



Koalaa Modern Slavery Policy & Report

January 2025

Background

Koalaa Ltd is a UK-based SME specialising in the design, manufacture, and distribution of prosthetic devices and assistive equipment. Our business model integrates in-house manufacturing and external suppliers to source materials and components.

- Koalaa operates from its UK headquarters, where product development, assembly, and distribution are managed.
- UK-Based Suppliers (90%+): The majority of our materials and components are sourced from UK suppliers, who are required to comply with the Modern Slavery Act 2015.
- International Suppliers: A small percentage of materials are sourced from overseas partners, primarily in China, for fabric-based prosthetic components. These suppliers are subject to annual visits and audits.
- Logistics & Distribution: Koalaa works with third-party logistics and distribution partners for product delivery.



Our commitment to modern slavery prevention applies to all aspects of our supply chain, and we continue to review and strengthen our supplier due diligence and oversight.

Policy Statement

1.1 This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps that Koalaa has taken to ensure that slavery or slavery-like practices, forced labour, and human trafficking are not taking place within our supply chains or in any part of our business. Koalaa is committed to preventing slavery and human trafficking in our operations and global supply chains, adopting a zero-tolerance approach. We expect all those in our supply chain—including contractors—to comply with the Modern Slavery Act 2015.

1.2 Koalaa requires all employees, contractors, and partners to report any concerns related to slavery or human trafficking. We ensure that all concerns are investigated promptly and appropriate actions are taken.

1.3 Koalaa upholds the principles of the Ethical Trading Initiative Base Code of labour practice, which includes:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid



- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed

1.4 We act with integrity and ensure compliance with the Modern Slavery Act 2015 and all relevant legislation and statutory requirements. This commitment is embedded throughout our operations and mirrored in our supplier agreements.

1.5 Additional policies include:

- Supplier code of conduct
- Migrant worker policy
- Child labour policy
- Human rights policy
- Recruitment policy
- Procurement policy
- Employee code of conduct
- Debt Bondage policy
- Grievance policy

1.6 Adherence to Local and National Laws: Koalaa commits to full compliance with all local and national laws and regulations regarding labour practices, employment, and anti-slavery.

1.7 Freedom of Workers to Terminate Employment: We uphold the right of all workers to terminate their employment freely and without penalty, given reasonable notice as specified in their employment contract.



1.8 Freedom of Movement: Koalaa ensures that all workers retain freedom of movement in their employment and are not restricted unlawfully while carrying out their roles.

1.9 Freedom of Association: We support the right of all workers to form and join trade unions and to engage in collective bargaining as per local laws and practices.

1.10 Prohibits Any Threat of Violence, Harassment, and Intimidation: Koalaa enforces a strict policy that prohibits any form of violence, harassment, or intimidation in the workplace.

1.11 Prohibits the Use of Worker-Paid Recruitment Fees: Our policy strictly prohibits the practice of charging recruitment fees to workers. All recruitment-related expenses must be borne by Koalaa or its direct contractors.

1.12 Prohibits Compulsory Overtime: Koalaa ensures that all overtime work is voluntary and compensated according to applicable laws and regulations.

1.13 Prohibits Child Labour: Koalaa adheres to the strictest standards regarding age of employment, and does not engage in or support child labour.

1.14 Prohibits Discrimination: Our company practices an equal opportunity policy for all current and prospective workers and does not engage in or tolerate any form of discrimination.

1.15 Prohibits Confiscation of Workers' Original Identification Documents: Koalaa strictly prohibits the confiscation or non-consensual retention of workers' original identification documents, such as passports or national ID cards. All employees



retain the right to possess their own documents to ensure their freedom of movement and personal security.

1.16 Provides Access to Remedy, Compensation, and Justice for Victims of Modern Slavery: Koalaa is committed to providing access to remedy and justice for individuals who are victims of modern slavery. We ensure that all employees have access to confidential means to report violations, and we facilitate appropriate measures for remedy including compensation, reparation, and legal support where necessary.

Due Diligence and areas of high risk

2.1 To prevent slavery and human trafficking in our supply chains (where risks of modern slavery may be highest), Koalaa conducts due diligence on all suppliers before entering contracts and on an ongoing basis. This includes annual audits, supplier assessments, and compulsory slavery and human trafficking awareness training for all procurement staff. We include clauses in our contracts that obligate our suppliers to comply with the Modern Slavery Act 2015 and provide for the termination of the contract where non-compliance is identified.

2.2 Risk Areas Identified:

- Fabric sourcing: Some of our materials come from overseas manufacturers, primarily in China, where labour exploitation risks can be higher.
- Third-party logistics: While our logistics providers are based in the UK, we recognise potential risks of subcontracted labour.



- Manufacturing partners: We rely on both internal UK-based production and external fabrication partners abroad, which require continued oversight.

2.3 Steps to be taken to manage risk

- Supplier Audits & Visits: We have already visited UK suppliers and are committed to on-site audits of two overseas suppliers in 2026.
- Supplier Agreements & Compliance: All suppliers are required to sign a Supplier Code of Conduct, which enforces compliance with the Modern Slavery Act 2015.
- Risk Assessment Framework: By 2026, we aim to implement a risk assessment model to better categorise and prioritise modern slavery risks within our operations.

