



## AUDIT COMMITTEE CHARTER

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### 1. PURPOSE

The Board of Directors (the “**Board**”) of Canopy Growth Corporation (“**CGC**” or the “**Company**”) has established the Audit Committee (the “**Committee**”) as a standing committee of the Board for the purposes of (i) overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, (ii) ensuring the adequacy and effectiveness of CGC’s Internal Controls (as defined below) and procedures for financial reporting and (iii) ensuring the adequacy and effectiveness of CGC’s risk management program. The Committee is hereby constituted with all the powers and duties conferred on it by the laws governing CGC and such powers and duties as may be conferred on it from time to time by resolution of the Board.

### 2. MEMBER QUALIFICATIONS, APPOINTMENT AND REMOVAL

The members of the Committee (the “**Members**” and each a “**Member**”), and from amongst those Members, the chairperson of the Committee (the “**Chairperson**”), are appointed annually by the Board and shall hold office until the next annual meeting of shareholders. The Board will appoint not less than three directors as Members. The number of Members of the Committee shall be determined from time to time by resolution of the Board.

No director who is an officer or employee of CGC (or any related entity of CGC) may be a Member. The Committee and each Member must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies exercising control over CGC as may be in effect from time to time. For the avoidance of doubt, all Members of the Committee shall be “independent,” as such term is defined in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (subject to the exemptions provided in Rule 10A-3(c)), in that each Member may not, other than in his or her capacity as a director or member of any committee of the Board, (i) accept any consulting, advisory, or other compensatory fee from CGC or any of its subsidiary; or (ii) be an affiliated person of CGC or any of its subsidiary. In addition, all Members of the Committee shall qualify as “independent directors” for purposes of the listing standards of The Nasdaq Stock Market LLC, as such standards may be changed from time to time; provided that any non-independent director serving on the Committee pursuant to the “exceptional and limited circumstances” exception available under Nasdaq rules may not serve (A) on the Committee for more than two (2) years or (B) as the Chairperson of the Committee.

In general, each Member must be free of any relationship with CGC that could or could reasonably be perceived to, in the opinion of the Board, interfere with the exercise of that director’s judgment as a Member. All Members must be financially literate and at least one Member must have accounting or related financial management expertise, as each such qualification is interpreted by the Board in its



business judgment. Each Member must (i) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years and (ii) be familiar with basic finance and accounting practices and be able to read and understand fundamental financial statements at the time of their appointment to the Committee, including CGC's balance sheet, income statement, and cash flow statement. At least one Member must satisfy the definition of "audit committee financial expert" as set out in Item 407(d)(5)(ii) and (iii) of Regulation S-K under the United States Securities Act of 1933, as amended ("**Regulation S-K**").

Any Member may be removed or replaced at any time by the Board as needed. A Member shall cease to be a Member upon ceasing to be a CGC director. Any Member may resign effective upon such Member's written notice is received by CGC (unless the notice specifies a later time for the effectiveness of such resignation). The Board will fill vacancies on the Committee by the appointment of other qualified directors.

### **3. DUTIES AND RESPONSIBILITIES**

In general, the Committee performs a number of roles including:

- a) assisting the Board with oversight of:
- b) the quality and integrity of CGC's financial statements,
- c) CGC's establishment and maintenance of processes to assure compliance with applicable legal and regulatory requirements and its Code of Business Conduct and Ethics (the "**Code**"),
- d) the appointment, retention, compensation, evaluation, oversight and, if necessary, termination of any independent auditor and/or registered public accounting firm engaged by CGC for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for CGC ("**Independent Auditors**"), and
- e) the performance of CGC's internal audit function and Independent Auditors;
- f) providing better communication between the internal audit function, if any, directors and CGC's Independent Auditors;
- g) increasing the credibility and objectivity of financial reports; and
- h) strengthening the role of the directors by facilitating in-depth discussions amongst directors, management and the Independent Auditors.

