



MOLSON COORS BREWING COMPANY

Communication on Progress 2017

UN Global Compact

CEO Water Mandate



The Board of Directors of Molson Coors and the Executive Leadership Team identified sustainability as integral to growing our business and brewing our beers the right way, and ensuring we achieve our ambition to become First Choice for Consumers and Customers. The UN Global Compact and CEO Water Mandate are consistent with our global commitment to sustainability. We continue to support the ten principles of The Global Compact and six elements of the CEO Water Mandate and are committed to making them part of our corporate strategy, culture and day-to-day operations.

We call our sustainability performance “[Our Beer Print](#)”. Put simply, our beer leaves a Beer Print, shaping the impact we make on our consumers, the environment and the communities where we live, work and play. Wherever we brew and sell our beer, we want to leave a positive Beer Print—and we’ll keep raising the bar to brew a responsible and sustainable future.

I am proud of Our Beer Print and the position of our sustainability agenda and how it has grown. In 2016 Molson Coors was once again recognized as a member of the Dow Jones Sustainability World Index for the fifth consecutive year. This is a great indicator of how seriously we take this agenda across our entire business. From striving for increased environmental improvements, through driving an engaged, educated and motivated workforce, to developing social purpose within our core brands. We are reaching for the next milestone and developing long-range goals, including developing Our Beer Print 2025 strategy, which we will be published later this summer. Doing business the right way is the only option for me, and supports our ambition to be First Choice for Consumers and Customers.

Mark Hunter, President and CEO Molson Coors Brewing Company

30th May 2017

UN Global Compact

Human Rights	PROGRESS AND ACTIONS TAKEN
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p>We have developed a specific Human Rights Policy that is currently under final review with our Global Policy Board. The policy addresses the topics of collective bargaining, forced labor, child labor, discrimination, work hours and wages, safe and healthy workplaces, workplace security, community and stakeholder engagement and guidance and reporting for employees. Additionally, in our US business, MillerCoors has begun developing a transgender bathroom policy and recently updated its parental leave policy to further support employees.</p> <p>Molson Coors' Employment Principles are guided by international human rights standards, including the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact. They are also consistent with our shared values and the Molson Coors Code of Business Conduct, Living Our Values.</p> <p>Our Principles apply to Molson Coors and all of our business units and other entities in which we hold a majority interest. The Company encourages our business partners to uphold these Principles and to adopt similar approaches within their businesses.</p> <p>The Principles address the following components:</p> <ul style="list-style-type: none"> • Freedom of Association and Collective Bargaining • Forced Labor • Child Labor • Discrimination • Work Hours and Wages • Safe and Healthy Workplace • Workplace Security • Community and Stakeholder Engagement • Guidance and Reporting for Employees <p>The Code is available on our internal and external web portals in an interactive PDF format that incorporates "Our Brew." Our Brew (see attached docs) is the cultural compass that defines who we</p>

are, what we value and how we'll work together. The Code of Conduct is also available in print format translated into all of our languages (English, French Canadian, Chinese, Japanese, Spanish, Czech, Serbian, Montenegrin, Croatian, Romanian, Hungarian and Bulgarian.). We provide corresponding Code training on a global basis with emails deployed to all on-line employees inviting them to take the mandatory training. For those employee groups without on-line computer access, a video was created by our Chief Ethics and Compliance Officer for use in their local training programs and supported with a facilitator's training deck. The Code training is also part of our new-hire program and all employees are required to take the training as part of their induction into the Company. Refreshed Code training is also being created and will be rolled out in Q4 of 2017 on a global basis to all employees.

Under the Chief Ethics and Compliance Officer and our Executive Ethics and Compliance Committee, we work with partners in each of our regions to promote a consistent global approach to doing things the "right way" everywhere we do business.

