

# CONSTELLATION BRANDS, INC.

## BOARD OF DIRECTORS'

### CORPORATE GOVERNANCE GUIDELINES

#### Introduction

The Board of Directors of Constellation Brands, Inc. (the “*Company*”) has adopted these Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to observe corporate governance processes that best serve the interests of the Company and its stockholders. These Guidelines are a statement of policy and are not intended to change or interpret any federal or state law or regulation, including the Delaware Corporation Law, or the Certificate of Incorporation or By-Laws of the Company. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Certificate of Incorporation, By-Laws, and other governing legal documents. These Guidelines are subject to periodic review by the Corporate Governance Committee of the Board and to modification from time to time by the Board.

#### Composition of the Board

1. **Classification and Definition of Directors.** The principal classifications of directors are “*Independent*,” “*Management*” and “*Non-Management*.”

An “*Independent Director*” of the Company shall be one who meets the qualification requirements for being an independent director under the corporate governance listing standards of the New York Stock Exchange (“*NYSE*”), including the requirement that the Board must have affirmatively determined that the director has no material relationships with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). References to “*Company*” include any parent or subsidiary in a consolidated group with Constellation Brands, Inc. References to “*immediate family member*” includes a person’s child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and any person (other than a domestic employee) sharing a person’s household. To guide its determination whether or not a business or charitable relationship between the Company and an organization with which a director is so affiliated is material, the Board has adopted the following categorical standards:

- A. A director will not be Independent if, (i) currently or within the last three years the director was employed by the Company; (ii) an immediate family member of the director is or has been within the last three years an executive officer of the Company; (iii) the director or an immediate family member of the director received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company (other than director and committee fees and pension or other forms of deferred compensation for prior service, and also provided such deferred compensation is not contingent in any way on continued service); (iv) the director or an immediate family member of the director is a current partner of a firm that is the Company's internal or external auditor; (v) the director is a current employee of a firm that is the Company’s internal or external auditor; (vi) the director has an immediate family member who is a current employee of a firm that is the Company’s internal or external auditor and such immediate family member personally works on the

Company's audit; (vii) the director or an immediate family member of the director was within the last three years (but is no longer) a partner or employee of a firm that is the Company's internal or external auditor and such director or immediate family member personally worked on the Company's audit within that time; (viii) the director or an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company in which any of the Company's present executive officers at the same time serve or served on that other company's compensation committee; or (ix) the director is a current employee, or an immediate family member of the director is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1,000,000 or two percent (2%) of such other company's consolidated gross revenues.

- B. The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence: (i) an immediate family member of the director is or was employed by the Company other than as an executive officer; (ii) if the director or an immediate family member of the director received \$120,000 or less in direct compensation from the Company during any twelve-month period (other than director and committee fees and pension or other forms of deferred compensation for prior service, and also provided such deferred compensation is not contingent in any way on continued service); (iii) if an immediate family member of the director is employed by a present or former internal or external auditor of the Company and such family member does not personally work on the Company's audit and did not personally work on the Company's audit within the last three years; (iv) if an immediate family member of the director was (but is no longer) a partner or employee of a present or former internal or external auditor of the Company and did not personally work on the Company's audit within the last three years; (v) if a Company director is or was an executive officer or employee, partner or shareholder, or an immediate family member of the director is or was an executive officer, partner or shareholder of another company that does business with the Company and the annual sales to, or purchases from, the Company for property and/or services are less than or equal to the greater of \$1,000,000 or two percent (2%) of the annual revenues of such other company; (vi) if a Company director is or was an executive officer, employee, partner or shareholder of another company which is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than or equal to two percent (2%) of the total consolidated assets of the company for which he or she serves as an executive officer, employee, partner or shareholder; and (vii) if a Company director serves or served as an officer, director or trustee of a tax exempt organization, and the Company's discretionary contributions to the tax exempt organization are less than or equal to the greater of \$1,000,000 or two percent (2%) of that organization's total annual consolidated gross revenues.
- C. The Board will annually review all commercial and charitable relationships of directors; provided, the Board need not review or consider any relationship or transaction that (i) is not of a nature covered by paragraph A or B above, and (ii) is not required to be disclosed as a related party transaction under applicable rules of the Securities and Exchange Commission. In assessing the materiality of a director's relationship not covered by paragraph B set forth above, the directors at the time sitting on the Board who are independent under the standards set forth in paragraphs A and B above shall determine whether the relationship is material and, therefore, whether the director would

be independent. In such instance, the Company will explain in the next proxy statement the basis for any Board determination that a relationship was immaterial despite the fact it did not meet the categorical standards of immateriality in paragraph B above.

