

WHEREAS: The growing plastic pollution and packaging waste crises pose increasing risks to Constellation Brands. Corporations could face an annual financial risk of approximately \$100 billion should governments require them to cover the waste management costs of the packaging they produce.¹ Laws to this effect have significant momentum, having been recently adopted in four U.S. states, with additional introduced at the state and federal level.² The European Union has already enacted a \$1 per kilogram tax on all non-recycled plastic packaging waste.³ Additionally, consumer demand for sustainable packaging is increasing.⁴

Moreover, plastic pollution generates climate risk. A circular economy, whereby packaging is designed for reuse or recycling, keeping it in the economy and out of the environment, is critical to a net-zero emissions world. The Recycling Partnership (TRP), the leading recycling organization, has found that spending only \$17 billion to modernize and expand recycling infrastructure would save the equivalent of 710 million metric tons of CO₂ over ten years.⁵

Constellation states it is committed to emissions reductions, yet has taken virtually no action to ensure the circularity of its product packaging,⁶ despite the fact that its sold products and packaging contribute significantly to Scope 3 emissions at their end-of-life (EOL).⁷

By contrast, more than 100 leading companies embrace circular packaging by acknowledging financial responsibility for the collection, sorting, and recycling of packaging at EOL, a policy known as Extended Producer Responsibility (EPR) and a key component of a circular economy.⁸ TRP has encouraged companies to support EPR and to make voluntary financial contributions to recycling infrastructure.⁹

Competitors Diageo, Heineken, Molson Coors, and at least 26 other major companies make voluntary contributions to expand recycling infrastructure.¹⁰ Constellation is not known to support EPR or voluntarily contribute financial resources to help ensure its packaging never becomes waste. Constellation earned an “F” grade on a recent *As You Sow* report evaluating corporate packaging sustainability.¹¹

In 2023, more than 25% of Constellation shares voted were in favor of an investor proposal to support a circular economy for packaging.¹² Constellation announced plans to improve packaging design but has made no commitment to improve collection and recycling of

¹ https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf, p. 9

² <https://www.packworld.com/news/business-intelligence/article/22861621/extended-producer-responsibility-legislation-emerging-in-us>

³ https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/revenue/own-resources/plastics-own-resource_en

⁴ <https://www.shorr.com/resources/blog/the-2022-sustainable-packaging-consumer-report/>

⁵ <https://recyclingpartnership.org/paying-it-forward/>

⁶ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/data-visualization>

⁷ <https://ghgprotocol.org/scope-3-technical-calculation-guidance>

⁸ https://ellenmacarthurfoundation.org/extended-producer-responsibility/overview?_ga=2.194255722.613184023.1673367048-710010554.1662564816&_gl=1*18c5mjb*_ga*NzEwMDEwNTU0LjE2NjI1NjQ4MTY.*_ga_V32N675KJX*MTY3MzM2NzA0OC4xNC4wLjE2NzZmZjcwNDguNjAuMC4w

⁹ https://recyclingpartnership.org/residential-recycling-report/?_hsmi=289383278&_hsenc=p2ANqtz-8qWDL8qooeMMtx_ukl50HJYIq84JObV3BoNLzIqQ4QaDiiA-s_RS7M2vU-jAzp-fjzjBUknyi-_WxsdRf7gMG8UDIKFw, p. 46

¹⁰ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/>, p. 17

¹¹ <https://www.asyousow.org/report-page/plastic-pollution-scorecard-2021/data-visualization>

¹² <https://www.asyousow.org/resolutions/2022/02/03-constellation-producer-responsibility-packaging>

packaging at EOL.¹³

Constellation could avoid regulatory, environmental, and competitive risks by adopting a circular economy approach to packaging, embracing EPR, and contributing to recycling infrastructure.

RESOLVED: Shareholders request that the Board issue a report, at reasonable expense and excluding proprietary information, describing opportunities for Constellation to support a circular economy for packaging.

SUPPORTING STATEMENT: The report should assess, at Board discretion:

- The reputational, financial, and operational risks associated with failing to promote a circular economy for packaging; and
- Opportunities to develop policies or goals to support extended producer responsibility and determine an appropriate level and frequency of voluntary financial contributions to recycling infrastructure.

¹³ <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf?v=1697660798>