

INSIDER TRADING POLICY

Effective
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Version 1.2

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1. INTRODUCTION

Canopy Growth Corporation as a public company has internal guidelines to control transactions involving its securities by all Canopy Team Members (as defined below) to ensure Canopy Team Members are aware of and comply with their legal obligations and Canopy policy with respect to “insider trading” and “tipping” (the (“Policy”). “**Canopy**” or the “**Company**”, as used in this Policy, means Canopy Growth Corporation and its subsidiaries. “**Canopy Team Members**”, as used in this Policy, means the directors, officers, employees, consultants, contractors and agents of Canopy, as well as their “Associates” and “Affiliates”.

We expect every Canopy Team Member to fully comply with all applicable legal requirements, including requirements of the applicable stock exchange, and this Policy. The objectives of this Policy are to:

- educate Canopy Team Members about their legal obligations with respect to insider trading and tipping;
- foster and facilitate compliance with applicable laws to prevent transactions by Canopy Team Members that would not be in full compliance with the legal requirements;
- help satisfy the Company’s obligations to prevent insider trading and tipping and to help Canopy Team Members avoid the severe



consequences associated with violations of insider trading laws;
and

- to help protect against the Company violating securities laws related to “selective disclosure”.

1.1. Scope of this Policy

This Policy applies to all Canopy Team Members.

Significant Shareholders of Canopy are subject to similar restrictions and obligations as those discussed in this Policy. However, this Policy is not intended to describe or be exhaustive of the restrictions and obligations applicable to Significant Shareholders of Canopy. As a result, Significant Shareholders should consult with legal counsel to determine their restrictions and obligations under applicable law.

2. LEGAL BACKGROUND

2.1. Insider Trading

- a) Securities legislation prohibits anyone from trading in Canopy securities with knowledge of a material fact or material change that has not been generally disclosed. This prohibited activity is commonly known as “insider trading”. Definitions of “material fact” and “material change” are set out in Section 2.3 below.
- b) Securities legislation also prohibits anyone from trading in the securities of any public company other than Canopy when he or she has knowledge of an undisclosed material fact or

material change regarding Canopy that may affect the other public company.

2.2. Tipping

Securities legislation prohibits any person from informing any other person of a material fact or material change before the material fact or material change has been generally disclosed. This prohibited activity is commonly known as “tipping”. Both the person who provides the information and the person who receives the information could be liable under securities laws if the person who receives the information trades in securities based on the provided non-public information.

2.3. Definitions

- a) **“Associate”** means with respect to a person or company:
- (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the company for the time being outstanding,
 - (ii) any partner of that person or company,
 - (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity,

- (iv) any relative of that person who resides in the same home as that person,
 - (v) any person who resides in the same home as that person and to whom that person is married or with whom that person is living in a conjugal relationship outside marriage, or
 - (vi) any relative of a person mentioned in clause (e) who has the same home as that person.
- b) **“Affiliate”** means, with respect to (i) a company, such company shall be deemed to be an Affiliate of another company if one of them is the subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same person or company, and (ii) a specified person, such person is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.
- c) **“Insider”** means a Canopy Team Member who is a director or officer of Canopy or a director or officer of a subsidiary of Canopy.
- d) **“Major Subsidiary”** means a subsidiary of Canopy if:
- a. the assets of the subsidiary, as included in Canopy’s most recent annual audited or interim balance sheet, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of financial position, are 30 per cent or more of the consolidated

assets of Canopy reported on that balance sheet or statement of financial position, as the case may be, or

- b. the revenue of the subsidiary, as included in Canopy's most recent annual audited or interim income statement, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of comprehensive income, is 30 per cent or more of the consolidated revenue of Canopy reported on that statement.

- e) **"material change"** means a change in the business, operations, assets or ownership of Canopy that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Canopy, or a decision to implement such a change made by: (a) the board of directors of Canopy; or (b) senior management of Canopy who believe that confirmation of the decision by the board of directors of Canopy is probable.

- f) **"material fact"** means a fact that (i) would reasonably be expected to have a significant effect on the market price of value of the securities of Canopy or (ii) a reasonable investor would consider important in making a decision to buy, sell or hold securities of Canopy.

