



**WHEREAS:** According to the Intergovernmental Panel on Climate Change, the window for limiting global warming to 1.5 degrees Celsius (1.5°C) is quickly narrowing.<sup>1</sup> Investor demand for science-aligned greenhouse gas (GHG) emission reductions reflects the reality that climate change poses a systemic risk to companies and to investor portfolios. Failure to limit global temperature rise is projected to have dramatic economic consequences.<sup>2</sup> Immediate and significant emissions reduction is therefore required of all market sectors.<sup>3</sup>

Constellation Brands identifies numerous climate-related risks in its 10-K, including climate change’s negative effects on agricultural productivity and water security.<sup>4</sup> Some of these risks have already manifested: the Company notes that fiscal year 2021 inventory levels for its beer and wine and spirits segments were “negatively impacted by climate-related events.”<sup>5</sup> Constellation Brands also identifies regulatory compliance costs associated with climate change as a risk factor.<sup>6</sup> By reducing the emissions from its full value chain, Constellation Brands can mitigate the climate-related risks posed by supply chain disruptions and reduce transition costs associated with new regulations.

While Constellation Brands has committed to reduce its Scope 1 and 2 emissions by 15% by 2025,<sup>7</sup> these targets are not aligned with the global 1.5°C Paris goal. Furthermore, according to the Company’s disclosures, over 95% of its emissions fall within Scope 3, meaning that its current climate targets cover less than one percent of its total climate footprint.<sup>8</sup> Constellation Brands can make effective progress in mitigating its climate impact by setting 1.5°C-aligned emissions reduction targets for its full value chain.

Constellation Brands lags peers in addressing climate risk. Molson Coors, Heineken, Carlsberg, Diageo, AB InBev, and Rémy Cointreau have all set 1.5°C-aligned reduction targets for their full value chain emissions and validated these targets through the Science Based Targets initiative.<sup>9</sup>

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<sup>1</sup> [https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_FullReport.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf), p. 1

<sup>2</sup> <https://www.oxfordeconomics.com/resource/the-global-economic-costs-of-climate-inaction/>

<sup>3</sup> [https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_FullReport.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf), p. 1

<sup>4</sup> <https://www.sec.gov/Archives/edgar/data/16918/000001691823000045/stz-20230228.htm>, p. 16

<sup>5</sup> <https://ir.cbrands.com/sec-filings/annual-reports/content/0000016918-22-000069/0000016918-22-000069.pdf>, p. 46

<sup>6</sup> <https://www.sec.gov/Archives/edgar/data/16918/000001691823000045/stz-20230228.htm>, p. 19

<sup>7</sup> <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf?v=1697660798>, p. 12

<sup>8</sup> <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf?v=1697660798>, p.32-34

<sup>9</sup> <https://sciencebasedtargets.org/companies-taking-action>



By setting science-based reduction targets covering its full value chain and disclosing a climate transition plan, Constellation Brands can align with peers and assure investors that it is addressing the operational and regulatory risks associated with climate change.

**BE IT RESOLVED:** Shareholders request that the Board issue a report, at reasonable expense and excluding confidential information, disclosing how Constellation Brands intends to reduce its full value chain greenhouse gas emissions in alignment with the Paris Agreement's 1.5°C goal requiring Net Zero emissions by 2050.

**SUPPORTING STATEMENT:** Proponents recommend, at Company discretion, that the report include:

- A timeline for setting a 1.5°C-aligned Net Zero by 2050 targets for the Company's full value chain GHG emissions, as well as 1.5°C-aligned interim goals;
- An enterprise-wide climate transition plan to achieve reduction goals across all relevant emissions scopes; and
- Annual progress towards meeting its emissions reduction goals.