



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

May 22, 2025

Christina M. Thomas  
Kirkland & Ellis LLP

Re: Constellation Brands, Inc. (the "Company")  
Incoming letter dated March 12, 2025

Dear Christina M. Thomas:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by As You Sow Foundation Fund for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests the board to issue a report disclosing how the Company intends to reduce its full value chain greenhouse gas emissions in alignment with the goals of the Paris Agreement.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal seeks to micromanage the Company. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Luke Morgan  
As You Sow

# KIRKLAND & ELLIS LLP

Christina M. Thomas  
To Call Writer Directly:  
+1 212 390 4301  
christina.thomas@kirkland.com

601 Lexington Avenue  
New York, NY 10022  
United States  
+1 212 446 4800  
www.kirkland.com

Facsimile:  
+1 212 446 4900

March 12, 2025

## VIA ELECTRONIC SUBMISSION

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Re: Shareholder Proposal of As You Sow Foundation Fund

Ladies and Gentlemen:

We submit this letter on behalf of Constellation Brands, Inc. (the “*Company*”) to notify the U.S. Securities and Exchange Commission (the “*Commission*”) that the *Company* intends to omit from its proxy statement and form of proxy for its 2025 Annual Meeting of Shareholders (the “*2025 Annual Meeting*” and such materials, the “*2025 Proxy Materials*”) a shareholder proposal and supporting statement (the “*Proposal*”) submitted by the As You Sow Foundation Fund (the “*Proponent*”). We also request confirmation that the staff of the Division of Corporation Finance (the “*Staff*”) will not recommend enforcement action to the Commission if the *Company* omits the Proposal from the 2025 Proxy Materials for the reasons discussed below.

In accordance with the Staff announcement published on November 7, 2023, we are submitting this letter electronically to the Staff through the online shareholder proposal form. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent as notice of the *Company*’s intent to omit the Proposal from the 2025 Proxy Materials. Likewise, we take this opportunity to inform the Proponent that if the Proponent elects to submit any correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be provided concurrently to the undersigned on behalf of the *Company*.

## THE PROPOSAL

The Proposal sets forth the following resolution to be voted on by shareholders at the 2025 Annual Meeting:

**RESOLVED:** Shareholders request that the Board issue a report, at reasonable expense, excluding confidential information, disclosing how Constellation Brands intends to

# KIRKLAND & ELLIS LLP

March 12, 2025

Page 2

reduce its full value chain greenhouse gas emissions in alignment with the goals of the Paris Agreement.

A full copy of the Proposal is attached hereto as Exhibit A.

## BASIS FOR EXCLUSION

As discussed more fully below, the Company believes it may properly omit the Proposal from its 2025 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business.

## ANALYSIS

### **The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Relates to the Company's Ordinary Business**

#### A. Rule 14a-8(i)(7) Background

Rule 14a-8(i)(7) permits the exclusion of shareholder proposals dealing with matters relating to a company's "ordinary business operations." The Commission has stated that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." Exchange Act Release No. 40018 (May 21, 1998) ("*1998 Release*"). The term "ordinary business" in this context refers to "matters that are not necessarily 'ordinary' in the common meaning of the word, and is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." *Id.*

The ordinary business exclusion rests on two central considerations: (1) the subject matter of the proposal (*i.e.*, whether the subject matter involves a matter of ordinary business), provided the proposal does not raise significant social policy considerations that transcend ordinary business; and separately (2) the degree to which the proposal attempts to micromanage a company "by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.*

It is well established that a shareholder proposal requesting the publication of a report is excludable pursuant to Rule 14a-8(i)(7) if the substance of the requested report deals with the ordinary business of the company. Exchange Act Release No. 20091 (Aug. 13, 1983) ("[T]he staff will consider whether the subject matter of the special report...involves a matter of ordinary business; where it does, the proposal will be excludable..."). Additionally, Staff Legal Bulletin

## KIRKLAND & ELLIS LLP

March 12, 2025

Page 3

No. 14M (Feb. 12, 2025) (“*SLB 14M*”), in reinstating the micromanagement guidance from Staff Legal Bulletin No. 14J, explains:

This framework also applies to proposals that call for a study or report. For example, a proposal that seeks an intricately detailed study or report may be excluded on micromanagement grounds. In addition, the staff would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report. Thus, for example, a proposal calling for a report may be excludable if the substance of the report relates to the imposition or assumption of specific timeframes or methods for implementing complex policies.

Furthermore, even if a proposal is framed as a request, Rule 14a-8(i)(7) is an available basis for exclusion. SLB 14M and Staff Legal Bulletin No. 14K (Oct. 16, 2019) (“*SLB 14K*”) provide:

[A] proposal, regardless of its precatory nature, that prescribes specific timeframes or methods for implementing complex policies, consistent with the Commission’s guidance, may run afoul of micromanagement. In our view, the precatory nature of a proposal does not bear on the degree to which a proposal micromanages. Following a successful vote on a shareholder proposal, management and the board generally consider whether and how to implement the proposal. Notwithstanding the precatory nature of a proposal, if the method or strategy for implementing the action requested by the proposal is overly prescriptive, thereby potentially limiting the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company.

