

## **BROWN-FORMAN CORPORATION**

### ***Audit Committee Charter***

#### **Purpose:**

The Audit Committee of the Board of Directors (the "Board") of Brown-Forman Corporation (the "Company") is responsible for oversight of the integrity of the Company's financial statements, audit process, system of internal controls, program for compliance with applicable governmental laws and regulations, and the performance of the Company's internal audit function and independent auditor. The Audit Committee is the Board's principal agent in assuring the qualifications and independence of the Company's independent accountants, the integrity of management, and the adequacy of disclosures to stockholders.

#### **Committee Membership:**

The Audit Committee shall be comprised of at least three directors, each of whom shall be independent from management and meet the applicable rules of the New York Stock Exchange (the "Exchange") and the Securities and Exchange Commission (the "Commission"), as determined by the Board of Directors in its business judgment. If an Audit Committee member simultaneously serves on the audit committee of more than three public companies, the Audit Committee shall seek the Board's determination as to whether this simultaneous service will impair the ability of the member to serve effectively on the Audit Committee and will disclose the Board's determination in the Company's annual proxy statement.

The members of the Committee and its chairperson shall be appointed by the Board of Directors.

#### **Meetings:**

The Audit Committee shall meet at least four times per year. The Audit Committee shall meet regularly with the independent auditor in separate executive sessions and separately with management and/or the General Auditor as appropriate.

The chairperson may call additional meetings if necessary.

### **Committee Authority and Responsibility:**

The Audit Committee acts with the authority of the Board to oversee the financial integrity of the Company and to investigate any activity of the Company that may affect such financial integrity. All employees are directed to cooperate as requested by the Committee.

The Audit Committee shall have the sole authority to appoint or replace the independent auditor. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report, or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Audit Committee and indirectly to management.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services (including an estimate of the fees or a range of fees) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act.

The Audit Committee may delegate authority to one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such member(s) to grant pre-approvals or take other action shall be presented to the full Audit Committee at its next scheduled meeting.

The Committee is empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation to any advisors employed by the Audit Committee, and ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall report its actions to the full Board of Directors on a regular basis and make such recommendations as the Committee may deem necessary or appropriate. The Audit

Committee shall review this Charter at least annually and recommend any changes to the full Board of Directors for approval. The Audit Committee shall annually review the Audit Committee's own performance.

The Audit Committee shall assure that an Audit Committee Report is provided to stockholders in the Company's proxy statement that complies with the reporting requirements of the Exchange and the Commission.

In carrying out its responsibility, the Audit Committee shall, to the extent it deems necessary or appropriate, undertake the following activities:

1. With respect to the independent auditor:

- Review and evaluate the lead partner of the independent auditor team.
- Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company.
- Obtain from the independent auditor annually a formal written statement delineating all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard No. 1, as may be modified or supplemented by such other standards as may be set by law, regulation or Exchange Rules.
- Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and General Auditor. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

- Ensure that the independent auditor does not advise any of the Company's designated Executive Officers on personal financial or tax matters, or if such advice is provided, that the Audit Committee approves such service in advance.
  - Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
  - Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
  - Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
  - Review with the independent auditor any audit problems or difficulties and management's response.
2. With respect to the Company's internal audit department:
- Review and concur in the appointment and replacement of the General Auditor.
  - Review the significant reports to management prepared by the internal audit department and management's responses.
  - Discuss with the independent auditor and management the internal audit department activities, budget and staffing and any recommended changes in the planned scope of the internal audit.
3. With respect to financial reporting and disclosure matters:
- Review with management and the independent auditor the annual audited financial statements, including disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations," to be included in the Company's Annual Report to Stockholders or Annual Report on Form 10-K, to determine that the independent auditor is satisfied with the disclosure, content, and quality of the financial statements to be presented to stockholders.

- Recommend to the Board that the audited financial statements should be included in the Company's Form 10-K.
- Prior to the filing of the Company's Form 10-Q, review with management and the independent auditor the Company's quarterly financial statements to be included in the report, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." This review function may be delegated to the chairperson or another Committee member.
- Instruct management, the General Auditor, and the outside auditor that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the quality and adequacy of the Company's internal controls and any significant steps adopted in light of material control deficiencies.
- Review and discuss with the independent auditor (a) all critical accounting policies and practices used, (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) any other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and

control such exposures, including the Company's risk assessment and risk management policies.

- Review and consider with the independent auditor the matters required to be discussed by Statement of Auditing Standards 61, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

- Evaluate disclosures made to the Audit Committee by the Company's principal executive officer and principal financial officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein.

- Evaluate disclosures made to the Audit Committee of any fraud involving management or other employees who have a significant role in the Company's internal controls.

4. With respect to compliance oversight responsibilities:

- Obtain from the independent auditor assurance that, if it detects or becomes aware of any illegal act, the Audit Committee is adequately informed and obtain a report from the independent auditor if it has reached specified conclusions with respect to such illegal acts.

- Obtain reports from management, the Company's General Counsel, the General Auditor, and the independent auditor that the Company is in conformity with applicable legal requirements and the Company's compliance program. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's compliance program.

- Receive reports from the principal executive and financial officers of the Company regarding each of the following:

- their evaluation of the effectiveness of the Company's disclosure controls and procedures and the Company's internal controls over financial reporting and procedures for financial reporting ("internal controls").

- all significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data.
- whether they have identified for the independent auditor any material weaknesses in the internal controls.
- any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- whether there were significant changes in the internal controls or in other factors that could significantly affect the internal controls since the date they evaluated them, including corrective actions with regard to significant deficiencies and material weaknesses.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by presumed employees of concerns regarding questionable accounting or auditing matters.
- Review, with the Company's General Counsel, any legal matters that could have a significant impact on the Company's financial statements or compliance policies.
- Discuss with management and the independent auditor the findings of any examinations by financial regulatory agencies, such as the Commission, which raise material issues regarding the Company's financial statements or accounting policies.