Our [Standards for Suppliers](#) extends our corporate responsibility practices to our complex supply chain. The Standards outline what we deem important and relevant to all suppliers of goods and services to our company and its subsidiaries. These Principles also apply to the suppliers to any company where we have majority ownership or governance share. In 2011 we joined [Sedex](#), a not for profit membership organization for companies seeking to address supply chain ethical/responsible issues. See the [Responsible Sourcing](#) page on our website for more details.

Principle 2: Business should make sure that they are not complicit in human rights abuses

Molson Coors is committed to providing a workplace where all are treated with respect, differences are valued, and employees' actions are consistent with the Company's standards and values. We are dedicated to maintaining workplaces that are free from discrimination or physical or verbal harassment on the basis of race, sex, color, national or social origin, religion, age, disability, sexual orientation or any other status protected by applicable law. Our basis for recruitment, hiring, placement, training, compensation and advancement is qualifications, performance, skills and experience and behavior. Differences that are protected by law cannot be a factor in recruitment, dismissal, or promotion decisions. They also cannot be a factor in terms or conditions of employment such as work assignments, employee development opportunities, holiday, or overtime.

Our employees have access to an [Ethics and Compliance Helpline](#) 24 hours a day. The helpline allows employees, or any stakeholder, to ask a question or raise a concern in their native language in a confidential and/or anonymous way. All questions and issues raised through this channel are responded to through the Ethics and Compliance Office at Molson Coors.

	<p>In 2016, we had 55 reports or inquiries through this channel. Of the 2016 reports where investigative action was necessary, approximately 50% were substantiated and resulted in corrective or disciplinary action. 44% of reports in 2016 were anonymous vs. 37% in 2015. See Ethical Culture link for full details.</p>
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<p>Molson Coors respects our employees' right to join, form or not to join a labor union. Where employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue and bargaining in good faith with their freely chosen representatives.</p> <p>Our Standards for Suppliers discussed earlier apply to all the Labor Principles.</p>
Principle 4: The elimination of all forms of forced and compulsory labor	<p>Molson Coors prohibits the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor or slave labor.</p>
Principle 5: The effective abolition of child labor	<p>Molson Coors adheres to minimum age provisions of applicable laws and regulations, including those that apply specifically to the alcohol beverage industry. The Company prohibits the hiring of individuals that are under 18 years of age for positions in which hazardous work is required. The Company's prohibition of child labor is consistent with International Labor Organization standards.</p>
Principle 6: The elimination of discrimination in respect of employment and occupation	<p>Molson Coors is committed to providing a workplace where all are treated with respect, differences are valued, and employees' actions are consistent with the Company's standards and values. We are dedicated to maintaining workplaces that are free from discrimination or physical or verbal harassment on the basis of race, sex, color, national or social origin, religion, age, disability, sexual orientation or any other status protected by applicable law. Our basis for recruitment, hiring, placement, training, compensation and advancement is qualifications, performance, skills and experience and behavior.</p> <p>Differences that are protected by law cannot be a factor in recruitment, dismissal, or promotion decisions. They also cannot be a factor in terms or conditions of employment such as work assignments, employee development opportunities, holiday, or overtime.</p>
Environment	

Principle 7: Business should support a precautionary approach to environmental challenges

Molson Coors considers and manages environmental issues through our [Quality, Food Safety, Environment, Health & Safety Policy](#) and the environmental management systems we have implemented across our operations.

Through our membership of the [Beverage Industry Environmental Roundtable \(BIER\)](#) we collaborate and share experience with our peers on innovative and emerging approaches to environmental management.

Principle 8: Undertake initiatives to promote greater environmental responsibility

We have a comprehensive Corporate Responsibility strategy that touches all areas of our business in all our geographies called [Our Beer Print](#). Our approach to reducing our environmental Beer Print is laid out in our [2020 Sustainability Strategy](#). Launched in 2013, the Strategy integrates how we manage energy, carbon emissions, water and solid waste and sets out how we will meet our 2020 ambitions.

2020 Targets (baseline 2011): :

- 25% reduction in energy intensity
- 15% in carbon intensity
- 15% in water per unit of production.
- Send zero waste to landfill and
- Reduce the weight of packaging sold by 10% per unit of production (baseline 2015).