As discussed more fully below, the Proposal requests that the Company prepare a report, the substance of which seeks to impermissibly micromanage the Company.

### B. The Proposal May Be Excluded Because It Seeks to Micromanage the Company

The Proposal seeks to impermissibly micromanage the Company “by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” 1998 Release. The 1998 Release states that “[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” In addition, SLB 14M reinstated Section B.4. of SLB 14K, which explained that in considering arguments for exclusion based on micromanagement, the Staff looks to see “whether the proposal...imposes a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board.” The Staff

## KIRKLAND & ELLIS LLP

March 12, 2025

Page 4

noted that if a proposal “potentially limit[s] the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company.” *Id.*

1. The Proposal Probes Too Deeply into Matters of a Complex Nature upon Which Shareholders, as a Group, Would Not Be in a Position to Make an Informed Judgment

The Proposal seeks to impose a specific method for implementing a complex policy: setting greenhouse gas (“GHG”) emissions targets that would reduce the Company’s full value chain GHG emissions in alignment with the Paris Agreement. As the Proposal acknowledges, the Company has already set GHG emissions reduction targets. The process of setting company-wide GHG emissions targets, even over the medium-term (which the Company considers a forward-looking view of three to five years), is extremely complicated, requiring the input of many individuals throughout the Company and the consideration of a multitude of factors.

Specifically, the Company’s ESG strategy is defined as a key strategic pillar in the Company’s overall business strategy and the Company’s approach in setting GHG targets is embedded in its business planning cycle. This approach enables the Company to implement plans that appropriately balance business commitments and considerations, being good stewards of the environment and its natural resources, and the Company’s fiduciary responsibility to shareholders. The Company’s business planning cycle involves creating both an annual operating plan and a longer-range plan. The development of such plans entails consideration of numerous and complex strategic, operational, and financial factors by management personnel at multiple levels across the Company’s business segments based on various analyses, projections, and assumptions. The Company’s current approach yields defined and resourced operating plans that the Company can monitor and effectively track progress against, providing opportunities to incorporate learnings and adjustments for improved results moving forward, ensuring meaningful progress is made in the near term while keeping in mind longer-term aspirations. To this end, the Company developed targets to reduce GHG emissions through energy conservation and renewable energy initiatives based on management’s unique understanding of the Company’s business segments, international operations and logistics, capital allocation priorities, monitoring capabilities, and regulatory considerations.

The Company has also formalized the board of directors (the “Board”) level oversight of ESG and sustainability strategies, and management actively monitors the Company’s initiatives and progress, providing regular updates to the Board. The time, attention, and resources required to set and oversee GHG emissions reduction targets that are appropriate for the Company are significant and require an understanding of the Company’s day-to-day operations, including capital allocation plans, growth and business strategies, and anticipated energy requirements. The Company employed its current approach to adopt what it determined to be reasonable and achievable medium-term GHG emissions reduction targets that are strategically aligned with its

## KIRKLAND & ELLIS LLP

March 12, 2025

Page 5

business rather than fundamentally aspirational goals that the Board and management did not believe to be reasonably achievable. For these reasons, the Proposal probes too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

### 2. The Proposal Limits the Judgment and Discretion of the Board and Management

The Proposal seeks to impose a specific action and method to address the Company's GHG emissions, thereby supplanting the judgment of the Board and management. If the Proposal were implemented, the requested report would require the Company to disclose how it intends to reduce its full value chain GHG emissions in alignment with the goals of the Paris Agreement. Therefore, production of the report is predicated upon the Company's adoption of rigid GHG emissions targets aligned with the goals of the Paris Agreement. The Supporting Statement goes even further by recommending that the Company disclose a timeline for setting the requested emissions reduction goals. Furthermore, the recitals in the Proposal repeatedly call for "immediate and significant emissions reductions," request that the Company disclose a climate transition plan, and describe the anticipated effects on the Company of setting the requested targets and disclosing a climate transition plan:

- "By reducing emissions from its full value chain, Constellation Brands can mitigate climate-related risks including reputational harm, transition risk, and supply chain disruptions."
- "By setting Paris-aligned reduction targets covering its full value chain and disclosing a climate transition plan, Constellation Brands can remain competitive with peers and assure investors that it is addressing climate-related risks."

As explained above, the Company has already set time-bound Scope 1 and Scope 2 GHG emissions reduction targets that were embedded in its business planning cycle and that it believes to be in the best interests of the Company and its shareholders. In setting its current GHG emissions reduction targets, the Company chose to adopt targets that were distinguishable from the goals mandated under the Proposal in both duration (from a baseline fiscal year 2020 through fiscal year 2025 versus "long-term" in the Paris Agreement) and coverage (Scope 1 and Scope 2 GHG emissions versus "full value chain," inclusive of Scope 3 GHG emissions that are specifically mentioned in the Proposal as outside of the Company's target). Accordingly, the Company affirmatively determined not to align its targets with the particular methodology set forth under Paris Agreement.

