



Entourage
HEALTH CORP

**FIGHTING AGAINST
FORCED LABOUR AND
CHILD LABOUR
2023 ANNUAL REPORT**

About this Report

This is a joint report prepared by Entourage Health Corp. (“**Entourage**” or the “**Company**”) in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). This report covers the activities of Entourage and its wholly owned subsidiaries from January 1, 2023, to December 31, 2023 (the “**Reporting Period**”).

This report highlights the steps taken by Entourage to ensure compliance with the Act, prevent and reduce the risk that forced labour or child labour is used at any step of its production process, and other business activities within and outside of Canada.

At Entourage, our values are centered on the principles of teamwork, accountability, trust, perseverance, integrity, and social responsibility. Our expectation is that our business partners uphold these principles in their operations and adhere to extant laws and regulations applicable to their activities.

Our Structure, Activities and Supply Chain

Structure

Headquartered in Aylmer, Ontario, Entourage is the publicly traded parent company of Entourage Brands Corp., 2686912 Ontario Limited, 2686913 Ontario Inc., CannTx Life Sciences Inc., Pioneer Cannabis Corp., Starseed Holdings Inc. (“**Starseed**”) and North Star Wellness Inc. The Company’s common shares are listed under the symbol “ENTG” on the TSX Venture Exchange, under the symbol “ETRGF” on the OTCQX and under the symbol “4WE” on the Frankfurt Stock Exchange.

Activities

Entourage, through its wholly owned subsidiaries, is a licensed producer under the *Cannabis Act* (Canada) (the “**Cannabis Act**”). The Company is authorized to process and distribute a range of cannabis products for both the medical and adult-use channels; including, dried flower, blends, pre-rolls and cannabis derivative-based products, under individual provincial and territorial regulations as per the Cannabis Act.

The Company produces a diverse portfolio of cannabis and cannabis derivative products, including oils, capsules, edibles, topicals and vapes, for sale in Canada in the medical and adult-use markets. Its subsidiary Starseed, has exclusive partnerships as a medical cannabis supplier with union groups, employers and benefit providers in Canada.

Entourage operates a state-of-the-art 26,000 sq. ft. facility in Aylmer, Ontario that stands at the forefront of the adult-use and medical cannabis sectors. The Company has significantly enhanced its manufacturing processes through strategic investments incorporating advanced automation technology. These facility upgrades have bolstered the Company’s labeling, packaging, and distribution workflows, ensuring efficiency and product quality from conception to customer. In its commitment to optimize operational efficiency, Entourage has invested in automation acquiring five pre-roll machines with the production capacity to produce over 2.5 million units monthly.

Supply Chain

Entourage is committed to providing premium cannabis products and services that exceed regulatory requirements and customer expectations. Our multi-channelled distribution strategy includes provincial distribution agencies, and other licensed producers, as well as partnerships with local unions and strategic relationships across the seniors' market in Canada.

Entourage's operations, and workforce are based predominantly in Canada. Entourage's spend on the procurement of goods and services from third-party suppliers primarily goes to suppliers based in Canada and the United States of America (the "USA"), with other suppliers based in Asia. The Company's plant genetics and biomass are Canadian-sourced, grown and processed. The majority of packaging used and procured for products are sourced from within Canada, the USA and Asia. The Company sources a variety of products and services across its supply chain, including dried and finished cannabis products, IT, software, consulting, and advisory services, and leverages diverse contractual arrangements including but not limited to supply agreements, licensing agreements, manufacturing, and processing agreements. An abiding theme in these arrangements are the demonstration of the Company's commitment to, and focus on the adherence to applicable rules and regulations. In evaluating potential supply chain participants, Entourage conducts evaluations and due diligence to ensure that the selected participants are reputable and that their business activities are compliant with all applicable laws.

The Company currently outsources its cultivation activities to a third-party supplier, Aphria Inc., with which it signed a long-term supply agreement for the purchase of quality-produced, top-shelf bulk dried cannabis in 2022. The Company relies on a mixture of both direct and indirect distribution channels in its operations. The Company utilises a direct distribution channel in the provision of medical cannabis to patients in furtherance of its commitment to continually discovering avenues for patients to improve their quality of life through the use of medical cannabis. Through the Company's indirect distribution channels, the Company sells its adult-use products indirectly to consumers by leveraging other distribution channel members as intermediaries. In the movement of products through the supply chain, the Company relies on relationships with third-party transportation service providers. The underlying contractual framework with providers underscores the Company's acknowledgment and adherence to applicable legislations and regulations.

