



Cranky Health Pty Ltd

Modern Slavery Statement

FY23

1. Introduction

This is the Cranky Health Modern Slavery Statement for the 2023 financial year which relates to the period 1st July 2022 to 30th June 2023 and is referenced as F23.

Cranky Health Pty LTD (Cranky Health) is committed to acting ethically and with integrity, in all its business activities and in every relationship. This statement represents the second for Cranky Health and presents an opportunity for us to demonstrate our commitment to eliminating modern slavery. The focus has been to advance documentation and execute improvement initiatives, with the determination and expectation to identify further improvement initiatives for the future.

The latest reporting period has been a time of significant change for Cranky Health, with an upgrade of the production site and subsequent organisational changes. Within this time Cranky Health has continued to be above the revenue threshold deemed necessary to report, set out by the Modern Slavery Act 2018 (Cth).

Modern Slavery is a term to describe serious exploitation where coercion, threats and deception are used to exploit victims and undermine their freedom. Practices that may be relevant to our industry include human trafficking, forced labor, child labor and debt bondage.

This statement is made on behalf of the Cranky Health entity, the brand owners of The Man Shake and The Lady Shake, and Custom Foods, Custom Manufacturing and Custom Supplements entities, our manufacturing operations. It has been prepared and reviewed in consultation with relevant stakeholders within the organisation and approved by the Board of Directors.

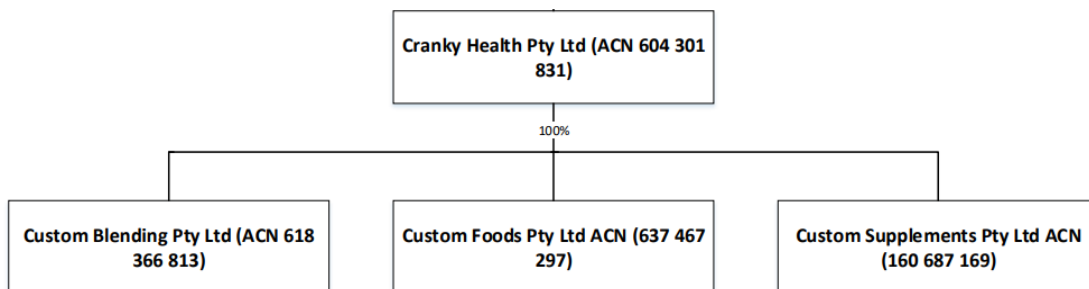
2. Structure, Operations and Supply Chains

2.1. Company Structure

Cranky Health Pty LTD (Cranky Health) was founded by Adam and Belinda MacDougall in Newcastle, New South Wales. Both Adam and Belinda were inspired to start the business when one of their close friends, a time-poor father of three who struggled to get fit and lose weight, tragically died of a heart attack. The mission to create positive social change and help others improve their health and lifestyle, created the brands The Man Shake, The Lady Shake and The Kids Shake.

Custom Blending Pty Ltd, Custom Foods Pty Ltd, Custom Supplements Pty Ltd (Custom Foods) was founded by Phil Eddy and Aiden Pennell and acquired by Cranky Health in 2022.

This structure is shown below and the F23 consolidated revenue was \$112 million AUD.



2.2. Product Portfolio

Cranky Health are the brand owners of The Man Shake, The Lady Shake and The Kids Shake. The products sold are shown in the illustration below.

Alongside the products Cranky Health have developed recipes and fitness plans to build an inclusive, supportive community. Since launching, The Man Shake, The Lady Shake and The Kids Shake range has helped hundreds of thousands of Australians improve their health and change their lives. We are proud to acknowledge that these brands have a positive impact in people’s lives and a positive impact on Australian society. All our products are proudly made in Australia.



2.3. Operations

Within Cranky Health there are three areas of operations

2.3.1. Custom Foods, Brisbane

The site’s primary activity is powder manufacturing and blending, which is stored and distributed through in-house warehouse operations. Our industry recognised research and development team is based at the Brisbane site, and the site is supported by support functions.