Meanwhile, the resolved clause of the Proposal requires the report to disclose "how" the Company intends to reduce emissions aligned with the goals of the Paris Agreement, leaving no discretion to the Board or management to make any alternative determination with respect to the

## KIRKLAND & ELLIS LLP

March 12, 2025

Page 6

setting (or not) of emissions reduction targets, including with respect to duration and coverage. In other words, the Proposal does not allow the Board or management to set targets for the Company in any manner that is not aligned with the Paris Agreement. If the Company were to be constrained into adopting targets aligned with the Paris Agreement, it could force management to focus on and prioritize GHG emissions targets to the exclusion or at the expense of any one or more of the multitudes of other factors that would otherwise influence management's overall business planning and approach. The Proposal ultimately seeks to replace the careful balancing of strategic, operational, and financial factors that are embedded in the complex decision-making process that is uniquely within the purview of Company management. Therefore, requiring the Company to align its targets to those of the Paris Agreement not only limits the discretion of the Board and management, it removes discretion entirely and instead gives the decision-making and oversight responsibilities to the shareholders who are not in a position to make an informed decision, thereby supplanting the judgment of the Board and management.

The Staff has historically permitted exclusion of proposals similar to the Proposal on the grounds that such proposals impermissibly sought to micromanage the companies at issue under Rule 14a-8(i)(7). For instance, in SLB 14M and SLB 14K, the Staff provided the example of *Devon Energy Corp.* (Mar. 4, 2019), where the proposal, similar to the Proposal at issue in the present instance, requested annual reporting on "short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement..." The Staff determined that the proposal in *Devon Energy Corp.* was excludable on the basis of micromanagement. In the Staff's view:

the proposal micromanaged the company by prescribing the method for addressing reduction of greenhouse gas emissions. We viewed the proposal as effectively requiring the adoption of time-bound targets (short, medium and long) that the company would measure itself against and changes in operations to meet those goals, thereby imposing a specific method for implementing a complex policy.

As another example, in *JB Hunt Transportation Services, Inc.* (Feb. 14, 2019), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting that J.B. Hunt "adopt companywide, quantitative targets to reduce total greenhouse gas (GHG) emissions, taking into account the goals of the Paris Climate Agreement, and issue a report ... discussing its plan and progress towards achieving these targets." Similarly, in *EOG Resources, Inc.* (Feb. 26, 2018) (*recon. denied* Mar. 12, 2018), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting that EOG "adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas (GHG) emissions and issue a report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets." As yet another example, in *Apple Inc.* (Dec. 5, 2016), the proposal at issue requested that Apple "generate a feasible plan...to reach a net-zero GHG [defined as greenhouse gas] emission status by the year 2030 for all aspects of the business which are directly owned by the Company and major

## KIRKLAND & ELLIS LLP

March 12, 2025

Page 7

suppliers...and to report the plan to shareholders...” In support of its argument that the proposal sought to impermissibly micromanage the company, Apple wrote in its no-action request that implementing the proposal:

would require the [c]ompany to evaluate and prioritize particular courses of actions and changes to its operations and business, and then to replace its own judgments about the best course of action with a course of action directed solely at meeting the specific emissions level selected by the [p]roponent...

In each of the above no-action letters, in granting relief under Rule 14a-8(i)(7), the Staff noted its view that “the proposal seeks to micromanage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.”

Most recently, the Staff permitted exclusion under Rule 14a-8(i)(7) in *Amazon.com, Inc.* (Apr. 7, 2023, *recon. denied* Apr. 20, 2023) of a similar proposal requesting that the company measure and disclose Scope 3 GHG emissions from its full value chain inclusive of its physical stores and ecommerce operations and all products that it sells directly and those sold by third party vendors. In granting relief, the Staff expressed its view that “the [p]roposal seeks to micromanage the [c]ompany by imposing a specific method for implementing a complex policy disclosure without affording discretion to management.”

Here, the Proposal requires a specific action and method for implementation as a substitute for the judgment of the Board and management. The Proposal does not merely request that the Company consider *whether* to adopt more expansive GHG emissions reduction targets or even request that the Company adopt GHG emissions reduction targets that would be in the best interests of the Company—which the Company has already done. Instead, the Proposal dictates precisely what the Company must do and how the Company must do it.

The Proposal is distinguishable from the proposal in *Anadarko Petroleum Corp.* (Mar. 4, 2019). SLB 14M and SLB 14K explain the Staff’s denial of relief in that instance:

[W]e did not concur with the excludability of a proposal seeking a report “describing if, and how, [a company] plans to reduce its total contribution to climate change and align its operations and investments with the Paris [Climate] Agreement’s goal of maintaining global temperatures well below 2 degrees Celsius.” The proposal was not excludable because the proposal transcended ordinary business matters and did not seek to micromanage the company to such a degree that exclusion would be appropriate. In our view, the proposal did not seek to micromanage the company because it deferred to management’s discretion to consider if and how the company plans to reduce its carbon

## KIRKLAND & ELLIS LLP

March 12, 2025

Page 8

footprint and asked the company to consider the relative benefits and drawbacks of several actions.