Reporting

3.1 Koalaa takes all allegations of slavery and human trafficking seriously. We encourage the immediate reporting of any malpractice or wrongdoing related to slavery and human trafficking within our operations or across our partnerships. Reports should be made to a designated senior manager, ensuring confidentiality and protection for whistleblowers.

Effectiveness Review

4.1 We regularly review the effectiveness of our efforts to combat slavery and human trafficking through internal audits, reviewing supplier compliance, and monitoring remediation actions. We use key performance indicators, such as the number of audits conducted, non-compliance issues identified, and corrective



actions taken, to measure our success in ensuring that our supply chains are free from slavery and human trafficking.

KPIS

- **Percentage of Policies Reviewed and Updated:** Measure the percentage of anti-slavery and human trafficking policies reviewed and updated annually to ensure they align with current laws and best practices.
 - **Target:** Aim for 100% review and update coverage each year.
- **Number of Risk Assessments Conducted Annually:** Track the number of comprehensive modern slavery risk assessments conducted across the organisation and supply chains.
 - **Target:** Conduct at least one risk assessment per year or more depending on the operational and geographical expansion.
- **Percentage of Suppliers Screened for Modern Slavery Risks:** Monitor the percentage of new and existing suppliers screened for modern slavery risks using established due diligence processes.
 - **Target:** Achieve 100% screening of all new suppliers and annual rescreening of existing suppliers to ensure ongoing compliance.
- **Percentage of Employees Trained on Modern Slavery Annually:** This KPI measures the percentage of staff at all levels of the organisation that have completed training on modern slavery recognition, reporting procedures, and prevention strategies.
 - **Target:** Ensure that at least 95% of all employees receive modern slavery training each year, with refresher courses provided as necessary



Board Approval

5.1 This statement has been approved by the board of directors and is signed by the Founder/ Director. It reflects our commitment to improving our practices to combat slavery and human trafficking.

Approval: NMACABUAG

Date: 22nd January 2025

Nate Macabuag (Founder/Director)



Director Response: 22nd January 2025

A summary of Koalaa Ltd.'s objectives and plans to enhance the management of modern slavery risks over the next 12 months:

Objectives:

1. Strengthen Policy Framework:

- Review and enhance existing policies related to modern slavery to ensure they are comprehensive, up-to-date, and aligned with the latest legal standards and best practices.

2. Enhanced Risk Assessment Procedures:

- Implement more frequent and thorough risk assessments to identify potential modern slavery risks in both existing operations and new market expansions.

3. Robust Supplier Due Diligence:

- Strengthen the supplier vetting process by incorporating more rigorous due diligence checks that focus on labour practices and compliance with anti-slavery norms.

4. Comprehensive Employee Training:

- Increase the scope and frequency of training programs for all employees, focusing on identifying, reporting, and preventing instances of modern slavery.

Plans:

1. Policy Review and Update:



- Schedule annual reviews of all related policies, involving input from legal, compliance, and HR departments to ensure all potential modern slavery issues are covered.
- Establish a policy update process that includes feedback from internal stakeholders and external experts.

2. Risk Assessment Enhancements:

- Develop a new risk assessment framework that includes specific indicators related to modern slavery, such as supply chain complexity, geographic risk factors, and sector-specific vulnerabilities.
- Plan for one comprehensive risk assessment within the next year.

3. Supplier Engagement Strategy:

- Initiate a supplier engagement program for any new overseas suppliers that includes Koalaa's expectations regarding ethical labor practices.
- Introduce a tiered compliance system for suppliers, requiring higher compliance standards for those in high-risk categories, where applicable.

4. Training Program Development:

- Maintain a mandatory modern slavery training module for all new employees during their orientation period.
- Offer bi-annual refresher e-courses for current employees, ensuring that they are aware of the latest practices and procedures for identifying and responding to modern slavery risks.

5. Monitoring and Reporting Mechanisms:



- Implement a standardised reporting mechanism for employees and suppliers to report suspicions of modern slavery anonymously.
- Develop a dashboard for tracking and reporting on KPIs related to modern slavery, allowing for real-time monitoring of progress and identification of areas needing attention.

6. Review and Continuous Improvement:

- Establish a review committee to assess the effectiveness of the implemented actions and make iterative improvements based on real-world feedback and emerging best practices.

These objectives and plans demonstrate Koalaa Ltd.'s proactive and comprehensive approach to managing modern slavery risks, ensuring continuous improvement and compliance with ethical standards and legal requirements.



MSAT Score and Improvements

Koalaa received a score of 79% on 22/01/25 13:47.

Improvements given were as follows including Koalaa response:

55. Your organisation should consider modern slavery during each stage of its procurement process.

It is important to consider modern slavery issues at different stages of the procurement process to help reduce risks to your business. For example, during the tender stage, businesses should factor in labour costs in to their procurement and consider whether the price they are paying for goods and services are so low that the supplier (or the suppliers) are likely to be exploiting workers.

