

CRAFT BREW ALLIANCE, INC.

AUDIT COMMITTEE CHARTER

(April 2019)

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other pertinent financial information provided by the Company to the Securities and Exchange Commission (the “SEC”) or the public; the Company’s systems of internal controls established by management and the Board; and the Company’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee will encourage continuous improvement of, and foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- Appoint, compensate, retain and oversee the work of the public accounting firm engaged to prepare or issue an audit report or perform other audit, review or attest services for the Company. This firm will report directly to the Audit Committee.
- Serve as an independent and objective party to monitor the Company’s financial reporting process and internal control systems.
- Facilitate open communication among the independent auditors, financial and senior management, and the Board of Directors.

The Audit Committee will fulfill these responsibilities by carrying out the activities listed in Section IV of this Charter.

II. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee will be composed of three or more directors as determined by the Board, each of whom shall be “independent” as independence is defined by the SEC and the listing standards of the Nasdaq Stock Market, Inc., as interpreted by the Board in its business judgment, and be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. To the extent that the Company is contractually required, or it is deemed in the best interests of the Company and its shareholders, one “non-independent”, non-employee Board member may be appointed to the Audit Committee or, if such appointment is not permitted under the rules and regulations of the SEC or the listing requirements of the Nasdaq Stock Market, Inc., one such Board member may observe meetings of the Audit Committee but will not be entitled to vote on matters presented to the Audit Committee. All members of the Audit Committee shall be “financially literate,” as such qualification is interpreted by the Board in its business judgment. At least one member of the Audit Committee shall be an “audit committee financial expert” as such term is defined by the rules and regulations of the SEC.

Members of the Audit Committee shall be appointed by the Board annually upon the recommendation of the Nominating and Governance Committee and will serve until they resign or a successor is duly appointed by the Board.

No Committee member may simultaneously serve on the audit committees of more than two other public companies unless the Board has made an affirmative determination that such member is able to effectively undertake the responsibilities of serving on the Audit Committee in addition to his or her positions on such other audit committees.

III. MEETINGS

The Audit Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its role to foster open communication, the Audit Committee will meet at least annually with management and the independent auditors in separate executive sessions to discuss any matters that either of those parties believe should be discussed privately. In addition, the Audit Committee will meet with management and the independent auditors quarterly to review the Company's financial statements.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee will:

Documents/Reports Review

- Review and update this Charter periodically, at least annually, as conditions dictate.
- Review and discuss with management and the independent auditors the Company's annual audited financial statements, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the matters required to be discussed pursuant to the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard 1301, "Communications with Audit Committees."
- Recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K and publish the report of the Audit Committee required by SEC rule to be included in the Company's proxy statement.
- Review and discuss with management and the independent auditors the Company's quarterly financial statements, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the matters required to be discussed pursuant to the PCAOB Auditing Standard 1301, "Communications with Audit Committees," and PCAOB Auditing Standard 4105, "Reviews of Interim Financial Information," prior to the filing of each Form 10-Q.
- Review earnings releases and other financial information to be disclosed publicly.
- Review all other reports, including current reports on Form 8-K, filed with the SEC. Such review will take place no later than the next meeting of the Committee where regular business is to be conducted following the filing of said report or information.

- Review internal reports to management related to any significant internal control matter and evaluate the action taken by management to address any such matter.

Independent Auditors

- Appoint, retain and oversee the work of the independent auditors, considering independence and effectiveness.
- Pre-approve all audit services and permitted non-audit services to be performed by any independent auditors in accordance with the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, as well as PCAOB Rule 3525, “Audit Committee Pre-approval of Non-audit Services Related to Internal Control Over Financial Reporting.”
- Approve the fees and other compensation paid to the independent auditors for services.
- Review with the independent auditors their formal annual written statement delineating all relationships between them and the Company, consistent with PCAOB Rule 3526, “Communication with Audit Committees Concerning Independence,” and actively engage in a dialogue with the independent auditors to discuss all significant relationships or services that may affect the objectivity and independence of the auditor.
- Review the performance of the independent auditors and approve any proposed dismissal of the independent auditors.
- Review annually a report by the independent auditor describing the firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, peer review, or PCAOB inspection, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- Periodically consult with the independent auditors, without management present, about internal controls and the completeness and accuracy of the Company’s financial statements.
- Confirm with the independent auditors that they will report directly to the Audit Committee.
- Confirm, to assure auditor independence, that there has been rotation of the lead partner of the independent auditor in accordance with SEC rules.

Financial Reporting Processes

- In consultation with the independent auditors and management, review the integrity of the Company’s financial reporting processes, both internal and external.
- Consider the independent auditors’ judgments about the quality and appropriateness of the Company’s accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, material changes to the Company’s auditing and accounting principles and practices as suggested by the independent auditors or management.
- Oversee the Company's asset management function, including reviewing quarterly reports of investment performance and evaluating the Company's Investment Policy as appropriate.

- Review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Periodically evaluate, in consultation with management and the independent auditor, the adequacy of the Company's accounting staff resources.

Process Improvement

- Establish regular and separate systems of reporting to the Audit Committee by both management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the views of each as to the appropriateness of such judgments.
- Assure that the independent auditor and the personnel performing the internal audit function (1) review items that may have a significant effect on the accuracy of the Company's financial reporting and (2) discuss with the Chairman of the Audit Committee significant issues that have been communicated to management but, in the judgment of the internal or independent auditor, may warrant follow-up by the Audit Committee.
- Following completion of the annual audit, review separately with management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements.
- Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
- Oversee the implementation of procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization, including pursuant to Section II of the Company's Code of Conduct and Ethics. Review any complaints that might have been received, current status, and resolution if one has been reached.
- Oversee the implementation of procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and the resolution if one has been reached.
- Authorize or conduct any investigations into any matters within the scope of the Audit Committee's responsibilities.

Other

- Review with the Company's counsel any legal matter that could have a material effect on the Company's financial statements.

- Perform the duties specified in the Company's Related Party Transaction Policy.
- Retain, in the Audit Committee's sole authority and discretion, independent counsel and other advisors as the Audit Committee deems necessary to carry out its duties.
- Determine, and submit to the Company, the Audit Committee's funding needs for payment of
 - a) compensation to the Company's independent auditors,
 - b) compensation to independent counsel and other advisors retained to assist the Audit Committee, and
 - c) ordinary administrative expenses of the Audit Committee which are necessary or appropriate for carrying out the Audit Committee's duties.
- Engage in an annual self-assessment with the goal of continuing improvement in the knowledge, understanding and performance of Committee members.
- Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.