- g) **"Material Information"** means any information relating to the business and affairs of Canopy that relate to (i) a "material change" or (ii) a "material fact."

h) **“Reporting Insider”** means:

- a. the CEO, CFO or COO of Canopy, of a Significant Shareholder of Canopy or of a Major Subsidiary of Canopy;
- b. a director of Canopy, of a Significant Shareholder of Canopy or of a Major Subsidiary of Canopy;
- c. a person or company responsible for a principal business unit, division or function of Canopy;
- d. a Significant Shareholder of Canopy;
- e. a Significant Shareholder based on post-conversion beneficial ownership of Canopy’s securities and the CEO, CFO, COO and every director of the Significant Shareholder based on post-conversion beneficial ownership;
- f. a management company that provides significant management or administrative services to Canopy or a Major Subsidiary of Canopy, every director of the management company, every CEO, CFO and COO of the management company, and every Significant Shareholder of the management company;
- g. an individual performing functions similar to the functions performed by any of the insiders described in paragraphs a. to f.;

- h. Canopy itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
- i. any other Insider that:
 - i. in the ordinary course receives or has access to information as to material facts or material changes concerning Canopy before the material facts or material changes are generally disclosed; and
 - ii. directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of Canopy.
- i) **“Significant Shareholder”** means a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all the issuer’s outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution.

3. OBLIGATIONS

3.1. Obligations on All Canopy Team Members



- a) Canopy Team Members cannot trade in securities of Canopy, including exercising Canopy stock options, while in possession of Material Information with respect to Canopy that has not yet been generally disclosed.
- b) Canopy Team Members cannot trade in securities of another public company while in possession of Material Information with respect to Canopy that has not yet been generally disclosed and that would affect such other public company.
- c) Canopy Team Members cannot inform other people of Material Information regarding Canopy or any other public company before that Material Information has been generally disclosed.
- d) Canopy Team Members must inform the CFO prior to a trade in securities of Canopy.

The provisions of this Section 3.1 and the following Section 3.2 also apply to all family members of a Canopy Team Member who reside with the Canopy Team Member.

3.2. Imposition of Blackout Periods

All Canopy Team Members are prohibited from trading in securities of Canopy, including exercising Canopy stock options, during “blackout periods.” Blackout Periods for all Canopy Team Members begin at 5 p.m. (EST) on the last day of each fiscal quarter of Canopy and end on the second clear and full trading session day following the issuance of a news release disclosing quarterly results or annual results. Expressed another way, for Canopy Team Members trading

is permitted during a “window” which extends from the close of the second business day following an earnings release with respect to the preceding fiscal quarter until the close of business on the last day of each fiscal quarter of Canopy.

Notwithstanding the foregoing, Canopy Team Members (whether or not Insiders) are prohibited from trading in securities of Canopy, even during the applicable trading “window” while such Canopy Team Members possess Material Information which has not been publicly disclosed.

In addition, when Material Information is deemed worthy of a blackout period or anticipated to have an impact, either positive or negative, on the price of Canopy shares after review by the Company’s Chief Executive Officer, Chief Financial Officer or another designated person, a blackout period will be instituted for Insiders and other designated employees beginning 48 hours before public disclosure and continuing through the day of disclosure and for 48 hours following said disclosure (“**Special Blackout Period**”). These restrictions will also apply to Related Persons of the persons described above. No one may disclose to any outside third party that a Special Blackout Period has been designated. Canopy’s policy will be to err on the side of caution in designating Special Blackout Periods and related practices, in recognition of the fact that trades that create notoriety, even if they are ultimately found to be proper, may tarnish Canopy’s goodwill and reputation.

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction, the procedures set forth below must be followed by Canopy’s directors,

officers and certain other designated employees (as determined by the Compliance Committee from time to time) who may have access to Material Information which has not been publicly disclosed ("**Restricted Insiders**"). For greater certainty, Restricted Insiders shall include all Reporting Insiders, all employees at the level of "Director" or above and all employees in the Finance/Accounting, Investor Relations/Public Relations and Legal Departments.

At no time may any Restricted Insider, directly or indirectly, trade in Canopy's securities unless such person obtains the prior approval of the Compliance Committee (or its designated representative). Pre-clearance requirements also apply to trades by a Restricted Insider's Associates.

Pre-clearance requests, which should outline the trading request (i.e., purchase or sale, possible level of securities to be traded, if any automatic trading plan is to be instituted as a result) are to be sent by fax or email to Canopy's Chief Financial Officer. The Compliance Committee will respond to such requests within one (1) business day.

Pre-clearance also applies to sales of Canopy stock in connection with exercises of stock options.

Canopy's policy will be to err on the side of caution in granting or denying trading clearance, in recognition of the fact that trades that create notoriety, even if they are ultimately found to be proper, may tarnish Canopy's goodwill and reputation.

