

Company Engagements

This report features highlights from our engagements with:

- [Coca-Cola Andina](#)
- [Heineken N.V.](#)
- [Waste Connections](#)

Engagement is an important part of Burgundy's ESG approach. Through direct dialogue with portfolio companies, we evaluate how management teams navigate material ESG risks to business quality and intrinsic value. To manage the process, Burgundy's in-house Sustainability Team partners with our Investment Team to conduct engagements.

We determined which ESG issues to prioritize each year based on materiality and urgency. This year, our top priorities for engagement included packaging circularity and plastics management, responsible consumption, operational decarbonization, water stewardship, employee health and safety, community engagement, and regulatory and legal risk.

This report features highlights from our engagements with Coca-Cola Andina, Heineken, and Waste Connections.

Coca-Cola Andina

Core Business:
Beverage bottling and distribution

Established:
1946

Headquarters:
Santiago, Chile

Plastic pollution is one of the defining environmental challenges of this century. Each year, more than 400 million tonnes of plastic are produced, with over 20 million tonnes entering aquatic ecosystems, including rivers, lakes, and oceans.

A significant share of this waste comes from single-use beverage packaging, making the global bottling industry both a contributor to and a critical actor in addressing the issue. Recognizing the material risk this presents to investors, Burgundy engaged with three major Coca-Cola system bottlers in Latin America—Coca-Cola Andina, Coca-Cola FEMSA, and Arca Continental—to better understand their approaches to packaging circularity and sustainability.

In this report, we feature Coca-Cola Andina (Andina) and our engagement with its sustainability leaders, focusing on the development of the company's circular packaging infrastructure, the expansion of returnable bottle systems, the strengthening of collection value chains, and its governance and regional leadership in sustainability.

Circular Packaging Infrastructure

Coca-Cola Andina's leadership in sustainable packaging is driven by its use of recycled materials. In Chile, Andina developed Re-Ciclar—the country's first bottle-to-bottle polyethylene terephthalate

(PET) recycling plant—with The Coca-Cola Company and Coca-Cola Embonor. The US\$35 million facility recycles used PET bottles into new, food-grade resin, supporting compliance with Chile’s Extended Producer Responsibility Law, which mandates 15% recycled content by 2025 and 25% by 2030.

In Paraguay, Andina co-owns Circular PET, a US\$25 million joint venture that processes roughly 10,000 tonnes of PET annually. This facility completes Paraguay’s recycling loop by turning locally collected PET waste into high-quality resin for beverage packaging. In Brazil, Andina relies on established recycler networks and long-term contracts to secure feedstock, reflecting a regionally adaptive approach.

These investments helped the company achieve a 51.3% post-consumer recovery rate in 2024, exceeding its target and contributing to 21.4% recycled resin content across its packaging portfolio. Collectively, Andina’s recycling initiatives have recovered over 80,000 tonnes of PET since 2021. We believe this long-term infrastructure strategy demonstrates operational foresight and positions Andina to manage increasing regulatory and supply-chain pressures linked to plastic waste.

Returnable Packaging Systems

Returnable bottles form a cornerstone of Andina’s sustainability strategy. The company has long leveraged refillable glass and PET bottles as both an environmental and economic advantage. Over their full life cycle, returnable PET bottles generate approximately 32% fewer greenhouse gas emissions than disposable PET bottles and 65% fewer than aluminum cans, reflecting their substantially lower environmental impact. These bottles can be reused multiple times before recycling, reducing material intensity.

In 2024, returnable packaging accounted for 27.7% of total non-alcoholic ready-to-drink (NARTD) beverage

sales, with penetration of 38.0% in Argentina, 29.8% in Chile, 31.9% in Paraguay, and 19.5% in Brazil. The company’s long-term target is to raise this share to 42.8% by 2030, consistent with its circular economy commitments. Returnable packaging also provides a social benefit: it is typically around 20% cheaper for consumers than single-use alternatives, supporting affordability in inflationary environments. Andina’s “universal bottle” design, a standardized PET format used across brands such as Coca-Cola, Sprite, and Fanta, simplifies logistics and reduces waste.