The Committee will have the specific duties and responsibilities set out below, as well as other such duties that are, in the opinion of the Board, in line with the purpose of the Committee as stated above, to the extent permitted by applicable law.

### **4. RELATIONSHIP WITH INDEPENDENT AUDITORS**

The Committee is responsible for managing, on behalf of CGC's shareholders, the relationship between CGC and its Independent Auditors. The Independent Auditors are ultimately accountable to the Committee and the Board as representatives of the shareholders of CGC and shall report directly to the Committee. In furtherance of this responsibility, as delegated by the Board, the Committee shall:



- a. be directly responsible for the appointment, discharge, retention, compensation and oversight of the work of the Independent Auditors, including resolution of disagreements between management and the Independent Auditors regarding financial reporting or the preparation of the financial statements; the Committee has the sole authority and responsibility to select, evaluate, and where appropriate, replace the Independent Auditor. The Independent Auditor is ultimately accountable to the Committee for such auditor's review of the financial statements and Internal Controls of CGC. The Committee shall also exercise final approval on the compensation of the Independent Auditor;
- b. oversee the work of the Independent Auditors;
- c. establish procedures to monitor the independence of the Independent Auditors and take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the Independent Auditors;
- d. establish procedures for review and approval of all audit and permitted non-audit services provided by Independent Auditors;
- e. pre-approve all non-audit services to be provided to CGC or its subsidiaries by the Independent Auditors (subject to the *de minimis* exceptions set forth in the Exchange Act and the rules of the U.S. Securities and Exchange Commission), which pre-approval may be delegated to any Member, provided such Member shall report any such pre-approval to the Committee at the next meeting of the Committee;
- f. provide the Independent Auditors with the opportunity to meet with the Committee or the Board without management present at each regularly scheduled meeting of the Committee or the Board;
- g. ensure that there exist regular systems of reporting to the Committee by each of management, the Independent Auditor and CGC's principal financial officer (the "PFO") regarding any significant judgments made in management's preparation of the financial statements and any significant audit problems or difficulties encountered during the course of the review or audit, including any restrictions on the scope of the Independent Auditors' activities or on access to requested information;
- h. prepare the Audit Committee report required by Item 407(d)(3)(i) of Regulation S-K; and
- i. set clear policies for the hiring by CGC or any of its subsidiary of employees or former employees of the Independent Auditor.

## 5. AUDIT AND FINANCIAL REPORTING

The Committee is responsible for overseeing the audit and financial reporting process. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- a) review, establish and monitor each annual audit of the Independent Auditors with a written audit plan, including scope, fees, staffing and schedule;



- b) consider, review, and approve the appropriateness and acceptability of CGC's critical auditing and accounting principles and practices and any proposed changes as suggested by management, the Independent Auditors, or the internal audit function;
- c) review with management and the Independent Auditors the presentation and impact of significant risks and uncertainties associated with CGC's business, all alternative accounting treatments within U.S. GAAP that have been discussed with management, the material assumptions made by management relating to them and their effect on CGC's financial statements;
- d) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with the Independent Auditors;
- e) question management and the Independent Auditors regarding financial reporting issues discussed during the fiscal period;
- f) meet to review and discuss the audited annual financial statements, unaudited quarterly financial statements, annual report on Form 10-K and each quarterly report on Form 10-Q with management and the Independent Auditors, in each case, prior to its filing or prior to the release of earnings, including a discussion with the Independent Auditor of the matters required to be discussed under the applicable Statements of Auditing Standards; consider whether the applicable financial statements are complete, consistent with information known to the Members and reflect appropriate accounting principles; and, following consultation with management and the Independent Auditor, consider whether to formally recommend to the Board that the applicable financial statements either be included in CGC's annual report on Form 10-K or in CGC's quarterly report on Form 10-Q, as applicable;
- g) review other financial or risk-related sections of the annual report, including the disclosures in Management's Discussion and Analysis of Financial Condition and Results of Operations in Form 10-K, and related regulatory filings before release and consider the accuracy and completeness of the information;
- h) include in CGC's annual report on Form 10-K or annual meeting proxy statement a report to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by applicable rules and regulations, including approval of non-audit services;
- i) understand how management and the internal audit function, if any, prepare interim financial statements, and the degree of involvement of the Independent Auditor in the review process;
- j) review and discuss interim financial statements with management and the Independent Auditor before filing with regulators, and consider whether financial statements are complete and consistent with the information known to the Members;
- k) discuss with management earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, which may be done generally (*e.g.*, discussion of the types of information to be disclosed and the type of presentation to be made, paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information); the



