of Conduct;
- Supplier Guide;
- Workplace Behaviours (Conduct @ Koala);
- Equal Opportunity, Bullying & Harassment Policy;
- Whistleblower Policy (Speak up @ Koala); and
- Work, Health and Safety Policy.

## Koala's ESG Strategy

The ESG pillar of Koala's Group Strategy, entitled *Keep It Wild*, focuses on three key areas where Koala can have the most impact:

- Planet;
- Product; and
- People.

The ESG Strategy is internally coordinated by the Sustainability Guild. The Guild consists of Koala employees representing different countries and teams across Product, Finance, Customer Service, People & Culture, Retail and Logistics.

Koala's actions to combat Modern Slavery sits within the People pillar as part of response to it and Ethical Supply Chains.

## KEEP IT WILD

BETTER FURNITURE EXPERIENCES, **DESIGNED WITH THE WORLD IN MIND**

PLANET	PRODUCT	PEOPLE
<b>SAVE THE KOALA!</b>	<b>DESIGN CIRCULAR</b>	<b>EVERYONE BELONGS</b>

*Koala's ESG Strategy "Keep it Wild". Our actions to combat Modern Slavery sits within the People pillar as part of our response to it.*

**ANTI-MODERN SLAVERY AND ETHICAL SUPPLY CHAINS**

The Sustainability Guild is updated on activities relating to Modern Slavery. In addition, a smaller group within the Sustainability Guild meets to discuss governance & policy specifically relating to Modern Slavery. The Koala Board is responsible for endorsing the modern slavery statement and sustainability initiatives.



## Product Supply Chain Vendor Due Diligence



### Pre Audit Questionnaire

This is completed by the supplier to provide Koala with a basic understanding of the factory capabilities, certifications, and their previous experience with specific mandatory compliance requirements.

Any prior ethical audit the supplier has is reviewed and assessed. Accepted audits must:

- Be no more than 12 months old; and
- Be a 3rd party SA8000, SMETA or amfori BSCI audit.

This questionnaire is completed and reviewed by the Quality Team at Koala.

### 3rd Party Ethical Audit

Where a prospective manufacturer has an existing amfori BSCI or SMETA or equivalent audit, it will be reviewed and accepted depending on the result and findings in the audit.

Whilst these audits are a moment in time, they provide a structured framework of assessment. Broadly SMETA, BSCI and SA8000 audits will assess a factory's:

- forced and child labour risks;
- workplace safety;
- respect for freedom of association;
- discrimination, disciplinary and grievance policies;
- working hours and compensation; and
- management systems.

Where a vendor does not have a valid audit, Koala will arrange a 3rd party SA8000 audit. We may include a Social Audit within a separate, additional Technical Audit of a manufacturer to verify the circumstances at the factory match the BSCI or SEDEX audit.

### Review and Corrective Actions

Once the SA8000 audit is submitted, we review the findings and prepare a list of corrective actions for the vendor to undertake improvements.

Where the audit results highlight high risks, we will arrange a re-audit by QIMA to verify that the improvements have been implemented and are satisfactory.

### Decision on Vendor

Following the audit and re-audit, the Quality team will make a recommendation to continue or discontinue working with the vendor.

Where a high risk has been identified and it has shown little - to - no improvement, Koala will stop dealing with the prospective vendor.

### Sign Code of Conduct & Agreement

Prior to placing orders, the successful prospective vendor will sign agreements and the code of conduct.

#### Ongoing Audits of Existing Tier 1 Vendors

We will continue to evaluate active vendors with 3rd party ethical audits every 1 - 2 years.

#### Visits to Vendors Sites

Where circumstances allow for it, Koala team members will visit vendor sites to understand the operations, working conditions, safety measures and identify corrective actions that have been resolved or remain outstanding.

#### Review of Policy

A review of the due diligence policy began during the reporting period. The review included:

- Use of SEDEX's Radar tool for assessment; and
- Pre-Audit Questionnaire and information requested within.

# Our Governance and Policies (cont)

## Supplier Code of Conduct

Our Supplier Guide and Code of Conduct specify key expectations a supply partner to Koala must meet across the following areas:

- Modern Slavery and Child Labour;
- Discrimination, Harassment, Freedom of Association and Abuse;
- Wages, Working Rights and Working Hours;
- Workplace Health and Safety; and
- Sustainability and Environment.

The Supplier Guide and Code Of Conduct is communicated directly to Tier 1 Product Suppliers. These vendors are required to sign this Code as a prerequisite of partnering with us. Compliance with this Supplier Guide and Code of Conduct is built into our standard trading terms and conditions with suppliers. It is assessed on an initial and ongoing basis through our supplier audit program.

