

Cranky Health

Modern Slavery Statement

F22

**THE MAN
SHAKE**

**THE LADY
SHAKE**

**THE KIDS
SHAKE**

1. Introduction

This is the Cranky Health Modern Slavery Statement for the 2022 financial year.

Cranky Health is committed to acting ethically and with integrity, in all its business activities and in every relationship. This statement represents the first for Cranky Health and presents an opportunity for us to demonstrate our commitment to eliminating modern slavery. The focus has been to assess and document the processes in place, with the determination and expectation to identify improvement initiatives for the future.

The latest reporting period has been a time of significant change for Cranky Health, with a change in ownership structure and subsequent organizational changes. Within this time Cranky Health has also experienced high revenue growth and has reached 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 organization and approved by the Board of Directors.

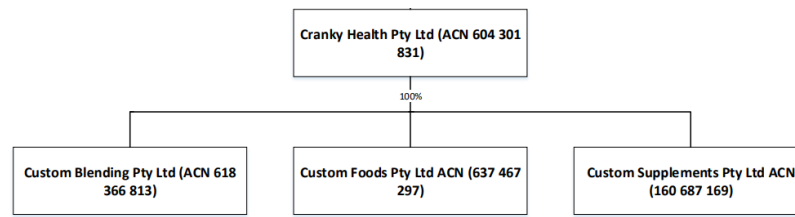
2. Structure, Operations and Supply Chains

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 new structure is shown below and the F22 consolidated revenue was \$122.45 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 of 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 warehouse operations. Our industry recognized research and development team is based at the Brisbane site, and the site is supported by support functions.

There are currently five separate operating sites which are being consolidated into one site from April 2023.

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 providing a safe workplace for our employees, contractors, visitors, and customers, while driving a positive safety culture and actively reducing and mitigating risk.

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 Safety Interactions conducted, 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 which represent a combination of lost time and medically treated injuries.

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 is 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 2022, there were 133 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, and In Newcastle casual employees are governed under the Storage, Services and Wholesale award.

3.2. Direct Suppliers

During the reporting period there has continued to be volatility and uncertainty within global supply chains. As a result, the number of suppliers has increased 10% and the procurement strategy has significantly changed.

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.

We recognize that honest completion of the supplier questionnaire is relied upon, and we have independently assessed the risk of our direct raw material suppliers. As travel becomes more readily available we will assess the value of on the ground external audits.

The following assessment of key categories incorporates factors such as: size and scale; accreditation shown; complexity of the route to market; and nature and length of the relationship.

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 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 multi-national 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 specialized 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

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 first Modern Slavery statement for Cranky Health. During the review, consultation, and preparation of this statement there were several areas for improvement identified. We anticipate that between the submission of this F22 statement and F23, there will be significant progression.

The areas identified are, but not limited to, the following:

- a. Safety systems and culture. Building improved safety systems to drive culture and behavior.
- b. Ethical sourcing policy to supporting Procurement, Human Resources, and indirect supplier compliance.

- c. Increase business awareness through inclusion within the new starter induction and regular business training.
- d. Management process in place for lack of adherence to Cranky Health's Modern Slavery standards.

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 Operating Officer