

**CONSTELLATION BRANDS, INC.**

**BOARD OF DIRECTORS'**

**AUDIT COMMITTEE CHARTER**

**Composition and Member Qualifications**

The Audit Committee of the Board of Directors shall be composed of at least three, but not more than five, members of the Board, each of whom shall meet the independence and other qualification requirements of the New York Stock Exchange, Inc., the Sarbanes-Oxley Act of 2002 (the "Act"), and all other applicable laws and regulations. Each member of the Audit Committee shall be financially literate and at least one member of the Audit Committee shall have accounting or related financial management expertise, as each such qualification is interpreted by the Board of Directors in its business judgment. To the extent practicable, at least one member of the Audit Committee shall be an "audit committee financial expert" as such term is defined by the Securities and Exchange Commission (the "SEC") in its rules and regulations. The number of members of the Audit Committee shall be determined from time to time by resolution of the Board of Directors. The members of the Audit Committee and its Chairperson shall be nominated by the Corporate Governance Committee and elected by the Board.

**Purposes**

The primary purposes of the Audit Committee shall be to:

1. Perform Board of Directors' oversight responsibilities as they relate to the Company's accounting policies, internal controls and financial reporting practices, including, among other things, monitoring:
  - the integrity of the Company's financial statements,
  - the Company's compliance with legal and regulatory requirements,
  - the qualifications and independence of the independent auditors, and
  - the performance of the Company's internal audit function and the Company's independent auditors;
2. Maintain, through regularly scheduled meetings, a line of communication between the Board of Directors and the Company's financial management, internal auditors and independent auditors; and

3. Prepare, with such assistance from management as it determines is appropriate, the report to be included in the Company's annual proxy statement, as required by the SEC's rules.

### **Duties and Responsibilities**

The Audit Committee will:

1. Oversee the external audit coverage. The Company's independent auditors shall report directly to the Audit Committee, which has the authority and direct responsibility to appoint, retain, compensate, oversee, evaluate and terminate the independent auditors. In connection with its oversight of the external audit coverage, the Audit Committee will:
  - Have the direct authority to approve the engagement letter and the fees to be paid to the independent auditors;
  - Pre-approve all audit and non-audit services to be performed by the independent auditors and the related fees for such services (subject to the *de minimis* exceptions set forth in the Act and in SEC rules thereunder);
  - Obtain confirmation and assurance as to the independent auditors' independence, including ensuring that they submit on a periodic basis (not less than annually) to the Audit Committee a formal written statement delineating all relationships between the independent auditors and the Company. The Audit Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking appropriate action in response to the independent auditors' report to satisfy itself of their independence;
  - At least annually, obtain and review a report by the independent auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm, and any steps taken to deal with any such issues; and, to assess the independent auditors' independence, all relationships between the independent auditors and the Company;
  - Meet with the independent auditors prior to the annual audit to discuss planning and staffing of the audit;
  - Review and evaluate the performance of the independent auditors, as the basis for any decision to reappoint or replace the independent auditors;

- Set clear hiring policies for employees or former employees of the independent auditors, as required by applicable laws and regulations; and
  - Review and evaluate the lead partner of the independent auditor 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 auditor is required to ensure independence.
2. Meet to review and discuss the annual audited financial statements and the Company's disclosures provided in periodic annual reports including review of the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" with management, the senior internal auditing executive, and the independent auditors. In connection with such review, the Audit Committee will:
- Discuss with the independent auditors the matters required to be discussed by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board;
  - Review significant changes in accounting or auditing policies;
  - Review with the independent auditors any problems or difficulties encountered in the course of their audit, including any change in the scope of the planned audit work and any restrictions placed on the scope of such work or on access to requested information, management's response to such problems or difficulties and any significant disagreements with management;
  - Review with the independent auditors, management, and the senior internal auditing executive, the condition of the Company's internal controls, and any significant findings and recommendations with respect to such controls and any special audit steps adopted in light of material control deficiencies; and
  - Based on the Audit Committee's review and discussion, recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
3. Meet to review and discuss the quarterly financial statements and the Company's disclosures provided in periodic quarterly reports including review of the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" with management, the senior internal auditing executive and the independent auditors.
4. Receive reports required to be submitted by the independent auditors concerning: (a) all critical accounting policies and practices used; (b) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of such alternatives, and the accounting treatment preferred by the independent auditors; and (c) any

other material written communications with management; and review (x) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (y) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements; and (z) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

5. Discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. The Audit Committee may discuss these matters generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance. Review the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as review any financial information and earnings guidance provided to analysts and rating agencies.
6. Review major accounting policies and significant policy decisions as they deem appropriate.
7. Obtain from management a notification of issues and responses whenever a second opinion is sought from an independent public accountant.
8. Review annually executive officers' perquisites, including use of corporate assets.
9. Review periodically the internal audit charter that explains the functional and organizational framework for providing services to management and to the Audit Committee.
10. Meet periodically with the Company's General Counsel to discuss legal, regulatory and corporate compliance matters that may have a significant impact on the Company.
11. Obtain advice and assistance from outside legal, accounting or other advisers, and determine compensation for such services, as the Audit Committee deems necessary to carry out its duties.
12. Oversee internal audit coverage. In connection with this responsibility, the Audit Committee will:
  - Meet periodically with management and the senior internal auditing executive to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled; and discuss

guidelines and policies to govern the process by which risk assessment and management is undertaken;

- Review and approve the Internal Audit Department’s internal audit plan and all major changes to the plan;
  - Review and discuss with the senior internal audit executive the scope, progress, and results of executing the internal audit plan;
  - Receive reports on the status of significant findings, recommendations, and management’s responses;
  - Review the charter, reporting relationship, activities, staffing, organizational structure, and credentials of the internal audit department; and
  - Review and concur in the appointment, replacement, reassignment, or dismissal of the senior internal audit executive.
13. Resolve any differences in financial reporting between management and the independent auditors.
14. Establish procedures for (a) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
15. Determine that the Company (or any of its subsidiaries or affiliates) is eligible for and may utilize the exception from the clearing requirements of sections 2(h)(1) and 2(h)(8) of the Commodity Exchange Act, such exception (the “End-User Exception”) to be made in accordance with rules promulgated by the Commodities Futures Trading Commission.
- Authorize Management to execute an Annual End-User Clearing Exception Form (in such form as determined by Management) to confirm the swaps are used to hedge commercial risk, how the Company will meet its financial obligations with respect to the swaps, and provide required issuer information
  - Authorize Management to enter into swaps that rely on the End-User Exception, where available, and represent to swap counterparties that the Company is eligible for the End-User Exception and
  - Review and approve the decision to use exempt swaps, and the policies governing the use of exempt swaps, at least annually or more often upon a triggering event, including but not limited to a change in the Company’s hedging policy.
16. Meet periodically (not less than annually) in separate executive session with each of management, the senior internal auditing executive, and the independent auditors.

17. Review and reassess the adequacy of this Charter annually and propose to the Board any recommended changes.
18. Report on Audit Committee activities and issues to the Board regularly.
19. Prepare, with such assistance from management as it determines is appropriate, the report of the Audit Committee required by the rules of the SEC to be included in the proxy statement for each annual meeting of stockholders.
20. Provide for an annual performance evaluation of the Audit Committee, including a review of its compliance with this Charter.

## **Procedures**

### 1. Meetings

The Audit Committee shall meet at least quarterly, preferably in conjunction with regular Board meetings. Meetings may, at the discretion of the Audit Committee, include members of management, independent consultants, and such other persons as the Audit Committee shall determine. The Audit Committee, in discharging its responsibilities, may meet privately for advice and counsel with independent consultants, lawyers, or any other persons, including associates of the Company, knowledgeable in the matters under consideration. The Audit Committee may also meet by telephone conference call or by any other means permitted by law or the Company's By-Laws.

### 2. Action

A majority of the members of the entire Audit Committee shall constitute a quorum. The Audit Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Audit Committee may act by unanimous consent, in writing or by electronic transmission, of all members. However, the Audit 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 Audit Committee at its next scheduled meeting.

### 3. Appointment and Removal

The members and Chairperson of the Audit Committee shall be nominated by the Corporate Governance Committee and elected by the Board. Members shall serve until their successors are elected or until their earlier death, resignation or removal, with or without cause, in the discretion of the Board. In the event of a vacancy on the Audit Committee for any reason, the Board may elect a director (having the necessary qualifications) to fill the vacancy.

4. Rules

The Audit Committee shall determine, as appropriate, its own rules and procedures, consistent with this Charter and the By-laws of the Company.

5. Chairperson Responsibilities

The Chairperson of the Audit Committee shall report to the Board on the Committee's determinations and shall present recommendations for approval whenever necessary or desirable.

6. Consultation and Funding

The Company shall provide for appropriate funding, as determined by the Audit Committee: (a) for payment of compensation to outside legal, accounting or other advisors employed by the Audit Committee; and (b) for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

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While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company'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.

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Adopted: September 25, 2003

Confirmed: December 19, 2003

Revised: September 30, 2014

Last Revised: October 4, 2017