A “*Non-Management Director*” is a director who is not a Company officer (as that term is defined in Rule 16a-1(f) under the Securities Act of 1933), and includes such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason. The group of Non-Management Directors includes both Independent Directors and those Non-Management Directors who do not qualify as Independent Directors.

A “*Management Director*” is an officer (as that term is defined in Rule 16a-1(f) under the Securities Act of 1933) of the Company who serves on the Board.

**2. Majority of Independent Directors.**

Independent Directors shall constitute a majority of the Board.

**3. Size of the Board.**

A range of seven (7) to ten (10) members is desirable. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. There may, however, be times when it is desirable to have more than 10, particularly during periods of transition when new directors may “overlap” with retiring directors.

**4. Board Membership Criteria.**

Nominees for director shall be selected on the basis of their character, wisdom, judgment, ability to make independent analytical inquiries, business experiences, understanding of the Company’s business environment, time commitment and acumen. Board members are expected to prepare for, attend and participate in all Board and applicable committee meetings. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member’s service as a director.

The Corporate Governance Committee shall be responsible for assessing the appropriate balance of skills and characteristics required of Board members.

The Board shall be committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise.

**5. Former Chief Executive Officer’s Board Membership.**

This is a matter to be decided in each individual instance. Whether a former Chief Executive Officer continues to serve on the Board is a matter for discussion at that time with the new Chief Executive Officer and the Board.

## **6. Selection of New Director Candidates.**

The Corporate Governance Committee is responsible for identifying, considering, recommending, recruiting and selecting, or recommending that the Board select, candidates for Board membership consistent with the Board approved criteria and qualifications for membership. When formulating its Board membership recommendations, the Corporate Governance Committee shall consider any advice and recommendations offered by other members of the Board, the Chairman, the Chief Executive Officer, the stockholders of the Company or any outside advisors the Corporate Governance Committee may retain. The Board shall, or at the Board's discretion, the Corporate Governance Committee shall, select the director candidates to be submitted for stockholder approval at each annual meeting of the Company's stockholders.

The invitation to be a candidate to join the Board should be extended by the Chairman of the Board. The Chief Executive Officer may participate in the invitation as well.

## **7. Director Orientation and Continuing Education.**

The Corporate Governance Committee will maintain an orientation process for all new directors. This process includes comprehensive background briefings by the Company's executive officers. In addition, all directors shall periodically participate in briefing sessions on topical subjects to assist the directors in discharging their duties. The orientation and continuing education programs, which are subject to oversight by the Corporate Governance Committee, are the responsibility of the Chairman of the Board and administered by the Corporate Secretary.

## **8. Directors Who Change Their Present Job Responsibility.**

Individual directors whose principal employment responsibilities change from those held when they were last elected to the Board (except for internal promotions within their organization) should volunteer to resign from the Board. While directors who retire or change from the positions they held when they were last elected to the Board should not necessarily leave the Board, the Board should review the continuation of their service as directors. The Board, with the assistance of its Corporate Governance Committee, should have an opportunity to review the continued appropriateness of the director's Board membership given his or her changed circumstances.

## **9. Term Limits, Retirement, Resignation and Refusal to Stand for Re-election.**

The Board does not believe that it should establish term limits for directors. While term limits could help to assure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contributions of directors who have been able to develop, over a period of years, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Instead of term limits, the Board believes that its Corporate Governance Committee should review each director's contribution from time to time and make recommendations as appropriate with respect to nominations for reelection. No member of the Corporate Governance Committee, however, will participate in deliberations about his or her own performance.

A compulsory retirement age for Board members is set at age seventy (70); provided, however, that no member of the Board serving in June 2002 shall ever be subject to this compulsory retirement age.