Here, the Proposal does not defer to management's discretion to consider "if and how" the Company plans to reduce its GHG emissions or ask the Company to consider the relative benefits and drawbacks of several actions. Instead, the Proposal demands a report that prescribes the method for addressing reduction of GHG emissions (*i.e.*, in alignment with the goals of the Paris Agreement, including effectively obligating the adoption of time-bound targets on a different cadence than the Company has implemented as well as changes in operations to meet those targets), which imposes a specific method for implementing a complex policy without affording discretion to the Board and management.

Because the Proposal probes too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment and limits the judgment and discretion of the Board and management, the Proposal impermissibly seeks to micromanage the Company and is excludable pursuant to Rule 14a-8(i)(7).

### CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that the Company may exclude the Proposal from the 2025 Proxy Materials. Should the Staff disagree with the conclusions set forth in this letter, or should you require any additional information in support of our position, we would welcome the opportunity to discuss these matters with you as you prepare your response. Any such communication regarding this letter should be directed to me at [christina.thomas@kirkland.com](mailto:christina.thomas@kirkland.com) or (212) 390-4301.

Sincerely,



---

Christina M. Thomas

cc: James O. Bourdeau, Esq.  
Constellation Brands, Inc.

Shaun J. Mathew, P.C.  
Kirkland & Ellis LLP

Abigail Paris  
Mary Zuccarello  
As You Sow

Enclosure: Exhibit A

**EXHIBIT A**

**WHEREAS:** Immediate and significant emissions reductions are required to avoid the worst consequences of climate change on the global economy and investor portfolios.<sup>1</sup> Investor demand for Paris-aligned greenhouse gas (GHG) reductions reflects the reality that climate change poses growing systemic risk to companies (through crop damage, power outages, destroyed equipment, output constraints, road and runway buckling, lost business days) and to investor portfolios (due to economy-wide risk, as demonstrated by the current national insurance crisis). Oxford Economics' technical working paper suggests that "the projected economic costs from climate change, calculated using damage functions, are far greater than we had previously estimated," and that all countries see significant losses in productivity growth from additional warming.<sup>2</sup>

Immediate and significant emission reductions are particularly necessary for the food and beverage sector, which is responsible for approximately one third of global greenhouse gas emissions.<sup>3</sup>

Constellation Brands, an alcoholic beverage producer, identifies numerous climate-related risks in its 10-K, including negative effects on the supply and quality of water and raw agricultural materials, which are central to the Company's products.<sup>4</sup> The company also notes that "the success of our brands depends upon consumer perception," which is, in part, influenced by the company's "environmental impact, including use of agricultural materials...and energy use."<sup>5</sup> Constellation identifies regulatory compliance costs associated with climate change as another risk factor.<sup>6</sup> By reducing emissions from its full value chain, Constellation Brands can mitigate climate-related risks including reputational harm, transition risk, and supply chain disruptions.

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 goals of the global Paris Agreement. 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 five percent of its total climate footprint.

Constellation lags peers in mitigating climate impact, exposing the company to competitive risks. Molson Coors, Heineken, Diageo, AB InBev, and Rémy Cointreau have all set Paris-aligned reduction targets for their full value chain emissions and validated these targets through the Science Based Targets initiative.<sup>8</sup> By setting Paris-aligned reduction targets covering its full value chain and disclosing a climate transition plan, Constellation Brands can remain competitive with peers and assure investors that it is addressing climate-related risks.

**RESOLVED:** Shareholders request that the Board issue a report, at reasonable expense, excluding confidential information, disclosing how Constellation Brands intends to reduce its full value chain greenhouse gas emissions in alignment with the goals of the Paris Agreement.

**SUPPORTING STATEMENT:** Proponents recommend, at Company discretion, the report include a timeline for setting such emission reduction goals.

---

<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.climateaction100.org/wp-content/uploads/2021/08/Global-Sector-Strategies-Food-and-Beverage-Ceres-PRI-August-2021.pdf>, p.8

<sup>4</sup> <https://ir.cbrands.com/sec-filings/all-sec-filings/content/0000016918-24-000054/0000016918-24-000054.pdf>

<sup>5</sup> <https://ir.cbrands.com/sec-filings/annual-reports/content/0000016918-24-000054/0000016918-24-000054.pdf>, p.25

<sup>6</sup> <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf>, p.12

<sup>7</sup> <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf>, p.30

<sup>8</sup> <https://sciencebasedtargets.org/companies-taking-action>

April 29, 2025

**VIA ONLINE SUBMISSION**

Office of Chief Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Email: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

**Re: Shareholder Proposal to Constellation Brands, Inc. Regarding Report on Emissions Reductions**

Ladies and Gentlemen:

*As You Sow* Foundation Fund, a beneficial owner of common stock of Constellation Brands, Inc. (the “Company” or “Constellation”), has submitted a shareholder proposal (the “Proposal”) asking the top issue a report describing how the Company intends to reduce its full value chain greenhouse gas emissions in alignment with the goals of the Paris Agreement. *As You Sow* writes in response to the Company’s March 12, 2025 “No Action” letter (the “Company Letter”).

