



## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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### ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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### 1. INTRODUCTION

Canopy Growth Corporation and its subsidiaries (“Canopy”) are committed to conducting business in accordance with all applicable anti-corruption laws including Canada’s Corruption of Foreign Public Officials Act (“CFPOA”) and the U.S. Foreign Corrupt Practices Act (“FCPA”).

Canopy is strongly committed to the highest level of integrity: integrity in the marketplace and in its interactions with government personnel. Corruption of any kind undermines Canopy’s commitment to integrity and will not be tolerated. Even the appearance of impropriety in giving or receiving gifts, entertainment, or things of value can jeopardize Canopy’s interests, and is inconsistent with this commitment. Violation of anti-corruption laws by employees of Canopy exposes Canopy and its employees to fines and penalties, including imprisonment. Canopy may be held liable for bribes paid on Canopy’s behalf by third parties, including agents, contractors, suppliers, and consultants.

Simply put - Canopy prohibits bribery in any form. Complying with the law and Company policies is critically important to our success. A momentary lapse in judgment by a single employee has the potential to erode the value and the trust we bring to customers.

### 2. WHO THE POLICY APPLIES TO

This Anti-Bribery and Anti-Corruption Policy (the “Policy”) is applicable to directors, officers, including executive officers, and employees (which term shall include consultants and others working for the Company under services agreements) of the Company and its subsidiaries (whether they work full-time, part-time, in an office or remotely) (hereinafter collectively “Canopy Personnel” or “Personnel”). Canopy Personnel are responsible for reading, understanding, and complying with the Policy. This Policy is also applicable to Canopy’s agents, consultants, contractors, and suppliers (“Business Associates”).

### 3. PURPOSE OF THE POLICY

The purpose of this Policy is to ensure Canopy’s commitment to full compliance with the CFPOA, the FCPA, and any applicable anti-bribery or anti-corruption laws (“Anti-Bribery Laws”). This Policy supplements Canopy’s Code of Business Conduct and Ethics and provides guidelines for compliance with the CFPOA, the FCPA, and policies applicable to Canopy operations worldwide.



Canopy is committed to the prevention, deterrence, and detection of bribery and corrupt business practices, and to conducting business in accordance with the highest ethical standards, in compliance with all applicable laws. Bribery or corruption of any kind is prohibited at Canopy whether the Company is involved directly or indirectly, and whether taking place through a person or entity.

The Policy is intended to provide a framework to ensure that Canopy has adequate procedures in place to prevent and detect bribery and corruption; provide information and guidance to those working for us on how to identify and deal with potential bribery and corruption issues; and protect the Company against the possible penalties and repercussions resulting from acts of bribery and corruption or being associated with such behavior.

## **4. DEFINITIONS**

### **4.1. FCPA\_ANTI-BRIBERY PROVISIONS**

The FCPA's anti-bribery provisions prohibit U.S. persons and businesses (domestic concerns), U.S. and foreign public companies listed on stock exchanges in the United States or which are required to file periodic reports with the Securities and Exchange Commission (issuers), and certain foreign persons and businesses acting while in the territory of the United States (territorial jurisdiction) from directly or indirectly, offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a Foreign Government Official with the intent to improperly obtain or retain business or any other advantage.

"Directly or Indirectly" means in cases where an individual or entity is prohibited from making any payment, gift, offer, or promise directly, the individual or entity is also prohibited from making it indirectly. An individual may not instruct, authorize, or allow a third party (including without limitation any agent, consultant, contractor, intermediary) to make a prohibited payment on their behalf, and may not make a payment to a third party knowing or having reason to know that it will likely be given improperly to a government official.

"Anything of Value" is defined very broadly and includes cash and cash equivalents (such as gift cards and loans), gifts, entertainment, political contributions, travel-related expenses, charitable donations, accommodations, non-standard discounts, rebates, offers of employment, offers of work experience (e.g. internships, traineeships) and anything else of tangible or intangible value. For example, "anything of value" can include speaking engagements, publishing opportunities, appointments, professional rewards or recognition, job opportunities, or research grants.