Additionally, during the reporting period our 3rd party warehousing and transport / logistics providers in Australia also signed the Code of Conduct.

## Specific Requirements around Modern Slavery and Child Labour in the Code of Conduct

These requirements include that supply partners:

- Shall not engage in any form of modern slavery, including (but not limited to) servitude or any slavery including, forced, indentured or bonded labour or any other similar exploitative practices;
- Shall not engage in any form of human trafficking including forced marriages, deceptive hiring for labour or services or similar slavery like practices;
- Shall not engage in the use of any child under the age of 15 years for labour, notwithstanding any local regulatory minimum working age limits;
- Supply partners will not ask, force or otherwise coerce young workers to carry out work that is potentially hazardous or harmful to them;
- Protect Young Workers from any interference with their education, physical, mental or social development;
- If supply partners are not already, they agree to work towards putting in place policies and procedures to actively check any component or material supplier, or service provider they engage with that they do not have any forced labour, or children workers under the age of 15; and
- If the supply partners do not have this in place Koala commits to helping them in setting up these policies and procedures.

## Review of the Code

Towards the end of the reporting period, we engaged Anti Slavery Australia (ASA) to carry out a review of the Code of Conduct and make recommendations on ways to improve. The review by ASA will be completed in the next reporting period.

## Supplier Guide

This guide is sent to prospective suppliers to outline Koala's expectations regarding Ethical Supply, the Due Diligence Process and to summarise the Code of Conduct.

## Workplace Behaviours

Our internal company policy, *Conduct @ Koala*, sets out our guiding principles on:

- Acting ethically, with professionalism and integrity;
- Complying with laws and with Koala policies;
- Managing conflicts of interests responsibilities; and
- Speaking up when uncertain or uncomfortable.

The policy applies to Koala employees, directors/officers, contractors, interns and volunteers and forms the basis of the terms of their employment. Within the policy and explicitly stated is:

- We do not offer or give bribes, facilitation payments or other benefits to influence others. Similarly we do not accept bribes or other benefits;
- We do not facilitate, condone or enable any form of corrupt behaviour and we report any misconduct, including fraud or corruption which we become aware of at work;
- We cooperate with any investigations being conducted by Koala or any external regulatory bodies; and
- We understand the source of inputs to the business and supply chain and do not enable exploitation.

The policy is available to employees on an internal site.

## Equal Opportunity, Bullying & Harassment Policy

This policy outlines unacceptable or unlawful behaviour and applies to Koala employees, directors/officers, contractors, interns and volunteers and forms the basis of the terms of their employment. The policy is available to employees on an internal site.

## Whistleblower policy

The Koala whistleblower policy, *Speak up @ Koala*, is embedded throughout our operations and supply chain to provide an independent confidential channel for any employee, contractor or supplier to report suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct (including modern slavery).

A 3rd party operates the service for Koala and is accessible via a variety of means including QR Code, Phone, Email and WhatsApp and NRS for the hearing impaired. Multiple languages are supported.

During the reporting period, Koala began a comprehensive internal review of the Whistleblower policy to assess its suitability and effectiveness for use across our Product Supply Chain.

## Work, health and safety policy

This policy details our commitment to protect the safety, health and welfare of our employees, customers, contractors, visitors and the community.



# Assessing the Effectiveness of our Actions



## Product Supply Chain Mitigation

### Material Certification

Koala's commitment to sustainable sourcing and processing of materials means that many of our suppliers use raw materials which are certified under globally recognised schemes that require compliance with acceptable standards on labour rights and safety. While certification schemes can provide a certain level of assurance at the lower tiers of the supply chain, Koala recognises that certification alone does not eliminate the risk of modern slavery.



**Cotton**

**100% of the cotton bed linen Koala sold during the reporting period were Global Organic Textile Standard (GOTS) certified.**

GOTS has social requirements based on the ILO, UNGP and OECD norms. The standard requires a social compliance management system through the supply chain.



**Wool**

**100% of the woollen rugs Koala sold during the reporting period were RWS (Responsible Wool Standard) Certified.**

RWS have social welfare requirements for farms including hire practices, child and forced labour.

RWS gives enhanced traceability and independently certifies the country and region of origin.



**Timber**

**Over 80% of Koala products that contain timber have full Forest Stewardship Council (FSC®) chain of custody certification.**

Under FSC, certificate holders must demonstrate conformance to the FSC Core Labour Requirements including: the abolition of child labour and the elimination of forced labour and discrimination.