The Company Letter contends that the Proposal may be excluded from the Company’s 2025 proxy statement under Rule 14a-8(i)(7) because, Constellation argues, the Proposal seeks to micromanage the Company. However, the Proposal’s request provides high-level shareholder input into macro strategy, while leaving discretion in implementation to the Company’s management and Board. It is consistent with the text of the Rule and with Staff Precedent. The Company has not met its burden of demonstrating it is entitled to exclude the Proposal.

A copy of this letter is being emailed to the Company concurrently with its submission to the Commission’s online shareholder proposal portal.

**SUMMARY**

Constellation Brands, an alcoholic beverage producer, has identified numerous, significant climate-related risks to its business, stemming from both environmental effects on its raw materials and reputational effects associated with its perceived environmental impact. Despite acknowledging these material risks to its business stemming from climate change, the Company’s existing climate goals are inadequate. The Company intends to reduce its Scope 1

and 2 emissions 15% by 2025. This modest goal is not Paris-aligned, and it excludes more than 95% of the Company's total emissions.

The Proposal, reproduced below, expresses investors' belief that the Company can and must do better. It asks Constellation to disclose how it intends to reduce its value-chain emissions in alignment with the Paris Agreement.

The Company responds by arguing that the Proposal seeks to micromanage the Company, primarily because its request requires the Company to adopt Paris-aligned targets, which the Company contends "limits the judgment and discretion of the Board and management." *See* Company Letter at 5.

This argument is untenable. It bears no resemblance to the commonly understood definition of "micromanagement" or to how the term has historically been applied and interpreted in the Rule 14a-8 context. Because all proposals necessarily "limit[] the judgment and discretion of the Board and management," micromanagement is a matter of degree. The Company's argument, which largely depends on its policy objections to Paris alignment, do not meet its burden of demonstrating that the Proposal limits its discretion to an inappropriate degree. The Proposal leaves all of the significant details of its implementation up to the Company and is much less prescriptive than those that have survived no-action challenges after the issuance of SLB 14M.

## THE PROPOSAL

**WHEREAS:** Immediate and significant emissions reductions are required to avoid the worst consequences of climate change on the global economy and investor portfolios.<sup>1</sup> Investor demand for Paris-aligned greenhouse gas (GHG) reductions reflects the reality that climate change poses growing systemic risk to companies (through crop damage, power outages, destroyed equipment, output constraints, road and runway buckling, lost business days) and to investor portfolios (due to economy-wide risk, as demonstrated by the current national insurance crisis). Oxford Economics' technical working paper suggests that "the projected economic costs from climate change, calculated using damage functions, are far greater than we had previously estimated," and that all countries see significant losses in productivity growth from additional warming.<sup>2</sup>

---

<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/>

Immediate and significant emission reductions are particularly necessary for the food and beverage sector, which is responsible for approximately one third of global greenhouse gas emissions.<sup>3</sup>

Constellation Brands, an alcoholic beverage producer, identifies numerous climate-related risks in its 10-K, including negative effects on the supply and quality of water and raw agricultural materials, which are central to the Company's products.<sup>4</sup> The company also notes that "the success of our brands depends upon consumer perception," which is, in part, influenced by the company's "environmental impact, including use of agricultural materials...and energy use."<sup>5</sup> Constellation identifies regulatory compliance costs associated with climate change as another risk factor.<sup>6</sup> By reducing emissions from its full value chain, Constellation Brands can mitigate climate-related risks including reputational harm, transition risk, and supply chain disruptions.

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 goals of the global Paris Agreement. 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 five percent of its total climate footprint.

Constellation lags peers in mitigating climate impact, exposing the company to competitive risks. Molson Coors, Heineken, Diageo, AB InBev, and Rémy Cointreau have all set Paris-aligned reduction targets for their full value chain emissions and validated these targets through the Science Based Targets initiative.<sup>8</sup> By setting Paris-aligned reduction targets covering its full value chain and disclosing a climate transition plan, Constellation Brands can remain competitive with peers and assure investors that it is addressing climate-related risks.

**RESOLVED:** Shareholders request that the Board issue a report, at reasonable expense, excluding confidential information, disclosing how Constellation Brands intends to reduce its full value chain greenhouse gas emissions in alignment with the goals of the Paris Agreement.

**SUPPORTING STATEMENT:** Proponents recommend, at Company discretion, the report include a timeline for setting such emission reduction goals.

---

<sup>3</sup> <https://www.climateaction100.org/wp-content/uploads/2021/08/Global-Sector-Strategies-Food-and-Beverage-Ceres-PRI-August-2021.pdf>, p.8

<sup>4</sup> <https://ir.cbrands.com/sec-filings/all-sec-filings/content/0000016918-24-000054/0000016918-24-000054.pdf>

<sup>5</sup> <https://ir.cbrands.com/sec-filings/annual-reports/content/0000016918-24-000054/0000016918-24-000054.pdf>, p.25

<sup>6</sup> <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf>, p.12

<sup>7</sup> <https://cdn.shopify.com/s/files/1/0614/2797/4201/files/2023-ESG-Impact-Report.pdf>, p.30

<sup>8</sup> <https://sciencebasedtargets.org/companies-taking-action>

## ANALYSIS

### **The Proposal Does Not Seek to Micromanage the Company**

#### **I. Micromanagement Standard**

The Commission has recognized the exclusion under Rule 14a-8(i)(7) of proposals seeking to “micromanage” companies by “probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” 1998 Release.