"Foreign Government Official" is defined very broadly and includes officers and employees, regardless of rank or branch, of local governments, national governments, companies owned or controlled by a government, such as government-controlled hospitals, public universities, and public international organizations, such as the United Nations or World Bank. "Government official" also includes political parties, party officials, and candidates for public office. Importantly, it can also include, depending on the circumstances, persons with substantial authority of the disposition of public funds.

"Improperly" is where intent exists when anything is given to an official with the intent to influence the official's acts or decisions, to induce the official to violate his or her duties, or to obtain any other unfair advantage. Because intent is what matters, a company can violate the FCPA even if the corrupt payment does not succeed in its business purpose. For example, an employee or third party who directly or indirectly pays a Foreign Government Official to win a contract or influence the procurement process has violated the FCPA, even if no bribe is ultimately paid.



“Business or Advantage” means any improper payment in connection with Canopy’s business is prohibited, including payments to obtain business or to gain any other advantage, such as reduction in taxes or fees, tolerance of noncompliance with applicable rules or regulations, influence over legislation or regulation, or other favors or preferential treatment.

#### **4.2. FCPA ACCOUNTING; BOOKS AND RECORDS AND INTERNAL CONTROLS**

The FCPA’s accounting provisions require that the Company maintain a system of internal accounting controls and make and keep accurate books and records which, in reasonable detail, fairly reflect transactions and dispositions of assets. False, misleading or incomplete entries in such records or in other documents are prohibited as a matter of Company policy and may violate the law. No undisclosed or unrecorded fund or account may be established for any purpose.

A system of accounting controls shall be maintained that provides reasonable assurances that:

- a) transactions are executed in accordance with management authorization;
- b) transactions are recorded so as to permit preparation of accurate financial statements and to maintain accountability for assets;
- c) access to assets is permitted only in accordance with management authorization; and
- d) appropriate auditing functions are conducted.

The Department of Justice (“DOJ”) and the Securities and Exchange Commission (“SEC”) share FCPA enforcement authority.

#### **4.3. CFPOA ANTI-BRIBERY PROVISIONS**

The CFPOA prohibits bribery by Canadians abroad, and by any persons in Canada, of foreign public officials. It also prohibits accounting activities undertaken for the purposes of bribing foreign public officials or hiding such bribery.

A "foreign public official" is broadly defined and captures all persons holding a legislative, administrative, or judicial position in a foreign state. It also includes anyone who performs "public duties or functions" in those foreign states, this should be thought to include all government employees and those employed in government boards, commissions, and State-Owned Enterprises.

The CFPOA prohibits anyone from giving, offering, or agreeing to give or offer, directly or indirectly, a loan, reward, advantage, or benefit of any kind to a foreign public official or to any person for the benefit of a foreign public official either:

- a) As consideration for an act or omission by that official in connection with the performance of that official's duties or function (for example, for a tax collector agreeing to not collect taxes).
- b) To induce the official to use their position to influence any acts or decisions of the foreign state or public international organization for which the official performs duties or functions (for example, to induce a government minister to introduce new regulations or legislation).



The prohibition only applies where the consideration was offered or paid to obtain or retain an advantage in the course of business.

#### **4.4. CFPOA BOOKS AND RECORDS**

There is also a "books and records" offence in the CFPOA. This criminalizes establishing accounts or modifying accounts and records (including deleting transactions or creating false transactions), using false records, or intentionally destroying accounts earlier than permitted by law, for the purpose of bribing an official or hiding that bribery.

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain. Bribery is the offer, promise, or payment of cash, gifts, or even excessive entertainment, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage.