We view Andina’s leadership in returnable packaging as an enduring competitive advantage, lowering material exposure, reducing carbon intensity, and enhancing resilience as global plastics regulation tightens.



25%

recycled content
by 2030



51%

post-consumer
recovery rate in 2024.



80k

tonnes of PET
recovered since 2021



65%

fewer greenhouse
gas emissions with
returnable PET bottles
vs. aluminum cans

Value Chain Development and Inclusion

During our engagement, Andina emphasized that successful circularity requires more than physical infrastructure; it depends on a functioning collection ecosystem. They noted that building recycling capacity takes two to four years, largely due to the need to develop and formalize the value chain from small collectors to industrial processors.

To that end, the company partners with municipalities, NGOs, and grassroots recyclers, strengthening material recovery systems and generating formal employment. This inclusive approach has proven particularly effective in Chile and Paraguay, where Andina's recycling programs engage local cooperatives and informal recyclers as integral participants. These partnerships create social and economic value while ensuring consistent material flows to new recycling plants.

We see this as a mature sustainability strategy that combines social inclusion with environmental performance and sets Andina apart from many global peers.

Governance and Regional Leadership

Andina's sustainability governance is anchored by the Board of Directors' Culture, Ethics, and Sustainability Committee and supported by the Corporate Sustainability and Risk Committee, which is composed of senior executives from finance, operations, and strategy. This structure embeds ESG oversight into corporate decision-making and aligns sustainability goals with business performance across all operations. The company also maintains specialized management committees focused on water, packaging, and climate, which monitor progress toward its 2030 and 2050 environmental targets.

In 2024, Andina strengthened its climate governance by adopting science-based emission reduction targets (SBTi) and achieved its highest-ever ranking in the Dow Jones Sustainability Index, placing first in Chile and the Pacific Alliance and fifth globally in the beverage industry. These achievements reflect a mature integration of sustainability into corporate governance and a disciplined approach to measuring and managing ESG performance.

Andina's governance depth and execution discipline position it among the most advanced companies in Latin America's beverage sector, demonstrating how strong oversight and accountability can translate into sustained environmental and social leadership.

Conclusion

Our engagement with Coca-Cola Andina reinforced our view that the company is a sustainability leader within the global Coca-Cola system and across emerging markets. Through substantial investments in recycling infrastructure, inclusive value-chain partnerships, and a robust returnable packaging program, Andina is addressing one of the most critical environmental challenges facing its industry: plastic pollution.

Alongside peers like Coca-Cola FEMSA and Arca Continental, Andina exemplifies how beverage bottlers can transition from being contributors to plastic waste to active drivers of circular economy transformation. We believe the company's disciplined execution, strong governance, and community-centred approach will continue to enhance its resilience and long-term value creation. **B**

Heineken N.V.

Core Business:
Beer and cider

Established:
1864

Headquarters:
Amsterdam, Netherlands

Heineken is one of the world's largest brewers, with operations spanning more than 70 countries. The company's scale and vertically integrated business model expose it to a range of environmental and social risks, particularly related to alcohol consumption, climate transition, and water availability.

Sustainability is embedded within Heineken's [EverGreen](#) strategy and operationalized through its [Brew a Better World framework](#), which was refined in 2024 following the company's first double-materiality assessment under the EU's ESRS (European Sustainability Reporting Standards) requirements.

To better understand how Heineken is managing its most material ESG risks and opportunities, we met with the company's Global Manager of Sustainable Development & Stakeholder Engagement, along with the Investor Relations team. Our discussion focused on responsible consumption, operational decarbonization, and water stewardship.