### Third Party Audits

During the reporting period the following number of Tier 1 & 2 vendors were re-audited to either SMETA, BSCI or SA8000 standard:

- Tier 1: 14 vendors re-audited
- Tier 2: 2 vendors re-audited

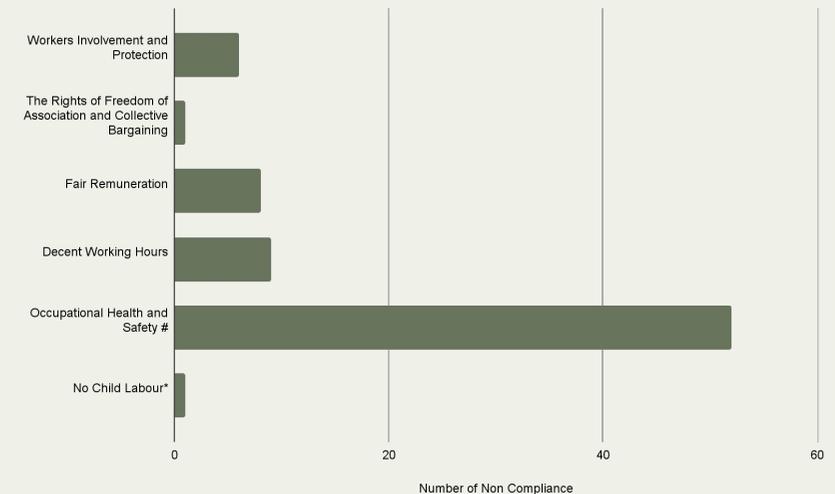
One prospective Tier 1 vendor was audited. No audits showed direct evidence of Modern Slavery.

During the reporting period no existing vendor's supply arrangements were suspended or terminated as a result issues associated with modern slavery, child labour, wages, hours, benefits, health and safety, labour practices or environmental management.

### Third Party Audit Non-Conformance During reporting Period

The following chart outlines the number of non-conformances found during audits. The table amalgamates the results around the BSCI criteria. As the number of audits will vary from year to year, comparing the prior year's performance is not helpful. However measuring the average number of non-compliances showed a slight decrease during this reporting period:

- FY 21-23: 10
- FY 22-23: 7



\* During the reporting period a non-compliance around a law in India requiring certain businesses to provide a creche. This non-compliance was reported with the Child Labour section of the audit. The factory has since provided this facility.

# OHS non-compliances identified were resolved through corrective actions and were closed out (see next page)

# Assessing the Effectiveness of our Actions cont

## Corrective Actions following Audits

Suppliers engaged in corrective actions on the issues found during audits. Most of the actions were verified by desktop audit or during supplier visits by Koala.

In one instance during the reporting period, Koala engaged a 3rd party to re-audit the factory to verify that improvements in workplace health and safety had been made. This was followed up by a visit to the factory by Koala later in the year.

## Visits to Product Suppliers for the Reporting Period

As restrictions on travel began to lift, Koala were able to visit product suppliers. During this time the Koala Quality team visited:

- Three prospective vendors; and
- Five active vendors.

During the visits to the vendor's site, inspections were made to assess general conditions, safety and follow up on outstanding corrective actions from earlier audits to determine whether they have been resolved or require further improvement.

## Signed Code of Conducts

During the reporting period we worked across supply chains to have vendors sign the Code of Conduct that was updated in the prior reporting period:

- Tier 1 Product Vendors: 12
- Tier 2 Product Vendors: 6
- Warehouse / Logistics Vendors: 3

## Cotton Survey

We surveyed a total of 13 Tier 1 & Tier 2 Product Supply Chain vendors to better understand their policies and the countries they source from.

## Operations

### Employee Training

During the reporting period, Koala implemented Modern Slavery training awareness as part of its onboarding of new employees. Since this training began in January 2023, 22 new employees received this training. The training explains:

- What modern slavery is;
- The types of modern slavery;
- The drivers of modern slavery;
- What Koala is doing to prevent it; and
- How modern slavery can occur in supply chains and how a business's interaction can contribute to it.

## Policy and Statement Review

### External Reviews

Koala engaged with Anti Slavery Australia (ASA), a specialist legal practice, research and policy centre committed to the abolition of modern slavery in Australia, to carry out an expert review on the following:

- Koala's FY21-22 Modern Slavery Statement; and
- Koala's Supply Partner Code of Conduct.

This review by ASA will be completed in the FY 23-24 reporting period.

### Internal Reviews

We began a review of the following existing policies:

- Koala's Due Diligence for Supply Chains; and
- Our internal whistleblower Policy "Speak Up".