If the Compliance Committee denies trading clearance to a Restricted Insider, Canopy will immediately impose a Special Blackout Period as described above.

Clearance for a transaction is valid only for a 48 hour period. If the transaction order is not placed within that 48 hour period, clearance for the transaction must be re-requested . If clearance is denied, then the fact of such denial of clearance must be kept confidential by the Restricted Insider.

3.3.

Waiver

Notwithstanding any of the prohibitions contained in Section 3.2, the Audit Committee may, at its discretion, waive the prohibitions contained in Section 3.2 in exceptional circumstances, provided that the Canopy Team Member seeking the waiver does not have any undisclosed Material Information and that making such an exception would not violate any applicable securities laws. All requests for waivers pursuant to this section 3.3 shall be made in writing, shall contain a certification that the requesting Canopy Team Member does not have any undisclosed Material Information, and shall be addressed to the Chair of the Audit Committee.

3.4.

No Speculating

Purchases of securities of Canopy should be for investment purposes only and not short-term speculation. This includes all dealings in puts and calls, all short sales and all buying or selling on the market with the intention of quickly re-selling or buying back at a profit. In

addition, there should be no trading in securities of other companies with the knowledge that Canopy is contemplating or engaged in acquiring such company or its securities or negotiating significant business arrangements. Canopy also strongly discourages Canopy Team Members from making purchases using “margin loans” in order to remove the risk of their being put into a difficult situation as a result of a margin loan shortfall (margin call).

3.5. Discretionary Account

If any Canopy Team Member has a discretionary account with a broker or other investment manager (i.e. the broker or other investment manager has a certain amount of discretion to buy and sell stock on behalf of the Canopy Team Member), they must be advised in writing that there are to be no purchases or sales of the Company shares in the discretionary account without first discussing it with such Canopy Team Member in order to ensure compliance with this Policy and applicable insider trading laws.

3.6. Insider Reports

Under Canadian securities laws and Canopy policy, Reporting Insiders are required to file a report (the “**Insider Report**”) with securities regulators any time they trade in shares, debt securities, options (including the grant and exercise of options), deferred share units or restricted stock units of the Company (which involve the issuance or potential issuance of securities from treasury). Reporting Insiders must file an Insider Report electronically through

the “System for Electronic Disclosure by Insiders” (“**SEDI**”) within 5 days after each trade.

3.7. Confidentiality

In the course of conducting business, Canopy Team Members may be in possession of information which may be of a market sensitive nature. Access to such information must be limited strictly to those persons who require it in order to perform the duties expected of them. Precautions must be adopted by each Canopy Team Member to ensure that sensitive information within their department is not available or accessible to individuals inside or outside of the Company who have no requirement for such information. Canopy Team Members are reminded to review the Canopy Corporate Disclosure and Confidentiality Policy for further information.

3.8. Automatic Plans

Trading restrictions during blackout periods will normally not be applicable when the Canopy Team Member has entered into a plan allowing him or her to purchase or sell Company securities on an automatic basis according to a pre-established set of instructions with respect to timing and price, regardless of whether a blackout period may be in effect and regardless of whether the Canopy Team Member may be in possession of material undisclosed information about Canopy at the time of such purchase or sale.

These plans must be preapproved by board of directors of Canopy, acting in its sole discretion, and must meet the following conditions:

- At the time the plan is entered into, (i) the Canopy Team Member is not in possession of any material undisclosed information relating to the Company;
- Trading parameters are clearly documented in writing at the time the plan is established;
- The plan contains meaningful restrictions on the ability of the Canopy Team Member to profit from material undisclosed information by varying, suspending, or terminating the plan;
- The plan provides that the broker may not consult with the Canopy Team Member regarding any sales under the plan and that the Canopy Team Member cannot disclose information to the broker that might influence the broker's execution of the plan; and
- The plan was entered into in good faith.


Plans of this nature include automatic securities purchase plans, dividend reinvestment plans and automatic pre-arranged sales plans structured in compliance with applicable securities laws. It should be noted that the insider reporting obligations discussed above continue to apply in respect to these plans, subject to certain exemptions.

4. MISCELLANEOUS

4.1. Potential Civil and Criminal Penalties

The consequences of prohibited insider trading or tipping where required on a timely basis can be severe and may include dismissal, fines and criminal sanctions.

Approval



Bruce Linton, CEO

December 4, 2016_____

Date