In SLB 14M, the Staff reinstated guidance concerning the scope of the micromanagement exclusion from SLBs 14J and 14K. The guidance in those bulletins emphasizes that a proposal may seek to micromanage if it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” SLB 14M (Annex A, quoting SLB 14J). Additionally, the Staff looks “to whether the proposal seeks intricate detail or imposes a specific strategy, method, action, outcome, or timeline for addressing an issue, thereby supplanting the judgment of management and the board.” SLB 14K.

The language in SLB 14K in particular is subject to abuse and misinterpretation when taken out of context. Any proposal necessarily will involve promotion of a “specific . . . action” in the broadest terms. After all, Rule 14a-8 defines shareholder proposals in exactly that way: as a “recommendation or requirement that the company and/or its board of directors *take action*,” which requires proposals to “state as clearly as possible *the course of action* that you believe the company should follow.” Rule 14a-8(a) (emphasis added). That is: all proposals, by definition, propose an action, and they must do so with specificity enough to avoid exclusion for vagueness or substantial implementation. *See* Rule 14a-8(i)(3), (i)(10). Micromanagement requires something more.

The Commission’s recognition that micromanagement involves “probing too deeply into matters of a complex nature” suggests that the term is used in its ordinary sense. Micromanagement consists of managing “with excessive control or attention to details.”<sup>1</sup> As the word “excessive” suggests, micromanagement is a question of *degree*. *See* SLB 14K (stating that micromanagement exclusion depends on “*the level of prescriptiveness* with which the proposals approach th[e] subject matter” (emphasis added)); *id.* (stating that proposal will be excluded “if the method or strategy for implementing the action requested by the proposal is *overly prescriptive*” (emphasis added)); *id.* (“When a proposal prescribes specific actions that the

---

<sup>1</sup> *Micromanagement*, Merriam-Webster.com Dictionary (accessed Apr. 3, 2025), <https://www.merriam-webster.com/dictionary/micromanage>.

company’s management or the board must undertake without affording them sufficient flexibility or discretion in addressing the complex matter presented by the proposal, the proposal may micromanage the company *to such a degree* that exclusion of the proposal would be warranted.” (emphasis added)).

Two recent decisions Staff decisions demonstrate this point well. Compare the outcomes in *Verizon Communications Inc.* (Mar. 25, 2025) and *Newell Brands Inc.* (Mar. 24, 2025):

<b>Verizon – EXCLUDED</b>	<b>Newell – NOT EXCLUDED</b>
“The Proposal requests the Company’s compensation committee adopt a policy that requires senior executives to retain a significant portion of equity obtained through the Company’s equity compensation plans for two years after their departure from the Company and a policy that prohibits hedging techniques that offset the risk of losses during the two-year period.”	“The Proposal asks the board to adopt a policy requiring the five named executive officers to retain a significant percentage of stock acquired through equity pay programs until reaching retirement.”

Both proposals involve substantially the same subject matter and demand a specific policy be enacted by the Board. *Verizon*, however, attempted to prescribe how to implement the policy with too much specificity, and was excluded as micromanagement. *Newell* left significant implementation details to the board’s discretion as to how to implement nearly the same policy, and was not excluded.

That is not to say that any inclusion of implementation details within a proposal dooms it to exclusion. The micromanagement analysis is context-dependent. Where the details of a proposal are necessary for shareholder consideration of issues well within their appropriate purview, details do not give rise to exclusion. *See, e.g., The Travelers Cos.* (Mar. 25, 2025) (proposal requested that board seek shareholder approval of senior managers’ new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive’s base salary plus target short-term bonus; micromanagement exclusion rejected).

## **II. The Proposal Does Not Limit the Company’s Discretion to an Inappropriate Degree**

The Proposal requests that the Company issue a report disclosing how it intends to reduce its full value-chain emissions in alignment with the Paris Agreement. The Company describes the Proposal as requiring “adoption of rigid GHG emissions targets aligned with the goals of the

Paris Agreement,” Company Letter at 5, and on the basis of that description, argues for its exclusion as micromanagement.

The Company’s first argument is that the Proposal “probes too deeply into matters of a complex nature,” by which it apparently means emissions disclosure or climate or ESG policy. This entire section of its letter, pages 4-5, consists of a description of the Company’s ESG strategy and its existing emissions reduction targets. After describing its existing practices, the Company concludes “for these reasons, the Proposal probes too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” Company Letter at 5.

The upshot of this argument is that any climate proposal—or perhaps even any “ESG” proposal—would run afoul of the micromanagement rule, because climate (or ESG) is “too complex” for shareholders. There is no basis in the Rule for this argument, nor in the relevant Staff Legal Bulletins. SLB 14K, for example, expressly rebukes any “subject matter” distinctions for micromanagement. *See* SLB 14K (micromanagement “rests on an evaluation of the manner in which a proposal seeks to address the subject matter raised, rather than the subject matter itself”). Nor is it consistent with recent Staff precedent rejecting micromanagement exclusions aimed at emissions reduction proposals. *See, e.g., Alliant Energy Corp.* (Mar. 27, 2025) (proposal requested that company “disclose an independent third-party evaluation of the alignment of its short- and medium-term greenhouse gas emissions reduction targets with the Paris Agreement, including a third-party assessment of the methodology the company used to set its targets”).

