

## **AUDIT COMMITTEE MANDATE**

### **Purpose**

The Board of Directors (the “**Board**”) of Canopy Growth Corporation (“**CGC**”) has established the Audit Committee (the “**Committee**”) as a standing committee of the Board for the purposes of overseeing the audit and financial reporting process, ensuring the adequacy and effectiveness of CGC’s internal controls and procedures for financial reporting and 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.

### **Member Qualifications, Appointment and Removal**

The members of the Committee (the “**Members**”), and from amongst those Members, the Chairperson of the Committee, are appointed annually by the Board. The Board will appoint not less than three directors as Members.

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, including Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, Section 303A.02 of the NYSE Listed Company Manual (the “**NYSE Manual**”) and relevant rules of any other stock exchanges on which CGC’s shares are listed. 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 able to read and understand fundamental financial statements including CGC’s balance sheet, income statement and cash flow statement. At least one Member must have a professional accounting certification (or equivalent) or comparable experience and background that results in that Member’s financial sophistication. At least one Member must satisfy the definition of “financial expert” as

set out in Item 407 of Regulation S-K under the United States Securities Act of 1933, as amended.

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. The Board will fill vacancies on the Committee by the appointment of other qualified directors.

### Duties and Responsibilities

In general, the Committee performs a number of roles including (i) assisting directors to meet their responsibilities, (ii) providing better communication between directors and CGC's external auditors, (iii) monitoring the independence and performance of the external auditors, (iv) increasing the credibility and objectivity of financial reports, (v) strengthening the role of the directors by facilitating in-depth discussions amongst directors, management and the external auditors, (vi) overseeing CGC's compliance with legal and regulatory requirements, and (vii) overseeing the performance of CGC's internal audit function. 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.

### *Relationship with Auditors*

The Committee is responsible for managing, on behalf of CGC's shareholders, the relationship between CGC and its external auditors. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- a. be directly responsible for recommending the selection and determining the compensation of the external auditor;
- b. oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for CGC;
- c. establish procedures to monitor the independence of the external auditor and take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the external auditor;
- d. annually require the external auditors to identify the relationships that may affect its independence;
- e. establish procedures for review and approval of all audit and permitted non-audit services provided by external auditors;

- f. pre-approve all non-audit services to be provided to CGC or its subsidiaries by the external auditor, which pre-approval may be delegated to any Member;
- g. provide the external auditor 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; and
- h. review with the external auditor any audit problems or difficulties and management's response.

### *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 external auditor with a written audit plan, including scope, fees and schedule;
- b. review with both management and the external auditor the appropriateness and acceptability of CGC's critical accounting policies and any proposed changes thereto;
- c. review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with CGC's business, all alternative treatments of financial information with IFRS that have been discussed with management, the material assumptions made by management relating to them and their effect on CGC's financial statements;
- d. question management and the external auditor regarding financial reporting issues discussed during the fiscal period;
- e. review any problems experienced by the external auditors in performing audits;
- f. review and discuss the audited annual financial statements in conjunction with the external auditor and review with management all significant variances between comparative reporting periods;
- g. review and discuss the external auditor's report with the external auditor and management;
- h. review all material written communications between the external auditor and management, including post audit or management letters containing recommendations of the external auditors, management's response and follow up with respect to the identified weaknesses;
- i. review with management and with the external auditors, as appropriate, CGC's financial statements, MD&A and annual and interim earnings press releases prior to their public dissemination;
- j. 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, other than the public dissemination referred to in (i) above;
- k. review with management CGC's relationship with the regulators and the quality of its filings with the regulators;
- l. discuss CGC's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies; and

- m. review with the General Counsel (“**GC**”) any current or anticipated litigation or legal activity that could have a material effect on CGC’s financial position.

### *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 and procedures for internal accounting, financial control and management information (“**Internal Controls**”);
- 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;
- c. monitor compliance with CGC’s Whistleblower Protection Policy and coordinate and review all investigations undertaken thereunder;
- d. consult with the external auditor regarding the adequacy of the Internal Controls and review with the external auditor its report on the Internal Controls;
- e. address, on a regular basis, any perceived shortcomings in the Internal Controls;
- f. 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;
- g. review and approve CGC’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor;
- h. prior to CGC entering into any Related Transaction, review the Related Transaction and recommend its approval or rejection by the Board. For the purposes of this Mandate, a “**Related Transaction**” means a business transaction or contract between CGC and a party in which a CGC director or officer has a direct or indirect interest. This direct or indirect interest could exist by virtue of the following: (i) the party is the director or officer; (ii) the director or officer, or their relative or spouse, is on the board of directors or is an officer of the party entering into such a business transaction with CGC; or (iii) the director or officer, or their relative or spouse, has a financial interest in the party entering into such a business transaction with CGC;
- i. annually, review any ongoing Related Transactions and report to the Board; and
- j. obtain from management adequate assurances that all statutory payments and withholdings have been in compliance with relevant laws and regulations.

### *Internal Audit Functions*

The Committee is responsible for overseeing the performance of CGC’s internal audit function.

## *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;
- 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. monitor compliance with environmental codes of conduct and legislation; and
- e. monitor compliance with safety codes of conduct and legislation.

## *Other*

In furtherance of its duties, the Committee shall:

- a. meet regularly with management to discuss any areas of concern to 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 this Mandate and any other documents used by the Committee in fulfilling its duties and responsibilities;
- d. annually obtain and review a report by the external auditor describing: CGC's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of CGC, or by any inquiry or investigation by governmental or professional authorities, within the preeding five years, respecting one or more independent audits carried out by CGC, and any steps taken to deal with any such issues; and
- e. annually evaluate the performance of the Committee.

## Meetings, Structure and Reporting

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. The Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and GC shall attend Committee meetings upon the

Committee's request and, subject to the Committee requesting otherwise, the Corporate Secretary, or his designee, shall act as secretary at all Committee meetings. The audit partner from the external auditor 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 shall 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.

### Chairperson

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 CFO and Corporate Secretary, set the agendas for the meetings of the Committee;
- c. in collaboration with the Chairperson of the Board, the Lead Director, the CEO, the CFO 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 in order that Members may 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 and the Board to optimize and co-ordinate 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 Mandate and as otherwise may be appropriate; and
- h. be available to the CFO one full business day per calendar quarter to provide advice and guidance.

### Authority

The Committee shall have unrestricted access to CGC's external auditors, CGC personnel and documents and shall be provided with the resources necessary to carry

out its duties. The Committee may, in its sole discretion and at CGC's expense, retain and agree to compensate independent counsel or advisors to assist with the performance of its duties.