Throughout the reporting period, five separate operating sites consolidated into one site. This represented approximately \$10m of investment and established a world-class powder blending facility.

2.3.2. Cranky Health, Newcastle

The site’s primary activity is fulfillment for the e-commerce direct to consumer business. The site receives and stores goods primarily from the Custom Foods manufacturing facility, to then pick and pack into consumer parcels.

2.3.3. Cranky Health, Sydney

The site’s primary activities are sales support and head office functions within an office environment.

2.4. Safety Culture

Cranky Health is committed to maintaining a positive safety culture with an ongoing proactive approach to identifying and mitigating safety risks. Workplace safety remains an ongoing focus for the Board and the executives of Cranky Health. We maintained our focus on ensuring that we provide a safe workplace for our employees, contractors, visitors, and customers by driving programs, policies and practices that enhance our positive safety culture and actively reduce and mitigate risk.

The Cranky Health management structure for Workplace Health and Safety (WHS) continues to be centrally led by the Head of Safety, Quality & Compliance with our safety specialist covering all our sites. The Head of Safety, Quality and Compliance as a senior leader addresses our Executive Team on a regular basis to discuss all matters relating to workplace safety.

Our continued implementation of preventative measures has driven sustainable cultural change. These measures include, but are not limited to, a new safety management system, hazard reduction, near miss reporting, ongoing training and toolbox talks, and root cause analysis of incidents.

Cranky Health measures a range of balanced safety performance indicators. We continuously identify, implement, and monitor our activities to ensure we eliminate unsafe acts and practices.

These activities, identified as proactive 'LEAD' indicators, include the number of near misses reported, hazards reported, site inspections and actions closed. Cranky Health also measures key 'LAG' indicators that measure lost time and medically treated injuries, hours lost due to injury, and total injuries.

Our F23 safety results were: LTIFR = 1.2 and MTIFR = 6.0 (Industry average = 8.2).

3. Modern Slavery Practices, Controls and Processes

During the reporting period, and in the preparation of this report, Cranky Health have assessed categories of business activities. We have used numerous factors to assess the potential risk of modern slavery, such as geographic and industry-based risks based on reports set out in the Global Slavery Index.

The summary of our findings are set out below.

3.1. Our People

There is a zero-tolerance approach towards Modern Slavery in our recruitment and human resources management (HR). All workers are employed within Australia and are represented by the Australian Fair Work Act and the National Employment standards

As of 30th June 2023, there were 173 people employed at Cranky Health and Custom Foods. Sixty percent of our workforce are salaried employees. Full-time employees are paid according to market rate which is managed by the Human Resources and Executive team.

Forty percent were casual employees which fluctuates throughout the year depending on peak seasons and workflow. Casual employees are either employed directly or through well-known industry agencies. In Brisbane casual employees are governed under the Food, Beverage & Tobacco Manufacturing award. In Newcastle casual employees are governed the General Retail Industry Award.

3.2. Direct Suppliers

Throughout the reporting period, a notable reduction in global supply chain volatility has been observed, underlining our commitment to ensuring stability and compliance within our supply chains. While challenges persisted, they presented themselves in distinct manners, with fewer instances of shortage interruptions. The prevailing focus remained centered on upholding the stability of our supply chains and adhering to regulatory requirements.

All suppliers are instructed to complete a supplier questionnaire and are added to the Supplier Certificate Register before they are onboarded. The supplier questionnaire includes direct questions regarding labor and compliance with employment laws, and was updated at the beginning of F23.

We recognise that honest completion of the supplier questionnaire is relied upon, and we have independently assessed the risk of our direct raw material suppliers. The table below shows the assessment which incorporates factors such as: size and scale; accreditation shown; complexity of the route to market; and nature and length of the relationship.