Responsible Consumption

Responsible alcohol consumption is a core ESG issue for Heineken and is key to its social license to operate. Management emphasized that regulatory scrutiny, marketing restrictions, and evolving consumer expectations represent ongoing risks to the beer

category. As a result, the company views leadership in non-alcoholic beer as both a risk mitigation tool and a growth opportunity.

Heineken’s “Always a Choice” ambition includes offering a zero-alcohol option for at least one strategic brand in markets representing approximately 90% of group volume by 2025. The company also commits to investing 10% of its annual media spend in responsible consumption campaigns and to providing clear consumer information across all products. Management noted that these commitments are supported by internal marketing controls and a global Responsible Marketing Code.

We believe Heineken’s disciplined approach to responsible consumption reduces long-term regulatory and reputational risk and positions the company as a category leader as moderation trends continue to evolve.

Climate Strategy and Operational Emissions

Climate change is identified by Heineken as a material risk across short-, medium-, and long-term time horizons, driven by carbon pricing, energy costs, and transition regulation. The company has made measurable progress reducing emissions from its own operations, achieving a 34% absolute reduction in Scope 1 and Scope 2 emissions compared to its 2022 baseline.

This progress has been driven primarily by renewable electricity procurement and energy efficiency initiatives. Renewable energy now represents a meaningful share of total energy consumption, supported by a combination of physical and virtual power purchase agreements (PPAs) and energy attribute certificates. Management also highlighted that executive remuneration is partially linked to ESG performance, including emissions reduction targets.

At the same time, the company acknowledged that further decarbonization will be more complex. Thermal heat for brewing remains heavily dependent on fossil fuels, particularly natural gas, and alternatives are often capital-intensive and location-specific. Heineken is piloting a range of solutions, including biomass boilers and solar thermal systems, but emphasized the need for disciplined capital allocation.

We are encouraged by Heineken’s transparency regarding these constraints and view its approach as pragmatic and consistent with the operational realities of the brewing industry.

Water Stewardship

Water is one of Heineken’s most material operational and social risks, particularly in water-stressed regions where availability constraints could disrupt production and affect community relations. The company has reduced average water use to 3.0 hl/hl of beer globally through sustained efficiency improvements, outperforming the global brewer average of 4.5hl/hl.



34%

reduction in Scope 1 & 2 emissions compared to its 2022 baseline



10%

media spend allocated to responsible consumption campaigns



3.0 hl

water used per hectolitre of beer

Heineken's "Towards Healthy Watersheds" strategy focuses on water efficiency within operations, improved wastewater treatment, and watershed-level interventions beyond the brewery fence. In water-stressed areas, the company aims to fully balance the water used in its products through initiatives such as ecosystem restoration, agricultural efficiency programs, infrastructure improvements, and community projects around access to water. Management emphasized that water risks are assessed using a combination of global tools and local site-level analysis, allowing interventions to be tailored to regional conditions.

We believe Heineken's water stewardship strategy is well developed and reflects a mature understanding of the link between water security, operational continuity, and its social license to operate.

Conclusion

Our discussion with Heineken supported our view that the company is managing its most important ESG risks with discipline. We were encouraged by how it has built responsible consumption into its brand strategy, made real progress in reducing operational emissions, and taken a broad approach to water stewardship. While challenges remain, especially around cutting emissions from heat use, we believe Heineken is addressing them in a practical and thoughtful way that supports long-term value creation. We will continue to monitor its progress. **B**

Waste Connections, Inc.

Core Business:

Waste management and environmental services

Established:

1997

Headquarters:

Woodbridge, Ontario, Canada

Waste Connections (WCN) is one of North America's largest integrated solid waste services companies, providing collection, transfer, disposal, and recycling services across the United States and Canada.

In our research, we identified key ESG issues associated with its Chiquita Canyon landfill that are material to our investment in the company. These include the environmental management of the landfill, regulatory oversight, community engagement, and litigation exposure. To discuss these issues, we met with Waste Connections' Vice President of Investor Relations and its Corporate Engineering and Sustainability Manager.

