

AGM 2020

2020-07-21

Presentation

Operator

Good morning. I'd now like to turn the meeting over to Bill Newlands, President and Chief Executive Officer of Constellation Brands. Mr. Newlands, please go ahead.

William Newlands

Thank you, and good morning, everyone, and welcome to Constellation Brands' 2020 Annual Meeting of Stockholders. I'm Bill Newlands, President and Chief Executive Officer of Constellation Brands. Thank you for joining us today.

The purpose of this meeting is to vote on several matters pertinent to our business in our new fiscal year, including the election of our Board of Director nominees, the ratification of our independent public accounting firm and an advisory vote on the compensation for our named executive officers. We're excited to be hosting another virtual annual meeting of stockholders this year. Conducting a virtual meeting allows us to be more efficient, inclusive and commit a greater number of our stockholders to access us from any location in the world.

Stockholders attending today's annual meeting are doing so via the web portal. Our discussions during this meeting will focus specifically on the previously stated matters to be voted on. If you are interested in accessing any of our recent investor presentations, please visit the Investors section of our company website at cbrands.com. During this meeting, stockholders may submit a question using the Ask a Question feature on the meeting website. It is now shortly after 11:00 a.m. Eastern Time on July 21, and this meeting is officially called to order.

I'd like to introduce Brian Bennett, Vice President and Associate General Counsel for Constellation Brands, who will conduct the business portion of the meeting. Brian?

Brian Bennett

Thank you, Bill. I will begin by introducing Constellation Brands' executive officers present at this meeting in addition to you: Robert Sands, Executive Chairman of the Board; Richard Sands, Executive Vice Chairman of the Board; Jim Bourdeau, Executive Vice President, General Counsel and Secretary; Garth Hankinson, Executive Vice President and Chief Financial Officer; and Michael McGrew, Executive Vice President and Chief Communications and CSR Officer.

Next, I will introduce the current members of Constellation Brands' Board of Directors who are in attendance and up for reelection at today's meeting. In alphabetical order, Christy Clark, Senior Advisor, Bennett Jones LLP; Jennifer M. Daniels, Chief Legal Officer and Secretary of Colgate-Palmolive Company; Jerry Fowden, Chairman of the Board of Primo Water Corporation; Ernesto M. Hernández, Former President and Managing Director of General Motors of Mexico; Susan Somersille Johnson, Chief Marketing Officer of Truist Financial Corporation; James A. Locke III, Senior Counsel for the law firm of Nixon Peabody LLP; Jose Manuel Madero Garza, Founder and Managing Partner of Bizwp SC and Former Chief Executive Officer of Grupo Bepensa; Daniel J. McCarthy, Former President and Chief Executive Officer of Frontier Communications Corporation; William A. Newlands, President and Chief Executive Officer of Constellation Brands; Robert Sands, Executive Chairman of the Board of Constellation Brands; Richard Sands, Executive Vice Chairman of the Board of Constellation Brands; and Judy A. Schmeling, Former President of Cornerstone Brands and Former Chief Operating Officer of HSN, Inc.

We are also joined today by Allan Colaco and Mike Draves, partners of KPMG, our independent registered public accountants. They will be available during the question-and-

answer session to respond to appropriate questions. And finally, the company has appointed Broadridge Financial Services to act as Inspector of Election. [Gene Capello] from Broadridge is with us today and has taken the oath of Inspector of Election before today's meeting.

The necessary legal preparations for this meeting have been completed as follows. The notice of the annual meeting, proxy statement, Class A and Class B proxy cards and the 2020 annual report have been distributed to all stockholders entitled to receive these materials. I have in my possession the signed affidavit of distribution of the notice of the annual meeting, proxy materials and annual report to these stockholders.

I have been informed by the inspector that we have a quorum, and therefore, we may proceed with the business of this meeting. Please note that during this meeting, we may make forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially as a result of various risk factors, including those described in Constellation's filings with the SEC.

I will now present the matters to be voted upon. As Bill indicated, stockholders may now submit questions and comments on the proposals through the web portal. We will answer appropriate questions prior to the polls closing. In the event that a submitted question is answered by our proxy statement or our annual report, including questions related to corporate governance and executive and director compensation matters, please note that it is our practice not to address such questions at this meeting, but instead to refer you to those proxy materials.

First, our stockholders are being asked to elect directors for the ensuing year. The Board being elected at this meeting will consist of 12 directors. The Board of Directors has nominated a slate consisting of the following 12 nominees to serve for the ensuing year and until their respective successors are elected and qualified. Those nominees are as fol-

lows: Christy Clark, a director since 2019; Jennifer M. Daniels, a director since 2018; Jerry Fowden, a director since 2010; Ernesto M. Hernández, a director since 2014; Susan Somersille Johnson, a director since 2017; James A. Locke III, a director since 1983; Jose Manuel Madero Garza, a director since 2019; Daniel J. McCarthy, a director since 2015; William A. Newlands, a director since 2019; Richard Sands, the company's Vice Chairman of the Board and a director since 1982; Robert Sands, the company's Chairman of the Board and a director since 1990; and Judy A. Schmeling, a director since 2013.

Mr. Fowden, Mr. Hernández and Ms. Johnson have been designated as the nominees to be elected by the Class A stockholders voting as a separate class. And the remaining 9 director nominees are to be elected by the Class A and Class B stockholders voting together as a single class. The Board's slate of nominees for director is now formally placed before the meeting.