We will assess the value of on-the-ground external audits and have visited domestic and international suppliers where possible. In F24 we have prioritised a visit to our main business partners in China to conduct factory audits.

| Description | Country of Origin | Modern Slavery Risk Assessment |
|-------------------------|---------------------------|--|
| Milk Powder Concentrate | Australia and New Zealand | Low. <i>The most significant ingredient of The Man Shake, The Lady Shake and The Kids Shake. MPC is a derivative of milk and is supplied by reputable, well-known partners in the Australia and New Zealand dairy industry. A number of those partners are publicly listed and publish Modern Slavery statements.</i> |
| Whey Protein | USA | Low. <i>Suppliers in this category are large-scale operations within an established industry.</i> |
| Amino Acids | China | Low-medium. <i>Suppliers in this category are large-scale operations and have long-standing agreements with multinational corporate manufacturers.</i> |
| Vitamins | China | Low-medium. <i>There are multiple suppliers used within this category. Preference is given to those with international accreditation and professional operational standards. It is not unusual to work with agencies and/or wholesalers to procure specialised ingredients, which may increase risk.</i> |
| Flavors | Various | Medium. <i>Whilst flavorings are often processed in Australia, the ingredients are sourced from international markets. The complexity of the indirect supply chain and small scale creates a less certain view of Modern Slavery compliance.</i> |
| Corn-based derivatives | USA | Low risk. <i>Suppliers in this category are large-scale operations within an established industry.</i> |
| Packaging | China and AU | Low risk. <i>There are long-standing collaborative relationships with large-scale packaging suppliers.</i> |

3.3. Indirect Suppliers

Within our operational sites there are several areas of indirect suppliers:

- a. Transport and logistics suppliers.
- b. Site support including equipment hire.
- c. Hardware and software.

Each supplier has completed a tender and selection process before being selected. All services are provided within Australia and present a low risk.

3.4. Manufacturing Partners

Cranky Health use manufacturing partners, outside of Custom Foods, to transform the primarily blended powder into secondary products such as bars and ready to drink products.

All manufacturing partners are within Australia and are regularly visited and audited by Cranky Health employees. This area presents a low risk.

3.5. Customers

The majority of Cranky Health's sales are generated through selling direct-to-consumer via our own websites. In addition, Cranky Health brands are sold within the major retailers within Australia and are typically publicly listed companies with Modern Slavery policies.

Custom Foods manufacture for brands and customers alongside the core Cranky Health brands, and this third-party manufacturing contributed to approximately 10% of the production volume. Our 3rd party partners reside within Australia and typically do not meet the threshold for public Modern Slavery statements.

Retail customers and third-party manufacturing customers present a low Modern Slavery risk.

4. Assesses the effectiveness of these actions

This document represents the second Modern Slavery statement for Cranky Health and the first statement highlighted several areas for improvement.

In F23 we are proud to have made significant advancements in the below:

- a. Enhanced Safety Systems and Culture: We have introduced a safety system, safety toolbox talks and start every leadership meeting agenda with safety. This is fostering a culture of safety-conscious behaviour and will assist improve awareness of modern slavery issues such as poor working conditions, excessive working hours and employee empowerment.
- b. Supplier Risk Assessment Framework: We've devised a risk assessment framework to appraise suppliers' susceptibility to modern slavery involvement.
- c. Staff Award Rate Review: Staff award rates have been assessed and appropriately revised. This includes the award minimum wage increase implemented on 1 July 2023.

Modern Slavery Clause Integration: The Modern Slavery clause has been included into new, relevant contractual agreements.

In F24 we anticipate that there will be further improvements in the areas of:

- a. Continuation to roll out Modern Slavery clauses in contractual agreements and standardised terms documents.
- b. Consider increasing suppliers with, or influencing suppliers to have an active SEDEX membership.
- c. On-the-ground external audits and visits to domestic and international suppliers where possible. In F24 we have prioritised a visit to our main business partners in China to conduct factory audits.
- d. Champion the agenda in regular training and new starter inductions, to heighten business awareness.

5. Process of Consultation

This statement has been prepared in consultation with relevant subject-matter experts of Cranky Health and Custom Foods.

This statement has been reviewed and approved for publishing by the Cranky Health board.



Tony Duthie
Chairman



Anthony Mortimer
Chief Executive Officer