Bribery and corruption can take many forms, including the provision or acceptance of:

- a) "consulting" relationships;
- b) business, employment, internships, or investment opportunities;
- c) cash payments;
- d) kickbacks;
- e) political contributions;
- f) charitable contributions;
- g) social benefits; or
- h) gifts, travel, hospitality, and reimbursement of expenses.

Public Official means anyone acting in an official capacity for or on behalf of: a national, regional or local government, including collective groups or partnerships of governments (e.g., the European Union); any agency, department or instrumentality of a national, regional or local government, including collective bargaining groups or partnerships of governments; a government-owned or government controlled enterprise, such as a state-owned airline or factory; a public international organization, such as the World Bank or International Monetary Fund; any political party, party official, or candidate for a political party or political party office, civil servants and military personnel.

Improper Payment Activity means: (i) causing the person to act or fail to act in violation of a legal duty; (ii) causing the person to abuse or misuse their position; or (iii) securing any improper advantage, contract, or concession.

## **5. REQUIREMENTS**

Canopy Personnel and Business Associates are strictly prohibited from offering, paying, promising, or authorizing any payment or other thing of value to any person, directly or indirectly through or to a third party, on Canopy's behalf, for the purpose of an Improper Payment Activity or to gain an Improper Business Advantage. To promote compliance with the CFPOA, the FCPA, and all other applicable Anti-Bribery Laws, no Canopy Personnel or Business Associate shall undertake any Improper Payment Activity in respect of a Public Official or a person doing business in the private sector. This Policy also prohibits "facilitation payments," small payments to foreign officials made to facilitate or expedite routine governmental action. All Canopy Business Associates must be reviewed and approved in accordance with the written policies and procedures



implemented by the Company and updated from time to time. It is everyone's responsibility to monitor Business Associates throughout the life of the relationships.

Section 11 of this Policy includes a list of possible "red flags" that may arise during the course of your work and which may raise concerns under the CFPOA, the FCPA, and other applicable Anti-corruption Laws or this Policy. Canopy Personnel shall require that anti-corruption certifications and guarantees are part of all agreements with Business Associates acting on Canopy's behalf.

## **6. CONTROLS ON PAYMENTS AND RECORDING PAYMENTS**

Any payment to a Public Official must be reviewed and approved by the Company's Chief Legal Officer. Failure to initiate such a review before making such payment is a violation of this Policy.

In addition, Canopy's books and records must correctly record both the amount and a written description of any transaction, in accordance with generally accepted accounting principles. Canopy Personnel must ensure that all transactions contain reasonable details that accurately and fairly reflect the nature and purpose of the transactions and that all transactions are described accurately in Canopy's books and records. In addition, no Canopy Personnel or Business Associate may take action to avoid, hide or otherwise impede the accurate recording of all payments required to be recorded in Canopy's books and records. Failure to do so violates this policy and Anti-Bribery Laws.

## **7. GIFTS, HOSPITALITY AND CORPORATE ENTERTAINMENT**

Corporate entertaining and hospitality can amount to a bribe if they are excessive or gratuitous, or done with corrupt intent. For example, lunch or dinner with a customer after a meeting is fine, but extravagant hospitality for that customer and the customer's partner to go out to dinner on their own, or to an event or weekend away, are likely to be viewed as excessive.

Gifts, hospitality and corporate entertainment must never be lavish or given too frequently, must be given openly and without any expected action in return, and must be permitted under applicable Anti-Bribery Laws and by the recipient's organization. The Chief Legal Officer must be notified of all hospitality and gifts given, received or declined that are from a Public Official, irrespective of whether Canopy Personnel or a Business Associate are involved. Any other disbursement made on behalf of or in the name of Canopy including but not limited to bona fide charities, charitable and other commercial sponsorship, must never be given with the intention of obtaining or retaining business or gaining an improper business advantage for the Company and must first be approved by the Chief Legal Officer.