In order to retire or resign from the Board of Directors or refuse to stand for re-election, a Board member must deliver written notice to the Chairman of the Corporate Governance Committee with a copy to the Company's General Counsel. Such written notice shall specify the date of such retirement, resignation, or refusal to stand for re-election. Written notice shall not be required in the event of a compulsory retirement due to reaching the age of 70 as set forth above.

**10. Membership Limit on Boards of Directors of Public Companies.**

No member of the Board shall be a member of more than a total of four (4) boards of directors of public companies, including the Board of the Company.

**11. Stock Ownership Guidelines.**

Each member of the Board of Directors is subject to Company Stock Ownership Guidelines, as in effect from time to time.

**Operation of the Board**

**12. Board Committees.**

The Company's standing committees of the Board shall at all times include the following three (3) committees: Audit, Corporate Governance, and Human Resources. For purposes of compliance with applicable corporate governance listing standards of the New York Stock Exchange, the Human Resources Committee shall serve as the Company's compensation committee and the Corporate Governance Committee shall serve as the Company's nominating committee. Each committee shall be composed of no fewer than three directors, and all directors serving on each of the Audit, Corporate Governance and Human Resources Committees shall be Independent Directors. All members of the Audit Committee shall also meet the additional independence requirements of the NYSE adopted pursuant to the Sarbanes-Oxley Act of 2002 that are applicable to members of that committee. All members of the Human Resources Committee shall also meet the additional independence requirements of the NYSE that are applicable to members of a compensation committee.

The purposes and responsibilities of each committee shall be as generally set forth below and as more detailed in the respective committee charters and/or by further resolution of the Board. While the Board oversees the management of risks inherent in the operation of the Company's business, it has delegated to each committee the responsibility to address risks specific to the function of that committee. The Board may form new committees or disband a committee depending on circumstances. Committee charters are subject to approval by the full Board. The need for changes in the number, charters, or titles of Board committees will be reviewed as appropriate by the Corporate Governance Committee and then discussed with the full Board. The Corporate Governance Committee shall ensure appropriate committee action.

Audit Committee. The Audit Committee shall (i) perform the Board of Directors' oversight responsibilities as they relate to the Company's accounting policies, internal controls and

financial reporting practices, (ii) maintain a line of communication between the Board of Directors and the Company's financial management, internal auditors and independent auditors, and (iii) prepare the report to be included in the Company's annual proxy statement, as required by the rules of the Securities and Exchange Commission ("SEC"). No member of the Audit Committee may serve simultaneously on the audit committees of more than three public companies, including the Company.

Corporate Governance Committee. The Corporate Governance Committee shall take a leadership role in shaping the corporate governance of the Company. This Committee shall advise the Board concerning appropriate composition of the Board and its committees; identify individuals qualified to become Board members; select, or recommend that the Board select, the director nominees for the next annual meeting of the Company's stockholders; and advise the Board regarding appropriate corporate governance practices and assist the Board in achieving them.

Human Resources Committee. The Human Resources Committee shall discharge the Board of Directors' responsibilities relating to compensation of the Company's executives, including the Chief Executive Officer and other executive officers; monitor the Company's human resources policies and procedures as they relate to the goals and objectives of the Company and good management practices; monitor the Company's material policies and procedures which relate to compliance with pertinent human resources laws and regulations, the ethical conduct of business as it relates to human resources matters, and the management of human resource capital; monitor the Company's procedures and internal controls which relate to personnel administration, pay practices and benefits administration; monitor the Company's program for senior management development and the Company's succession plans regarding senior management and other key positions; and review with management any Compensation Discussion and Analysis ("CD&A") as may be required to be included in a Company filing with the SEC, recommend to the Board that each such CD&A be included in the Company's applicable filings with the SEC, and produce any Compensation Committee Report as may be required to be included in any Company filing with the SEC in accordance with applicable law and regulation.

### **13. Assignment and Rotation of Committee Members.**

The Corporate Governance Committee is responsible, after consultation with the Chairman of the Board and the Chief Executive Officer, and with consideration of the desires of individual Board members, for the annual assignment of Board members to various committees, subject to Board approval. Committee chairpersons will be chosen in similar fashion.

It is desirable that committee assignments be rotated from time to time, but not on a fixed schedule. There may be good reasons sometimes to maintain a director's committee membership for a longer time than in certain other instances. Rotation of committee chairs and committee members shall be considered with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and the viewpoints of the various directors.