## Engagement with External Bodies

Koala engaged with SEDEX to better utilise their online platform to assist in risk identification and mitigation.

We engaged Anti-Slavery Australia (ASA) to review our prior Modern Slavery Statement and Supply Partner Code of Conduct.

## Complaints and investigations

Since the introduction of the whistleblower policy, which is supported by Koala's internal grievance reporting mechanisms, no complaints were made requiring further investigation during the reporting period.

To help further promote the mechanisms available to both suppliers and the Koala team we have highlighted this policy within the revised Supplier Guide and Code of Conduct, which is in the process of being distributed to all existing manufacturing supply partners.

## Remediation

Koala's whistleblower policy (Speak Up @ Koala) encourages the reporting of suspected ethical, illegal, or fraudulent activity. This policy operates within our operations and across our supply chain.

Our policy outlines that all allegations would be taken seriously and protect the identity of the individual(s) reporting it.

Within our business, our internal policies to raise and resolve grievances within the Workplace include:

- Workplace Behaviours @ Koala;
- Conduct @ Koala; and
- Diversity and Inclusion Framework.



# Assessing the Effectiveness of our Actions cont

## Summary and Update on Activity

Action	Status	Update	Action for FY 23-24
<b>Training:</b> Modern Slavery Awareness for all new Koala employees	<b>Completed / Ongoing</b>	Since January 2023, all new Koala employees received this training during their on-boarding	Focus on enhanced training for Quality team members.
<b>Risk Assessment:</b> Utilise risk assessment tool that can provide better understand country and sector risks	<b>Completed / Ongoing</b>	Since December 2022, we have been using SEDEX's risk assessment applications to better map these risks	Review options for risk assessment tools for non SEDEX members to better understand inherent risks
<b>Cotton Supply Chain:</b> Understand cotton sourcing risks by engaging with our Tier 1 and Tier 2 vendors	<b>Completed / Ongoing</b>	Vendors completed questionnaire during reporting period	Continue mapping supply chain and use 3rd party certification to enhance supply chain transparency  Continue working on Cotton Sourcing Policy
<b>NGO engagement</b> Koala engaged Anti Slavery Australia (ASA) to review its FY21-22 Modern Slavery Statement and Supplier Code of Conduct	<b>Completed / Ongoing</b>	ASA began its review in June 2023	ASA will complete the review during the FY23-24 reporting period
<b>Policy:</b> Koala began a review of the the following policies:  - Grievance Policy (Internal review) - Due Diligence (Internal review) - Supplier Code of Conduct (External review by Anti Slavery Australia)	<b>Ongoing</b>	<b>Grievance Policy</b> Modern Slavery Working group reviewed the current policy and options for 3rd party grievance management for product supply chain  <b>Due Diligence</b> Updating risk assessment and pre-audit questionnaire  <b>Supplier Code of Conduct</b> External review by Anti Slavery Australia	Finalise review and update policies
<b>Tier 1 Product Supply Chain</b> We worked with Tier 1 vendors to sign our Supply Partner Code of Conduct	<b>Completed</b>	All outstanding and active vendors have signed our Code of Conduct. All vendors now have either a signed code of conduct or have Modern Slavery requirement in their Supplier Agreement	We will continue to have any new Tier 1 Product Supply Chain vendors sign the Code
<b>Tier 2 Product Supply Chain</b> We worked Tier 2 vendors sign our Supply Partner Code of Conduct	<b>Completed / Ongoing</b>	Six major Tier 2 vendors that supply multiple Tier 1 vendors signed the Code of Conduct	We will continue to have Tier 2 Product Supply Chain vendors sign the Code
<b>Non-Product Supply Chain</b> We worked with our supply chain partners in Australia and have them sign our Supply Partner Code of Conduct	<b>Completed / Ongoing</b>	All Product Supply Chain Partners for transport and warehousing in Australia signed the Code of Conduct	We will review our Risk Assessment and focus on services partners to sign the Code of Conduct

# Consultation and Approval of Statement



This Modern Slavery Statement has been prepared in conjunction with all companies we own or control.

Engagement within the business entities was undertaken through the working group within the Sustainability Guild. The working group maintained and update information pertaining to the statement.

Our Koala subsidiaries globally operate under a common set of frameworks and governance, including the policies and programmes through which modern slavery within our operations and supply chains are mitigated, evaluated and reported on.