For further guidance on factoring modern slavery issues in the procurement process, see the Ethical Procurement for Health Workbook.

>> Response:

As Koalaa is an SME, we do not tender our contracts. Therefore some of the answers below are not applicable.

- **Needs identification**
- **Requirement definition**
- **Tender evaluation (including scoring and adjudication process)**
- **Contract award**
- **In-life contract management**
- **End of contract review**



Koalaa contracts are primarily focussed on supply and distribution. For those, “in-life” management and end of contract is upon delivery. As Koalaa progresses we will introduce tenders and contracts.

57. Your organisation should put measures in place to identify at risk areas within their supply chain.

It is important for organisations to have a good understanding of the type of work in their supply chains and which workers may be more vulnerable to exploitation, so they are able to prioritise actions on areas at high risk.

For more detailed guidance on assessing high areas of risk, see ETI’s Human Rights Due Diligence Framework.

>> Response:

Koalaa’s supply chain is small and therefore we do not contract services, but do distribute goods. Therefore some of the below are not applicable:

- **Goods for resale**
- **Goods not for resale**
- **Services for sale**
- **Services used for operational purposes**

Koalaa will explore Goods for resale in 2026 for any high-risk modern slavery issues

58. Your organisation should reconsider how it investigates its suppliers' modern slavery risks.



If an organisation has properly assessed the nature and extent of its exposure to the risk of modern slavery, it is highly unlikely that it will not identify any suppliers to be at higher risks.

Organisations may undertake desk-based research as a first step to understand where the highest risks may be and to help them when engaging suppliers that may be at higher risk.

Organisations should consider using resources like the Responsible Sourcing Tool to help with their research.

>> Response:

Over 90% of Koalaa supply is from the U.K. who have strict Modern Slavery policies. Koalaa has or is in the process of visiting each location annually to assess. Koalaa will aim to visit 2 overseas manufacturing sites in 2026

61. Your organisation should consider actively working with NGOs and other businesses to support its efforts to preventing and mitigating modern slavery.

Modern slavery is a complex problem that requires collaboration to prevent. NGOs and trade unions can help organisations take a more victim-focused approach to due diligence and help your organisation identify and mitigate modern slavery risks.

Organisations should consider participating in multi-stakeholder initiatives to improve conditions throughout their sector.

You can find a list of organisations your organisation could work with to support your anti-slavery activity via the Modern Slavery Map.



>> Response

Koalaa works with NGOs regularly in the charity sector, but was unaware of Modern Slavery Initiatives. Koalaa will investigate in 2026

62. Your organisation should consider carrying out the following due diligence measures to ensure workers in your organisation and supply chain are not trapped in debt bondage.

Indirect methods of recruitment can provide an avenue for modern slavery, due to the absence of oversight and governance by the receipt organisation. The recruiter can employ various methods of exploitation such as implementing worker-paid recruitment fees, as a form of debt bondage.

It is important to note that workers can also become trapped in debt bondage for other reasons. Workers can be trapped in debt by employers for the provision of services provided by the employer, such as accommodation or healthcare. Workers can also fall in to debt bondage because of private debts incurred as a result of low pay and lack of healthcare provisions.

For further information on how companies can conduct due diligence to ensure responsible recruitment, see Verite's Fair Hiring Toolkit for Suppliers or Verite's Fair Hiring Toolkit for Brands and IHRB's Guide to Implementing the Dhaka Principles.

Yes No Not Applicable

>> Response:

As a SME, Koalaa does not engage in some of the practices listed (i.e. recruitment agencies).



- **Integrated safeguards in to company policies**
- **Raised awareness and built capacity of staff to understand risks of debt bondage**
- **Screen and evaluate key recruitment agencies/labour providers**
- **Monitor key recruitment agencies/labour provider for ethical recruitment and hiring**
- **Undertaken corrective action plan**
- **Developed action plan to make system improvements**
- **Participated in multi-stakeholder initiatives to make a wider impact**
- **Other action**
- **None of the above**

Koalaa has an action plan, but has not needed to engage this plan and therefore cannot answer some of the questions above. Koalaa will search for multi-stakeholder initiatives in 2025.

64. Your organisation should have processes in place for responding to a report of suspected instances of modern slavery that follows good practice.

It is important to have a prompt and victim centred response to reports of modern slavery, so that victims are safeguarded and are supported in receiving justice and compensation.

Where an organisation's suppliers have alerted their customers of modern slavery, is cooperating with authorities, actively implementing corrective actions and is not found to be complicit, organisations should have no standard policy to



immediately delist or suspend trade with that supplier because of that specific incident.

A Service Level Agreement (SLA) is a formally recognised agreement to react within a specific time frame and with a specific response. An SLA may be made explicit in an organisation's modern slavery policy.

For guidance on how your organisation and your suppliers can ensure they are well prepared, see CIPS' Making a Plan for Remediation or Shift's Guidance on Remediation.

>> Response

As an SME Koalaa struggle to enforce suppliers to provide an [Modern Slavery] action plan highlighting gaps in their process, root causes of incident and corrective action they are undertaking. We will continually engage to resolve.