Committee need not discuss in advance each earnings release or each instance in which CGC may provide earnings guidance;

- l) review with management and the Independent Auditor the effect of regulatory and accounting initiatives that may affect CGC, as well as the effect of any off-balance sheet structures and transactions on CGC's financial statements;
- m) in consultation with the Independent Auditor and CGC's PFO, review the integrity of CGC's financial reporting processes and the coordination of the internal audit function, if any, with the Independent Auditor; and regularly report to and review with the Board about the Committee's activities, issues, including those that arise with respect to the quality or integrity of CGC's financial statements, compliance with legal or regulatory requirements, performance of the Independent Auditors and the internal audit function, if any, and related recommendations;
- n) review and discuss the Independent Auditors' report with the Independent Auditors and management;
- o) review with management, the Independent Auditor and the Director, Internal Control or other person responsible for the internal audit function (i) all critical accounting policies and practices; (ii) any critical audit matters arising from the current period audit; (iii) all alternative treatments of financial information within GAAP that have been discussed with management officials of CGC, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor; and (iv) other material written communications between the Independent Auditors and management, including post audit, management letters or schedule of unadjusted differences, management's response and follow up;
- p) review with the Independent Auditor any significant accounting and reporting issues, including complex or unusual transactions (such as off-balance sheet structures, if any) and highly judgmental areas, and recent professional and regulatory pronouncements, and management's response, and understand their impact on the financial statements;
- q) review with management and the Independent Auditor the results of the audit, including any audit problems or difficulties encountered and management's response, and any significant changes in the audit plan;
- r) satisfy itself that adequate procedures are in place for the review of CGC's public disclosure of financial information extracted or derived from CGC's financial statements;
- s) review with management CGC's relationship with the regulators and the quality of its filings with the regulators;
- t) review with the Chief Legal Officer ("CLO") any current or anticipated litigation or legal activity that could have a material effect on CGC's financial position;
- u) perform other activities related to this Charter as requested by the Board or the Chairperson of the Board; and
- v) confirm annually that all responsibilities outlined in this Charter have been carried out.



## 6. INTERNAL CONTROLS AND PROCEDURES

The Committee is responsible for overseeing the design, implementation and on-going effectiveness of a system of Internal Controls. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- a) establish, monitor and review policies, procedures, implementation, and maintenance of internal accounting, financial control and management information (“**Internal Controls**”); and obtain reports on significant findings and recommendations regarding the effectiveness of the Internal Controls, together with management’s responses; in particular, discuss with management and evaluate management’s efforts to ensure that CGC’s Internal Controls take into account risks that may affect CGC in the areas of cybersecurity, climate risk and human capital management, and the need to update disclosure controls and procedures to address evolving disclosure requirements on environmental, social and governance (ESG) matters;
- b) establish procedures for: (i) the receipt, retention and treatment of complaints received by CGC regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by CGC employees of concerns regarding questionable accounting or auditing matters, whether through the whistleblower hotline or other reporting channels; ensure such procedures maintain the confidentiality and anonymity of persons reporting violations or suspected violations and ensure that CGC does not take retaliatory actions against those reporting;
- c) consider and review with the Independent Auditor the effectiveness of the internal control system, including information technology security and control, and the responsibilities, budget and staffing of this system;
- d) monitor compliance with CGC’s Whistleblower Protection Policy and coordinate and review all investigations undertaken thereunder;
- e) institute and oversee other special investigations as needed;
- f) consult with the Independent Auditors regarding the adequacy of the Internal Controls and review any special audit steps adopted in light of any material control deficiencies;
- g) review management’s annual internal control report, including the scope of any proposed internal control charters, which acknowledges management’s responsibility for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and contains an assessment of the effectiveness of the internal control structure;
- h) address, on a regular basis, any perceived shortcomings in the Internal Controls;
- i) review the involvement of officers and directors in any matter related to business ethics or potential conflict of interest and advise the Board on the appropriate course of action;
- j) review and approve CGC’s hiring policies regarding partners, employees and former partners and employees of the present and former Independent Auditors;