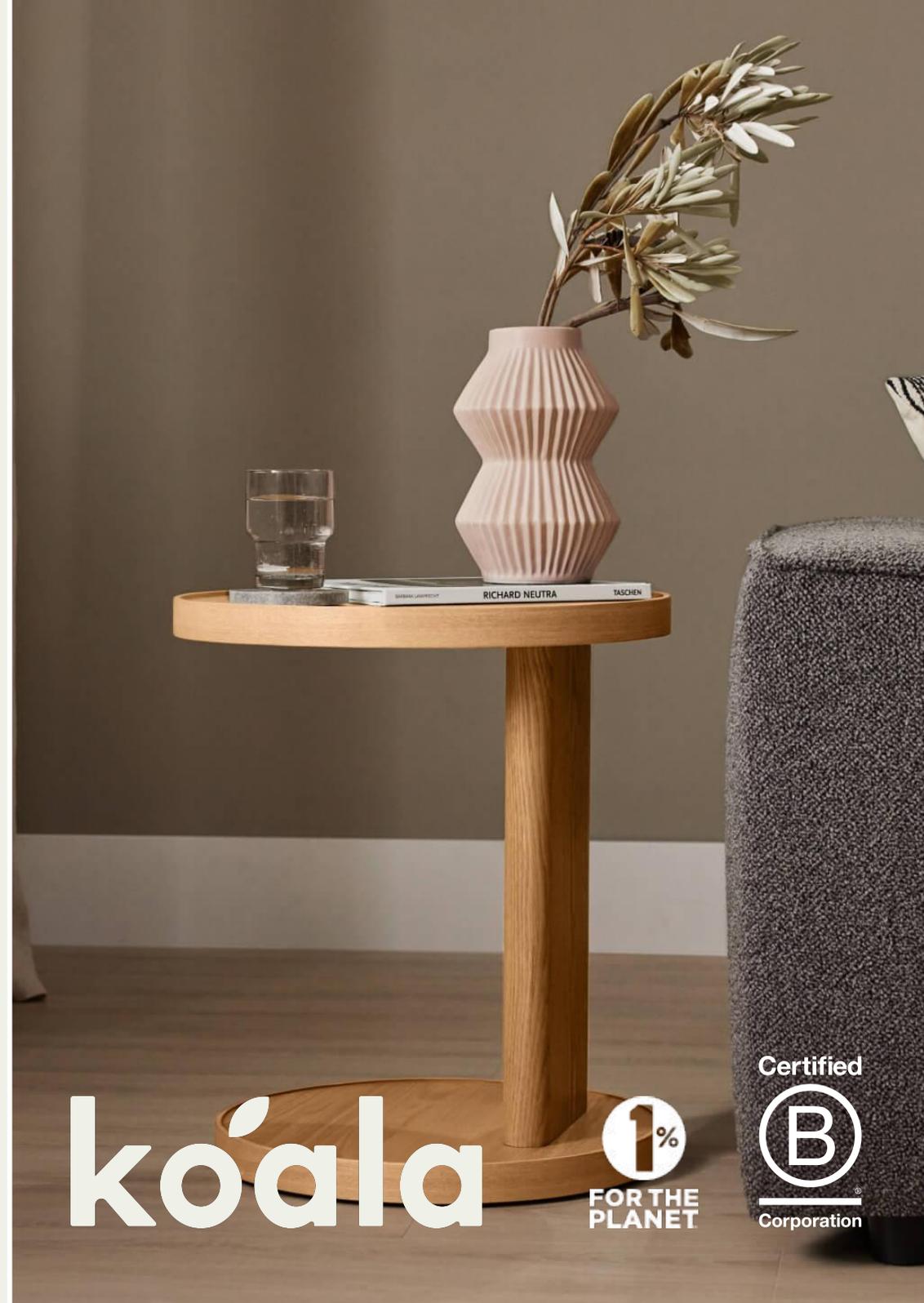
This statement relates to our financial year ending 30th June 2023 and was approved by Mitchell Taylor (CEO) and our Board of Directors on 1st November 2023.

Mitchell Taylor  
Chief Executive Officer  
K Sleep Holdings Pty Limited  
On 1st November 2023

# Appendix

This Modern Slavery Statement was prepared in accordance with the criteria set out in the Modern Slavery Act 2018 (Cth) (Australia). The table below outlines where information related to each mandatory reporting criteria can be located within the report.

Mandatory Reporting Criteria	Where this reporting criteria is found in our statement
Identify the reporting entity	Introduction
Describe the structure, operations and supply chains of the reporting entity	Our structure, operations, and supply chain
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Our Governance and Policies
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	Risks within our supply chain & operations
Describe how the reporting entity assesses the effectiveness of such actions	Assessing the effectiveness of our actions
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	Summary and Update on Activity Introduction
Describe the process of consultation with any entities that the reporting entity owns or controls	Consultation and approval of statement



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