## **8. AUDITS**

Audits of Canopy sites, operating units, and contractors may be conducted periodically to ensure that the requirements of this Policy and applicable procedures and guidelines are being met. Audits may be conducted internally by Canopy, or externally by retained third parties. Audit documentation shall include performance improvement action plans. It is a violation of this Policy to fail to comply with a request of an internal or external auditor.

## **9. DISCIPLINE**



Any Personnel who violates the terms of this Policy will be subject to disciplinary action, up to and including termination of employment and/or termination of affiliation with Canopy. Any Personnel who have direct knowledge of potential violations of this Policy but fails to report such potential violations to management is in violation of the Policy and will be subject to disciplinary action. Any Personnel who misleads or hinders investigators inquiring into potential violations of this Policy will be subject to disciplinary action. In all cases, disciplinary action may include termination of employment. Any Business Associate who violates the terms of this Policy, who knows of and fails to report to Canopy management potential violations of this Policy, or who misleads investigators making inquiries into potential violations of this Policy, may have their contracts re-evaluated or terminated. Further, failure to comply with applicable laws may result in significant civil and criminal penalties for Canopy and the individuals involved.

## **10. NON-RETALIATION**

Canopy has adopted a Whistleblower Protection Policy, a copy of which may be obtained via Canopy's intranet or internet. Any Canopy Personnel or Business Associate who reports conduct which they believe in good faith to be a violation of this Policy will not be retaliated against in any manner for such reporting, and all such reports will be treated as confidential to the extent allowed by law and to such extent as to enable an appropriate investigation.

Notwithstanding the foregoing, nothing contained in this Policy shall limit the ability of Canopy Personnel to file a charge or complaint with a governmental agency and communicate with any such agency or otherwise participate in any investigation or proceeding that may be conducted by any such agency, including providing documents or other information in connection therewith, without notice to Canopy.

## **11. RED FLAGS**

The following is a list of possible scenarios that may arise during the course of your work. While the following are not necessarily examples of bribery or improper conduct, they are, at a minimum, "Red Flags" which should trigger further investigation and notice to Canopy's management for guidance.

- a) A Public Official pointing you in the direction of a specific intermediary to act on Canopy's behalf.
- b) A request from a Public Official for a small fee to "oil the wheels" (e.g., in customs or to make a governmental permission/act occur more quickly). As discussed above, this is termed a facilitation payment which is illegal under the CFPOA and prohibited by this Policy.
- c) A request for unusually high or additional Business Associate's fees (particularly if they are out of line with market rates or excessive/unjustified for the work undertaken).
- d) A request for cash payments, or payments to be made to a country/known tax haven, in which the Business Associate is not domiciled.
- e) A counterparty that requests payment to a third party (e.g., relatives and charities) not referenced in the contract/agreement or involving several individuals and companies where there is no obvious relationship among the entities.
- f) The provision of unusually lavish corporate hospitality or a request that Canopy provide such hospitality, even if the request is framed as customary for the market or region.
- g) A refusal by a counterparty or Business Associate to cooperate in due diligence or to accept an anti-bribery clause in an agreement.
- h) A refusal by a Business Associate to disclose its complete ownership, capital structure or other reasonably requested information



- i) A demand for an unusually high commission or a large up-front payment.
- j) A demand that payments be made in cash or to a bank in a foreign country unrelated to the transaction.
- k) A request the preparation of any unusual financial documentation.
- l) Transactions where money or property is passed through a consultant or representative with the aim of obtaining or influencing certain government actions or approvals.
- m) A Canopy Personnel or Business Associate favors or promotes a particular service provider/supplier when there is no obvious benefit to Canopy or when other providers offer better value services.
- n) A suggestion that some form of material reward - "a thank you" - would be appropriate in return for past or future business or government action or inaction.
- o) A Canopy Personnel or Business Associate who is on commission and brings in an unusually high volume of business.
- p) Doing business where unofficial/off the record payments/gifts are said to be part of local custom and business practice.