The Company’s second argument is that the Proposal “limits the judgment and discretion of the board and management.” Company Letter at 5. In one critical paragraph, the Company sums up its argument:

Here, the Proposal requires a specific action and method for implementation as a substitute for the judgment of the Board and management. The Proposal does not merely request that the Company consider whether to adopt more expansive GHG emissions reduction targets or even request that the Company adopt GHG emissions reduction targets that would be in the best interests of the Company—which the Company has already done. Instead, the Proposal dictates precisely what the Company must do and how the Company must do it.

Company Letter at 7.

While the Company has correctly described the micromanagement standard, its application of that standard to the Proposal comes up short. For instance, the Company does not explain how it

comes to the conclusion that the Proposal prescribes a “method for implementation.” Even accepting as given the Company’s description of the Proposal as requiring it to set Paris-aligned targets, the Proposal’s request that the Company describe “*how*” it would meet those targets necessarily means that implementation is in the Company’s discretion.

One read of the Company Letter is that it is interpreting “Paris alignment” itself as a “method for implementation.” Much of the Company Letter is dedicated to arguing that Paris alignment is the Proposal’s primary fault. *See, e.g.*, Company Letter at 6 (“[T]he Proposal does not allow the Board or management to set targets for the Company in any manner that is not aligned with the Paris Agreement.”). But this argument is a category error; “Paris alignment” describes the nature of the policy goal sought by the Proponent, not a method for implementation.

Simply put, whether a company’s emissions reduction targets are Paris-aligned or not is a difference of kind, not degree. Paris alignment is the de facto global standard by which emissions reductions are judged. Paris alignment is also not a value judgment but an empirical question, one that stands as shorthand for a broad policy goal (limiting average global temperature increase to 1.5 degrees Celsius by 2050 to avoid catastrophic and economywide harm) that necessarily permits a variety of company-specific responses.

By contrast, there is no limiting principle on the Company’s argument. It argues that because “the Company affirmatively determined not to align its targets with the . . . Paris Agreement,” the Proposal “leav[es] no discretion to the Board or management to make any alternative determination with respect to the setting (or not) of emissions reduction targets.” Company Letter at 5-6. This argument is a tautology: it will always be the case that a Proposal “leaves no discretion to the Board or management to” not take the action described in the Proposal.<sup>2</sup> What the Company Letter fails to offer is a persuasive reason why the Proposal limits its discretion *to an inappropriate degree*—“we have decided against it” does not suffice.

Following the Company’s argument to its logical endpoint leads to a startling conclusion: shareholders can (maybe) ask a company to adopt emissions reductions, but if a company does so, the door for shareholder engagement slams shut. If the company adopts a target to reduce its emissions by 1% over the next century, any shareholder request that it adopt more meaningful targets to take climate risk seriously will necessarily micromanage it, because the Company has “affirmatively determined” to do otherwise. *See* Company Letter at 5.

---

<sup>2</sup> At least so long as the Staff continues to interpret precatory proposals as if mandatory for the purposes of the micromanagement rule.

This puts shareholders in an untenable place, as demonstrated by the Company itself. *In the very paragraph* in which it proposes alternative language that it would (maybe) consider permissible under the micromanagement rule (that proponents ask the company to “consider whether to adopt more expansive GHG emissions reduction targets” or to “adopt GHG emissions reduction targets that would be in the best interests of the Company”), the Company states that it “has already done” those requests. Company Letter at 7. That is the Company’s perfectly circular argument in a nutshell: shareholders can’t ask the Company to do anything *except* at a level of generality at which the Company will seek exclusion for substantial implementation. *See* Rule 14a-8(i)(10). **Heads, the Company wins. Tails, the shareholder loses.**<sup>3</sup>

The Company’s argument also runs headlong into a bevy of post-SLB 14M precedent, much of which demonstrates that the micromanagement rule is not nearly so expansive as the Company proposes. Most notably, in *Alliant Energy Corp.* (Mar. 27, 2025), the proposal requested that the company “disclose an independent third-party evaluation of the alignment of its short- and medium-term greenhouse gas emissions reduction targets with the Paris Agreement, including a third-party assessment of the methodology the company used to set its targets.” This proposal is indistinguishable in terms of micromanagement from the Proposal here. Each asks the recipient issuer to take action with respect to the Paris alignment of its emissions reduction targets. A third-party report on alignment is hardly any less limiting of discretion than a report disclosing *how* the company might align its targets. Yet, the Staff declined to concur in the company’s micromanagement argument. It should do the same here.