### **14. Frequency and Length of Committee Meetings.**

Each committee chairperson, in consultation with committee members and with input from management, will determine the frequency and length of the meetings of that committee. The

Audit Committee and the Human Resources Committee each will meet at least four times per year, and the Corporate Governance Committee shall meet at least twice per year.

**15. Committee Agendas.**

The chairperson of each committee, in consultation with committee members and appropriate members of management and staff, will develop the committee's agenda.

Prior to beginning of each fiscal year, each committee will share with the Board a schedule of agenda subjects to be discussed in the ensuing year (to the extent that these can be foreseen).

**16. Frequency of Board Meetings.**

There generally shall be at least five (5) regularly scheduled meetings of the Board annually, one of which shall be the Board's annual meeting.

**17. Selection of Agenda Items for Board Meetings; Annual Board Calendar.**

The Chairman of the Board and the Chief Executive Officer (if he or she is not also the Chairman) will propose the agenda and determine what materials are to be provided and sent in advance for each Board meeting.

Each Board member is free to suggest the inclusion of item(s) on the agenda.

The Corporate Governance Committee shall, prior to each fiscal year, and after consultation with the Chief Executive Officer and the Chairman of the Board, recommend to the full Board a schedule of agenda subjects to be discussed in the ensuing year (to the extent that these can be foreseen).

**18. Board Materials Distributed in Advance.**

Information and data that are important to the Board's understanding of the business of the meeting should, when practical, be distributed in writing to the Board for their review in advance of the meeting. The Company's management will make every effort to ensure that presentation materials relevant to each meeting are as succinct as possible while still providing information essential to prepare the Board members for productive meetings.

**19. Selection of Chairman and of Chief Executive Officer.**

The Board will remain free to make these choices in any way it deems best for the Company at any point in time.

Therefore, the Board does not have a predetermined policy as to whether or not the roles of the Chief Executive Officer and the Chairman should be separate and, if the roles are to be separate, whether the Chairman should be a Non-Management Director or a Management Director. The Corporate Governance Committee shall make recommendations to the Board on these issues from time to time.

**20. Lead Director; Executive Sessions of Non-Management and Independent Directors.**

The Non-Management Directors will, each year upon the recommendation of the Corporate Governance Committee, choose an Independent Director to serve as Lead Director; however, if the Chairman of the Board is an Independent Director (an “*Independent Chairman*”), the Independent Chairman shall be the Lead Director, unless the Non-Management Directors shall specifically elect some other Independent Director to serve as Lead Director.

The Lead Director will schedule regular executive sessions of the Non-Management Directors as required by the corporate governance listing standards of the New York Stock Exchange, preferably in conjunction with regular directors’ meetings, and preside at such Non-Management Directors’ meetings.

The Lead Director will, as required, chair any meetings of the Non-Management Directors (and any meetings of Independent Directors) and will, as required, facilitate communications between other members of the Board and the Chairman and/or the Chief Executive Officer. Any director, however, is free to communicate directly with the Chairman and with the Chief Executive Officer.

The Lead Director, together with at least one other Independent Director, shall communicate to the Chairman of the Board his evaluation.

The Lead Director may, but need not, be the chairperson of a Board committee. There is not a fixed schedule for the rotation of the Lead Director, although rotation may be desirable to occur from time to time.

The Non-Management Directors may meet with the Chief Executive Officer at any time.

The Non-Management Directors shall meet in an executive session at each regularly scheduled Board meeting and, if any of the Non-Management Directors are not Independent Directors, the Independent Directors shall also meet in an executive session at least once a year. These meetings can be in person or held telephonically. The Corporate Secretary shall establish, maintain and publicly disclose a method for interested parties to communicate directly with the Non-Management Directors as a group and with the Lead Director.

## **21. Board Compensation.**

It is the Company’s policy to compensate Non-Management Directors competitively relative to comparable companies and to align directors’ interests with the long-term interests of the Company’s stockholders. The Corporate Governance Committee will recommend annually, to the full Board for its consideration, the form and amounts of compensation and benefits for Non-Management Directors. In its deliberations, the Corporate Governance Committee and the Board shall consider whether the levels of director compensation could impair independence and shall critically evaluate any consulting, charitable contribution or other potential indirect compensation arrangements. Management Directors who are current employees of the Company receive no additional compensation for Board service.