- k) administer and annually review and reassess the adequacy of the Audit Committee Related Party Transactions Policy, and adopt any changes it deems necessary; and
- l) obtain from management adequate assurances that all statutory payments and withholdings have been in compliance with relevant laws and regulations.

## **7. INTERNAL AUDIT FUNCTIONS**

The Committee is responsible for overseeing the performance of CGC's internal audit function. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- a) approve the internal audit function's charter;
- b) approve the risk-based internal audit plan no less frequently than annually and review significant updates on an ongoing basis;
- c) review with CGC's Director, Internal Control or other person responsible for the internal audit function the charter, plans, activities, budget, resources, performance, staffing, and organizational structure of the internal audit function;
- d) review communications from the Director, Internal Audit on the internal audit function's performance relative to its plans and other matters;
- e) approve the appointment, removal and renumeration of the Director, Internal Audit;
- f) meet separately with the internal auditors, if any, and the Independent Auditors to discuss any matters that the Committee or CGC's Director, Internal Control, believes should be discussed privately; and
- g) at least annually, discuss with the Director, Internal Control or other person responsible for the internal audit function the organizational independence of the internal audit function.

## **8. RISK MANAGEMENT**

The Committee is responsible for overseeing the process by which CGC assesses and manages risk. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- a) identify risks inherent in CGC's business ("**Risks**");
- b) maintain policies and procedures that address the Risks on a reasonable, cost-effective basis and inquire about Risks or exposures facing CGC,
- c) in conjunction with management, review, on an annual basis, all aspects of CGC's risk management program, including all significant policies and procedures relating to insurance coverage, foreign exchange exposures and investments (including CGC's use of financial risk management instruments);



- d) review, with CGC's counsel, any legal or regulatory matter that could have a significant impact on CGC's financial statements;
- e) review the status of any material tax audits and proceedings, CGC's tax strategy and other material tax matters;
- f) review the process for communicating the Code to CGC's personnel, and for monitoring compliance therewith;
- g) obtain regular updates from management and CGC's legal counsel regarding compliance matters and legal proceedings;
- h) review with management the policies and procedures with respect to officers' expense accounts and perquisites; and
- i) perform any other activities consistent with this Charter, the CGC by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.

## 9. OTHER

In furtherance of its duties, the Committee shall:

- a) meet regularly with management to discuss any areas of concern with the Committee or management;
- b) consider whether the quality of employees involved in the audit and financial reporting process and the processes described herein meets an acceptable standard;
- c) annually review and reassess the adequacy of this Charter and any other documents used by the Committee in fulfilling its duties and responsibilities, recommend any proposed changes to the Board for approval, and ensure appropriate disclosure as may be required by law or regulation;
- d) annually obtain and review a report by the Independent Auditors describing: the Independent Auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the Independent Auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Independent Auditors, and any steps taken to deal with any such issues; and (to assess the Independent Auditors' independence) all relationships between the Independent Auditors and CGC;
- e) actively engage in a dialogue with the Independent Auditors with respect to any disclosed relationships or services, including non-audit services, between the **Independent Auditor and CGC or any other disclosed relationships or services that may impact the objectivity and independence** of the Independent Auditors and take, or recommend that the full Board take, appropriate action to oversee the independence of the Independent Auditors;
- f) review and evaluate the lead or coordinating audit partner of the Independent Auditors having primary responsibility for the audit, or the audit partner responsible for reviewing the audit does





not perform audit services for CGC for more than five consecutive fiscal years and ensure the regular rotation of audit partners on the audit engagement, as required by applicable laws and regulations, and consider whether rotation of the Independent Auditors is required to ensure independence; and

- g) annually evaluate the Committee's and each Member's performance and qualifications under applicable rules and regulations.