The Company maintains a zero tolerance for regulatory noncompliance and as such ensures that a fundamental requirement of its contract process is the obligation that supply chain vendors adhere to jurisdictional and industry-specific laws and regulations applicable to their respective activities. In line with its commitment to compliance with applicable legal and regulatory requirements and improving the quality of its products, the Company ensures that the supply chain participants it collaborates with across all phases of its supply chain share a commitment to ethical practices and compliance with extant regulations.

Steps taken to prevent and reduce Risk of Forced Labour and Child Labour

At Entourage, we are committed to respecting and promoting human rights and safe working environments. Through a combination of policies, our code of conduct and a robust contractual governance framework, the Company aims to enshrine a culture of compliance while promoting equality and fostering allyship in its business operations.

Our standard contracts include language that requires us and others that we conduct business activities with, to adhere to all applicable laws. We engage in fair and ethical hiring practices, adhering to all applicable Employment and Human Rights laws, reducing the risk of forced labour or child labour in our activities.

Between 2022 and 2023, Entourage reduced its outsourcing needs by fifty percent (50%). This has enabled the Company to maintain a wholistic overview of the hiring and employee management process to ensure that all workers are recruited voluntarily and are legally permitted to work in its facility. In 2023, Entourage conducted an enterprise-wide, high-level risk assessment to proactively identify areas for addressing and mitigating regulatory and compliance risks, amongst others.

We recognise that striving to maintain an effective compliance program is a continuous process and we are committed to taking steps to review existing procurement and risk management practices to determine areas of improvements in the bid to further address the risk of forced labour and child labour in our supply chain.

Policies and Due Diligence Processes

We conduct all our business activities in accordance with our core values of teamwork, accountability, trust, perseverance, integrity, and social responsibility.

Code of Conduct

Entourage's Code of Conduct affirms its commitment to maintaining the highest standards of professional and business conduct. It establishes the values that underline the Company's approach to its affairs and business conduct. The Code of Conduct addresses the requirement for directors, officers, and employees to conduct their duties with integrity and diligence, the protection and proper use of confidential corporate information, fair dealing, and reporting illegal or unethical behaviour.

Whistleblower Protections

Entourage has implemented a comprehensive whistleblower program that includes a whistleblower policy, detailed procedures, and a dedicated whistleblower hotline, aimed at encouraging disclosures of improper activities including legal and regulatory violations. The program sets out step-by-step procedures for reporting, investigating, and documenting suspected violations of law or governance policies. The program reinforces anti-retaliation protections aimed at encouraging good faith disclosures.

Risks of Forced Labour or Child Labour in our Business and Supply Chain

Entourage recognises that the supply chain in which it operates could present regulatory and compliance risks in the production of products and in third-party services. However, we consider there to be a limited risk of forced and child labour occurring within our supply chain and across our business lines as a majority of businesses and suppliers we collaborate with are located within Canada, which according to the Global Slavery Index, has a low prevalence of forced labour or child labour.

Measures Taken to Assess and Address These Risks

We believe that our code of conduct, policies and contract governance framework provide an effective mechanism to address remediation.

Entourage's Code of Conduct requires directors, officers, and employees to eschew fraudulent or illegal activities in business relations with suppliers.

Entourage's Whistleblower Hotline provides an independent confidential and anonymous mechanism for disclosure of illegal and unethical activities.

Entourage's contract governance framework includes an obligation for suppliers to comply with applicable law, representations that the performance of the contracts will not constitute a violation of applicable law requirements, and the right to terminate the contract for cause in the event of supplier's failure to comply with applicable law. Inspection and audit rights are also fundamental terms of contracts for the supply of critical products.

Entourage abides by applicable employment laws. Where staff is sourced from staffing agencies, we ensure that it is a fundamental term that the staffing agencies provide the services in compliance with all laws using personnel with requisite skills, training, and expertise.

For the Reporting Period, Entourage has not identified any instances of forced labour or child labour in its business activities or supply chain that required remediation or remediation for the loss of income to families as a result of remediation.

Training

We anticipate that robust training programs will be provided to employees on the issues of forced labour and child labour in the current fiscal year to help identify and mitigate these risks as well as the risk of unlawful activities in our supply chains.

Effectiveness Assessment

During the Reporting Period, no actions were taken to assess Entourage's effectiveness in preventing and reducing risks of forced labour and child labour in our activities or supply chains.

Entourage continues to strive toward responsible business conduct by undertaking an extensive review of its mandates, policies, procedures, and contract governance framework as they relate to identifying, addressing, and prohibiting the use of forced labour and child labour within its business and supply chains and integrating human rights consideration into our procurement and risk management process.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

(signed) "George Scorsis"

George Scorsis, CEO

May 29, 2024

I have the authority to bind Entourage Health Corp.