## **22. Evaluation of Board.**

The Board shall be responsible for annually conducting a self-evaluation of the Board (including Board committees) as a whole. The Corporate Governance Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.



**23. Evaluation of Committees of the Board.**

Each committee shall conduct an annual self-evaluation of its performance.

**Board Interaction with Management**

**24. Presentations.**

Presentations by senior management are beneficial not only in providing information to the Board but also in giving Board members an opportunity to evaluate these persons. When appropriate, brief biographical backgrounds of presenters not familiar to the Board will be distributed in advance of the meeting with other Board material.

**25. Attendance of Non-Directors at Board Meetings.**

When appropriate, the Board welcomes attendance at Board meetings of non-directors who are members of the Chief Executive Officer's staff.

Further, the Board specifically encourages management, from time to time, to bring into Board meetings managers who:

- a. Can provide additional insight into the items being discussed because of personal involvement in these areas; and/or
- b. Appear to management to be persons with future potential who should be given exposure to the Board.

Such non-directors may attend part or all of a Board meeting.

**26. Formal Evaluation of the Chief Executive Officer.**

The Independent Directors shall make this evaluation annually. The Human Resources Committee will coordinate this evaluation. The evaluation of the Chief Executive Officer should be communicated to him or her by the Chairman of the Board and the Chairperson of the Human Resources Committee.

The evaluation of the Chief Executive Officer is accomplished through the following process:

- a. The Chief Executive Officer meets with the Human Resources Committee to develop appropriate goals and objectives for the next year, which are then discussed with the entire Board.
- b. At year-end, the Human Resources Committee, with input from the Board, evaluates the performance of the Chief Executive Officer in meeting those goals and objectives.
- c. This evaluation occurs at an executive session of the Board.
- d. The Human Resources Committee uses this evaluation in its determination of the Chief Executive Officer's compensation.

**27. Succession Planning.**

The Company understands the importance of succession planning. The Human Resources Committee shall receive a report annually regarding succession planning regarding the Company's senior management and other key positions. The Board shall receive a report at least annually regarding Chief Executive Officer succession planning.

Taking into consideration such report to the Board, the Board shall periodically analyze the current management, identify possible successors to the Chief Executive Officer, and timely develop a succession plan including the succession in the event of an emergency or retirement of the Chief Executive Officer. The plan shall be reviewed by the entire Board, and reviewed periodically thereafter.

There shall also be available, on a continuing basis, recommendations from the Chief Executive Officer and the Chairman regarding their successors should either of them be disabled unexpectedly.

**28. Management Development.**

The Chief Human Resources Officer shall report from time to time to the Human Resources Committee on the Company's program of senior management development.

This report should be given to the Human Resources Committee at the same time as the succession planning report noted above. The Human Resources Committee shall periodically review the plans for the education, development and orderly succession of senior and mid-level managers throughout the Company.

**29. Board Access to Management and Independent Advisors.**

Board members shall have complete access to the Company's management and are encouraged to make regular contact. Board members are normally expected to inform the Chief Executive Officer prior to contacting any member of management on any substantive matter. Members, however, are not expected to inform the Chief Executive Officer that they are contacting members of management regarding the normal activities of their Board committees. Board members shall use sound business judgment to ensure that such contact is not distracting.

The Board and its committees shall have the right to retain and consult independent outside advisors as necessary and appropriate to assist them in the performance of their responsibilities.

**30. Board Interaction with Institutional Investors, the Press, Customers, and Others.**

The Board believes that the Chief Executive Officer and his or her designees should speak for the Company.

Individual Board members shall not communicate with the various constituencies (e.g. investors, analysts, the media, etc.) that are involved with the Company except at the request of the Chief Executive Officer, or as authorized by the respective committee charters in discharging Board or committee responsibilities, or in accordance with the Company's disclosure policies. This provision is not intended to prevent casual contacts with constituents

involving discussion of the Company that may arise in the day to day activities of a Board member.

**31. Non-Legally Binding Effect; Interpretation and Modification.**

These Guidelines are not legally binding obligations and are subject to modification and interpretation by the Board of Directors in its sole discretion.

Adopted: December 19, 2003

Last revised: October 1, 2014