## **10. MEETINGS, STRUCTURE, REPORTING AND DELEGATION**

The Committee meets as required, but at least quarterly, typically, the day before the full Board to allow ample time for discussion. A majority of the Committee shall constitute a quorum. At all meetings of the Committee, every question shall be decided by a majority of the votes cast on the question. Without a meeting, the Committee may act by unanimous consent, in writing or by electronic transmission, of all Members. However, the Committee may delegate to one or more of its Members the authority to grant pre-approvals of audit and permitted non-audit services, provided the decision is reported to the full Committee at its next scheduled meeting. The Chief Executive Officer ("CEO"), PFO and CLO shall attend Committee meetings upon the Committee's request and, subject to the Committee requesting otherwise, the Corporate Secretary, or his or her designee, shall act as secretary at all Committee meetings. The audit partner from the Independent Auditors will be invited to meet with the Committee at least twice a year and may request a meeting with the Committee at any time. The Committee may also meet by telephone conference call or by any other means permitted by law or the CGC by-laws.

The Committee shall keep minutes of the proceedings of the Committee and report to the Board on all proceedings, deliberations, decisions and recommendations of the Committee at the first subsequent meeting of the Board and at such other times and in such manner as the Board may require or as the Committee may, in its discretion, consider advisable.

The Committee may, by the affirmative vote of a majority of the Committee, designate one or more subcommittees, each subcommittee to consist of one or more Members of the Committee. Any such subcommittee, to the extent provided by the Committee and not limited by applicable law, shall have and may exercise all the powers and authority of the Committee. Each subcommittee shall have such name as may be determined from time to time by the Committee. Each subcommittee shall keep regular minutes of its meetings and report the same to the Committee or the Board when required.

## **11. CHAIRPERSON**

The Chairperson may be designated by the Board. In the absence of such designation, the Members of the Committee may designate the Chairperson by the affirmative vote of a majority of the Committee. The Chairperson's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and that its organisation and mechanisms are in place and are working effectively. More specifically, the Chairperson shall:

- a) chair meetings of the Committee;
- b) in consultation with the Chairperson of the Board, the Lead Director, the Members, the PFO and Corporate Secretary, as necessary, set the agendas for and the length of the meetings of the Committee;



- c) in collaboration with the Chairperson of the Board, the Lead Director (if one is elected), the CEO, the PFO and the Corporate Secretary, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is distributed to Members in advance of such meetings to allow Members to properly inform themselves on matters to be acted upon;
- d) assign work to Members;
- e) approve the expense report of the Chairperson of the Board;
- f) act as liaison and maintain communication with the Chairperson of the Board, the Lead Director (if one is elected) and the Board to optimize and coordinate input from directors, and to optimize the effectiveness of the Committee;
- g) provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate; and
- h) be available to the PFO one full business day per calendar quarter to provide advice and guidance.

The Chairperson shall establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee.

## **12. AUTHORITY; FUNDING**

The Committee shall have unrestricted access to the Independent Auditors, CGC personnel and documents and shall be provided with the resources necessary to carry out its duties. The Committee may engage or terminate independent counsel and other advisers, as it determines necessary to carry out its duties. CGC shall provide for appropriate funding, as determined by the Committee, for:

- a) payment of compensation to the Independent Auditors and any legal counsel and other consultants, accountants, experts and advisors retained by the Committee; and
- b) ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its functions.

While the Committee has the responsibilities and powers set forth in this Charter and shall review with management and the Independent Auditor all matters required to be communicated to the Committee under generally accepted auditing standards, it is not the duty of the Committee to plan or conduct audits or to determine that CGC's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Independent Auditors.