Environmental Management at Chiquita Canyon

In 2023, Waste Connections reported an elevated temperature landfill (ETLF) event at its Chiquita Canyon site in Southern California. The company explained that this condition represents a subsurface heat-accumulation reaction, rather than a fire, occurring within an inactive portion of the landfill. This distinction is significant because the operational response differs. Fires require reducing gas extraction to avoid oxygen inflow, while ETLFs are managed by increasing gas extraction to relieve pressure and safely vent gases.

In response, the company made significant infrastructure investments to contain and stabilize the site, including the installation of additional gas extraction wells, expanded piping systems, and large protective covers to seal the landfill surface. These measures have been effective in significantly reducing surface emissions and lowering odour complaints. We believe these actions demonstrate the company's capacity for technical problem-solving and environmental risk management, though the incident highlights the complex legacy risks inherent in landfill operations.

Regulatory Oversight

Waste Connections operates within a complex regulatory landscape that spans federal, state, and local authorities. The Chiquita Canyon site remains subject to a complex and evolving regulatory environment, including overlapping reporting requirements that have at times created administrative challenges. The company noted that a transition to environmental protection agency (EPA)-led oversight is underway to streamline compliance and improve coordination among agencies.

At the same time, California is advancing updates to its Landfill Methane Regulation, expected to take effect in 2027. The revised standard will require more stringent gas-collection controls and faster leak-response times. Waste Connections anticipates only minor cost impacts and considers itself well prepared, given its existing gas management systems and operational practices.

We believe that Waste Connections' engagement with regulators and efforts to adapt to evolving requirements are important considerations in assessing its ability to manage environmental compliance. At the same time, the regulatory environment remains dynamic and continues to evolve.

UPDATES TO LANDFILL METHANE REGULATION



BY 2027

targeting more stringent gas-collection controls and faster leak-response times.

Legal and Liability Risk

Given the nature of its operations, legal exposure is an ongoing risk for Waste Connections. The company faces litigation related primarily to odour and alleged health effects associated with the Chiquita Canyon landfill. The company emphasized that such proceedings are typical within the waste management industry, where regulatory intensity and public awareness are high.

Waste Connections noted that air quality monitoring and related assessments have not identified clear evidence of elevated health risks among nearby residents, based on available data. At the same time, the situation remains subject to ongoing regulatory review and community concern. While legal actions are expected to continue, the company's disclosure of monitoring data and engagement with regulators and local stakeholders are relevant considerations in assessing potential reputational and financial impacts.

We believe that Waste Connections' management of environmental controls, along with ongoing monitoring and engagement with regulators and communities, may help mitigate reputational and financial risks over time. Nevertheless, these liabilities remain a material consideration given their potential to influence costs, reputation, and long-term value.

Community Engagement

Given the heightened public scrutiny surrounding the Chiquita Canyon site, Waste Connections has made proactive community engagement and environmental transparency a key focus. The company operates a comprehensive air-monitoring program that includes a network of fixed and mobile stations measuring compounds such as methane, hydrogen sulfide, and volatile organic chemicals. Local and regulatory agencies also conduct their own independent monitoring, providing an additional layer of oversight.

Findings from these programs have shown pollutant levels consistent with typical background air quality for the region, with no elevated health risks detected. We are of the view that the company's emphasis on transparent communication, data sharing, and collaboration with local authorities is an important component of its approach to managing community and environmental considerations.

Conclusion

Our conversation with Waste Connections highlighted the company's focus on operational response, regulatory engagement, and transparency in addressing the challenges at Chiquita Canyon. The company's actions to date reflect a structured approach to managing a complex environmental issue. While the situation remains ongoing and subject to evolving regulatory oversight, we believe the steps taken to date are relevant in assessing how the company is navigating these challenges. We will continue to monitor Waste Connections' progress on the closure of the Chiquita Canyon site, its compliance with regulatory requirements, and the potential implications for long-term value. **B**

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