

Approved by Board:
September 1, 2021



HEXO CORP.

Insider Trading and Reporting Policy

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It is illegal under the securities laws or regulations of Canada and other jurisdictions to trade in shares and other securities while in possession of privileged or undisclosed information and to communicate such information to others who might trade in such shares or securities. Such prohibited activities are often called “insider trading” and “tipping”, respectively.

The purpose of the Insider Trading and Reporting Policy (the “**Policy**”) is to summarize the insider trading restrictions to which the Corporation’s employees, managers, executive officers and directors (“**HEXO Personnel**”) and consultants are subject under applicable securities legislation, and to set forth a policy governing trading in the securities of HEXO Corp. (“**HEXO**” or the “**Corporation**”), and the reporting thereof which is consistent with the applicable legislation.

This Policy is intended to complement the Corporation's existing “Disclosure and Confidentiality Policy” and should also be read in conjunction with the Corporation’s Code of Business Conduct and Ethics and its Social Media Policy.

This Policy, together with the Disclosure and Confidentiality Policy, is intended to assist the Corporation in complying with securities laws governing corporate disclosure, confidentiality and insider trading (collectively, the “**Disclosure Rules**”). The Corporation believes that compliance with the Disclosure Rules is essential to maintaining investor confidence in management of the Corporation and the integrity of the market for the Corporation's securities. Moreover, applicable securities legislation in Canada creates secondary market liability for the Corporation and others, including directors and officers, for misrepresentations in corporate disclosure and failures to make timely disclosure.

Any questions regarding the contents of this Policy, and how it applies, should be directed to the Chief Financial Officer of the Corporation. For those wishing to communicate in French, questions may also be directed to the General Counsel of the Corporation.

This Policy is not intended to discourage investment in the Corporation’s securities. Rather, it is intended to highlight the obligations and the restrictions imposed by relevant securities legislation.

1 Summary of Legislation

For the purposes of this Policy, “**material information**” is any information relating to the business and affairs of the Corporation that: (i) significantly affects the market price or value of the Corporation’s securities; or (ii) would reasonably be expected to have a significant effect on the market price or value of the Corporation’s securities or would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Material information will include any anticipated decision by a Board of Directors to implement a material change, as well as any decision made to implement such a material change by senior management, if Board of Director approval is probable.

Securities legislation prohibits any person in a “special relationship” with the Corporation from either:

- (a) purchasing or selling the Corporation's securities with the knowledge of a material fact or material change concerning the Corporation that has not been generally disclosed; or
- (b) informing, other than when necessary in the course of business, another person or corporation of a material fact or material change concerning the Corporation before the material fact or material change has been generally disclosed. This practice is also known as "tipping" and 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.

This prohibition applies to persons who are deemed to have a "special relationship" with the Corporation, which include:

- (c) "insiders" as defined under applicable securities legislation;
- (d) directors, officers, employees and consultants of the Corporation; and
- (e) persons or companies who learn of a material fact or material change concerning the Corporation.

There are limited circumstances in which undisclosed material information may be disclosed in the necessary course of business if there are no grounds to believe the undisclosed material information will be used or disclosed contrary to applicable law. If you believe you face such circumstances, you should send a request to the General Counsel of the Corporation to confirm whether such undisclosed material information may be disclosed.

You should note that any person who is associated with you, including any member of your family, is subject to the same legal obligations and duties. HEXO Personnel are accordingly expected to be responsible for compliance with the trading restrictions described in this Policy by their spouse, minor children and anyone else living in their household, a corporation controlled by such HEXO Personnel, a partnership in which such HEXO Personnel is a general partner, a trust of which such HEXO Personnel is a trustee and an estate of which such HEXO Personnel is an executor (collectively "**Related Parties**").