While not concerning climate, the proposal in *Home Depot, Inc.* (Mar. 28, 2025), is also indistinguishable from the perspective of the micromanagement rule. There, the Company was asked to issue a report describing how it could match its peers by committing to make all its packaging curbside recyclable, reusable, or compostable. Like the Company here, Home Depot argued that the proposal effectively demanded that it set a “net zero” goal for plastics. Thus, each proposal asked the recipient company to issue a report describing “how” it could reach a specific goal. There is no way to distinguish the proposals on the basis of micromanagement. The Staff denied the Company’s request in *Home Depot* and should likewise do so here.

Finally, the proposal in *Goodyear Tire & Rubber Co.* (Mar. 3, 2025) requested that the Company adopt policies that would result in tire wear shedding reduction goals. This proposal notably did not follow the strictures in the Company Letter: it did not ask the company to “consider” whether it might take action on plastic pollution, nor did it ask the company to adopt tire wear shedding

---

<sup>3</sup> The Company’s suggestion that shareholders may only permissible request that it “*consider* whether to adopt more expansive GHG emissions targets” is a red herring. All shareholder proposals are precatory. The Company would not be bound to implement the Proposal even if 100% of shareholders voted for it. Therefore, the Proposal is *literally* a request that the Company “consider whether to adopt” Paris-aligned GHG emissions targets.

policies that would be in the best interest of the company. *See* Company Letter at 7. Instead, the proposal requested that the company adopt a specific policy addressing a specific kind of pollution from its products. Because fundamental details about implementation were left to management’s discretion, it was correctly found not to micromanage. So too here. *See* Company Letter at 5 (noting that Proposal’s Supporting Statement explicitly leaves the “timeline for setting the requested emissions reduction goals” to the Company’s discretion).

In sum, the Proposal here, in the Company’s most maximal reading, requests that the Company set Paris-aligned emissions reduction goals. What the Proposal does not prescribe, and what is therefore left explicitly to Company discretion, includes:

- When or how the Company must implement the Proposal;
- What level of emissions reductions the goals should be set at;
- What constitutes Paris alignment for the purposes of setting such goals;
- How the Company should measure or estimate its emissions; and
- What processes the Company should utilize or undertake to formulate its goals.

This is not micromanagement. The request is for a high-level change concerning a significant matter of corporate strategy. The Board is entitled to its opinion that such a change is not in the Company’s best interests. It is welcome to make that case to investors. But the Proposal is far, *far* removed from the “classic” micromanagement examples of demands from shareholders that companies change the shower heads or light bulbs in their hotel rooms. Shareholders are entitled by their ownership and by the American system of corporate democracy to propose changes to corporate practices. The micromanagement exclusion is not intended to overrule that time-honored right, and the Company’s arguments do not demonstrate that the Proposal seeks to micromanage it.<sup>4</sup>

---

<sup>4</sup> The Company’s approach would also lead to an unreasoned, systemic bias in favor of proposals that suggest eliminating existing goals and programs, rather than proposing new ones, even though the proposals have equal impact on company discretion. Proposals asking companies to abolish existing programs can be phrased in generic terms, while proposals asking companies to undertake a clear action or establish new programs cannot be described in generalities.

For instance, applying SLB 14M, the Staff recently rejected a company’s effort to exclude a proposal asking the company to “consider abolishing its DEI program, policies, department and goals.” *Levi Strauss & Co.* (Feb. 21, 2025). Because that proposal was able to refer *generically* to existing policies, the Resolved clause of the proposal did not have to be specific. But, functionally, abolishing a program requires very specific action — as once can discern from the types of actions listed in that proposal’s supporting statement: to abolish certain Employee Resource Groups, cease contributing money to certain organizations, eliminate supplier diversity goals, and eliminate specific hiring and promotion practices. *See id.* (Proposal Supporting Statement). That is, the Whereas Clause’s reference to the company’s “DEI program, policies, department and goals” *stood in* for a complete list of specific policies and asked the company to consider abolishing those specific policies.

Here, the Proposal addresses a critically important issue—action to reduce climate emissions—yet leaves to the full discretion of the Company the specific timing of the goals and how to achieve them. The mere act of asking a company to set goals that will guide it in reducing greenhouse gas emissions, while also providing investors with clarity on whether it is meeting those goals, is not micromanagement—it is good business practice. There is no dispute that goals drive action and create accountability, while leaving discretion to the Company in how to implement. Thus, the Proposal should not be excluded.

### CONCLUSION

Because the Proposal does not seek to micromanage the Company, Constellation Brands has no valid basis to exclude the Proposal from its 2025 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,



Luke Morgan  
Staff Attorney, *As You Sow*

CC:

Christina Thomas, Kirkland & Ellis LLP

---

If proponents can request that a company *abolish* — for example — a company’s goal to increase supplier diversity 10% by 2030, there is no basis in the Rule or the meaning of the word “micromanagement” to exclude a proposal asking a company to *establish* such a goal, simply because the “abolish” proposal is able to refer to its target in less specific terms. Treating the Proposal’s mention of Paris alignment as a “trigger word” for micromanagement, as the Company does, falls directly into this fallacy, because a proposal seeking the elimination of a company’s existing Paris-aligned goals would not need to mention Paris alignment but simply request that the Company abolish its existing goals.