Second, stockholders are being asked to ratify the selection of KPMG LLP as the company's independent registered public accounting firm for the fiscal year ending February 28, 2021. Third, stockholders are being asked to approve by an advisory vote the compensation of the company's named executive officers as disclosed in the proxy statement. These proposals are now placed before the meeting.

As indicated in the proxy statement, the Board of Directors has recommended the stockholders vote for the election of each director nominee, for the ratification of the selection of KPMG and for the approval by an advisory vote of the compensation of the company's named executive officers. It is now 11:08 Eastern Time on July 21, 2020, and the polls are now open.

Any stockholder who has not yet voted or wishes to change their vote may do so by clicking on the voting button on the web portal and following the instructions there. Stockholders who have mailed proxy cards or submitted their proxies via telephone or the

Internet and do not want to change their vote do not need to take any further action. We will now mute the broadcast and provide an additional minute for stockholders to submit comments or questions through the web portal.

[Voting]

Brian Bennett

Thank you for your questions. Many of them have been previously answered through information provided on the company's website within our investor presentations or on our quarterly sales and earnings conference calls. Please feel free to visit the Our Story and Investors section of cbrands.com for more information.

I'll now turn the meeting back over to Bill Newlands to address the remaining questions.

Question and Answer

William Newlands

Thank you, Brian. We received a few questions from stockholders that I'd like to address. The first of the questions were related to the impact of COVID-19 pandemic on our business and whether it might prompt any changes in our business strategy going forward.

Let me start by saying how proud I am of our team and the way that they pulled together, along with our distributor and retail partners, to meet the needs of consumers in this challenging time. If anything, this pandemic has further reinforced confidence in our long-term strategy. Our beer business continues to perform well. Consumer takeaway for our core beer brands, led by Corona and Modelo, remains extremely strong, and we continue to lead the high end of the U.S. beer market. Our recent launch of Corona Hard Seltzer has exceeded our expectations. And we recently returned to full production in Mexico, which will help us catch up with increased consumer demand and replenish our inventory position, which was reduced due to the slowdown of production as part of

Mexico's efforts to mitigate the effects of COVID-19.

Our Wine & Spirits transformation continues to gain traction. Our Power Brands continue to outpace their respective categories. New product introductions such as The Prisoner Unshackled enable us to compete in the \$25 to \$30 price range, one of the fastest-growing price points in the wine category. Our recent acquisition of Empathy Wines helps bolster our capabilities in the fast-emerging direct-to-consumer sector. Plus, our recent minority investment in Booker Vineyard helps complement our super-luxury wine portfolio, while further strengthening our digital commerce capabilities. And we continue to make progress as it relates to the divestiture of a number of our lower-end wine brands to Gallo and expect to close this transaction in the second quarter.

We continue to believe that Canopy Growth is best positioned to win in the emerging cannabis sector, and we are encouraged by the actions David Klein and the Canopy leadership team are taking to drive enhanced strategic focus, to rightsize the company's cost structure and to launch exciting new product lines such as their portfolio of cannabis beverages, which have been very well received by consumers in Canada. We continue to manage our business in ways that help navigate near-term uncertainty related to COVID-19 while continuing to invest in our long-term success.

The second set of questions were related to our actions our company is taking to promote diversity and inclusion. First and foremost, Constellation Brands has a strong commitment to diversity and inclusion within our company, within our industry and within our communities. We have made a number of strides in recent years. And while I'm very pleased with the progress we're making, we fully realize there is more work to be done. Specific actions we've taken in the past year include: increasing diverse representation on our executive management committee; announcing a \$100 million commitment to invest in black and minority-owned startups in the beverage alcohol space over the next 10 years;

announcing a \$1 million contribution to the Equal Justice Initiative as part of a multiyear partnership to support their quest for racial justice in the U.S. and to create educational opportunities for our employees.

We're also working to enhance our efforts to recruit, hire and develop diverse talent at Constellation, and to enhance unconscious bias and diversity training for managers and employees. Over the past several years, we've taken a number of additional and notable actions to enhance diversity and inclusion, including creating the new role of Chief Diversity Officer for the firm; enhancing diverse representation on our Board of Directors; launching our internal Women's Leadership Development Program, which supports the advancement of women into leadership positions within our company; increasing the number of women in senior roles at Constellation; launching our focus on Female Founders program, in which the company has committed to invest \$100 million over 10 years in female-founded or female-led start-ups in the beverage alcohol space; and partnering with Dress for Success, which seeks to empower women in our local communities to achieve economic independence by providing a network of support, professional attire and development tools needed to help women thrive in work and in life.

I look forward to working with our team in the months and years ahead to continue raising the bar from a diversity and an inclusion standpoint. I want to thank those of you who sent in questions for allowing me the opportunity to share the progress we've made and the plans we've put in place for the areas that we've discussed.

And now I'd like to turn it back over to Brian.

Brian Bennett

Thank you, Bill. Seeing that everyone has had the opportunity to ask questions and vote, I now declare the polls for the 2020 Constellation Brands Annual Stockholder Meeting closed at 11:16 a.m. Eastern Time on July 21, 2020. It is now in order to report on the

preliminary results of the voting.

The Inspector of Election has informed me that based upon the voting results, all director nominees have been elected; the selection of KPMG LLP to serve as the company's independent registered public accounting firm has been ratified; and the resolution approving the compensation of our named executive officers has been adopted. The final voting results will be available in a Form 8-K, which will be filed with the Securities and Exchange Commission. As there is no further business to come before this meeting, I declare this meeting to be adjourned.

Thank you very much for your participation in the Constellation Brands' 2020 Annual Meeting of Stockholders.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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