2 Trading Prohibitions

In light of the foregoing, all HEXO Personnel will be subject to the following prohibitions relating to investments in the Corporation's securities and securities of other public issuers:

- (a) If one has knowledge of material information related to the affairs of the Corporation or any public issuer involved in a transaction with the Corporation which is not generally known, no purchase or sale may be made until the information has been generally disclosed to the public and the blackout periods set forth below have expired;
- (b) If one has knowledge of material information related to the affairs of the Corporation or any public issuer involved in a transaction with the Corporation which is not generally known, no recommendation or encouragement to another person or company to purchase or sell may be made until the information has been generally disclosed to the public and the blackout periods set forth below have expired;

- (c) Knowledge of material information must not be conveyed to any other person other than in the necessary course of business until the information has been generally disclosed to the public and the blackout periods set forth below have expired;
- (d) The practice of selling “short” securities of the Corporation at any time is not permitted;
- (e) The practice of buying or selling a “call” or “put” or any other prepaid forward contracts, equity swaps, collars, units of exchange funds, or derivative security in respect of any securities of the Corporation, also known as hedging, is not permitted; and
- (f) Trading is prohibited in the event that the Corporation has provided notice of a pending material information until the information has been generally disclosed to the public and the blackout periods set forth below have expired.

For purposes of this Policy, public issuer includes any issuer, whether a corporation or otherwise, whose securities are traded in a public market, whether on a stock exchange or “over the counter”.

The above prohibitions and the insider reporting obligations provided below applies equally to the trading or exercising of options underlying any security of the public issuer.

3 Insider Reporting Obligations

A person or corporation who becomes a “reporting insider” of the Corporation must file an insider report within 10 days of the date of becoming a “reporting insider”. In addition, a “reporting insider” whose direct or indirect beneficial ownership of or control or direction over securities of the Corporation changes, must file an insider report of the change within 5 days of the date of the change.

National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (“NI 55-104”) defines a “reporting insider” to include, among others, an insider of the issuer if the insider is:

- the CEO, CFO or COO and each director of the issuer, of a significant shareholder of the issuer or of a major subsidiary of the issuer;
- a person or company responsible for a principal business unit, division or function of the issuer;
- a significant shareholder of the issuer; and
- any other insider that in the ordinary course receives or has access to information as to material facts or material changes concerning the issuer before the material facts or material changes are generally disclosed and directly or indirectly, exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the issuer.

It is each insider’s personal responsibility to determine if they are a “reporting insider” as defined in NI 55- 104 and should review the complete definition of such term in NI 55-104 in making such determination. **It is each reporting insider’s responsibility to ensure that all requisite insider trading reports are filed with the appropriate securities commissions within the statutory time limits.**

A copy of the insider report may be obtained from the Corporation and is required to be filed electronically on SEDI.

Reporting insiders are required to provide a copy of all insider reports to the General Counsel and Corporate Secretary or other designated person concurrent with their filing to regulatory authorities.

4 Blackout Periods

In order to ensure uniform compliance with securities legislation, the Corporation has made the following provision for blackout periods during which restricted persons and HEXO Personnel who are routinely in possession of undisclosed material information, are prohibited from trading in the Corporation's securities.

4.1 Periodic, Regular Disclosure (Quarterly and Annual Financial Results)

For each quarter, the blackout period begins two days immediately preceding the end of the quarter, or year end, and terminates at the end of one clear trading day following the release of the financial statements further to their approval by the Board, unless otherwise determined by the Board.

4.2 Unscheduled Developments

- (a) Unscheduled developments are significant corporate acquisitions, divestitures, contract negotiations, asset write downs, or other transactions that will generally result in a material change in the affairs of the Corporation.
- (b) The blackout period begins as soon as management is aware of the development and has communicated such development to the insiders and terminates at the end of one clear trading day following the release, unless otherwise determined by the Board.

5 Violations and Penalties

The consequences of insider trading and tipping can be severe. HEXO Personnel, and any of their Related Parties, who contravene securities laws or regulations not only expose themselves to criminal, penal and administrative actions by the relevant authorities, which could lead to substantial fines and imprisonment. HEXO personnel who violate this Policy (which may extend to a violation by a Related Party) will also be subject to disciplinary actions, which may include restrictions on future participation in securities-based incentive plans or termination of employment.

If you are unsure whether or not you may trade in a given circumstance, you should contact the Chief Financial Officer or the General Counsel of the Corporation to determine if the particular information is or is not material.