These ambitious targets are evidence of our commitment to continuously reduce our impact on the environment. For more details on our performance and initiatives undertaken to achieve our targets see our [Environmental Stewardship](#) page on our website.

In our [2016 Annual Report to Investors](#) (10K) we report to investors on our carbon emission and water risk.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

The Company is working towards its ambitious carbon, energy, water, waste reduction and packaging targets for 2020. Our efforts in the past have focused on capital projects to save energy and water as well as asset renewal with more efficient technology. However, the [2020 Sustainability Strategy](#) has shifted the focus onto:

- A more strategic allocation of capital to assets and technologies that have a greater impact on reducing climate, energy, water, waste and compliance risk; and

- Low or no-cost process improvements driven by greater ownership for sustainability metrics by our production teams and more visibility of high-frequency data on consumption. The asset renewal will continue to deliver savings in the long-term and the process to evaluate and adopt the most energy, water and waste efficient technology has been reinforced.

The cornerstone of the Strategy is a commitment to invest in waste water treatment that will allow us to generate clean energy from the waste water our breweries produce. The use of anaerobic digestion waste water treatment technology allows us to treat our waste water to a high quality and generate biogas that can be used to produce heat or electricity. The energy can then be used to power our breweries. This approach will mean we protect the watersheds we operate in, alleviate the impact of our operations on municipal water treatment resources, reduce our reliance on fossil fuels, and reduce our carbon emissions.

Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Our [Code of Business Conduct](#) acts as a guide to making decisions that are consistent with our values. It sets out the standards expected of all employees and agents acting on behalf of the company.

- Comply with all relevant and applicable local and national laws and regulations.
- Maintain independence and impartiality in all business relationships.
- Avoid gifts, gratuities or entertainment in exchange for a business favor or to influence a business decision.

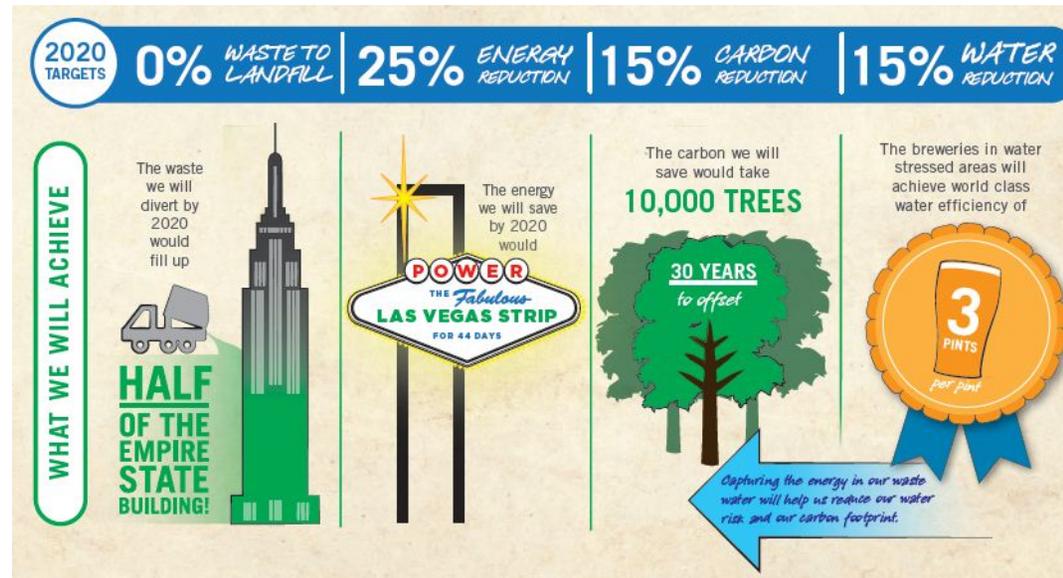
Our anti-bribery and corruption program includes a global policy and training program, an intranet site with tools and other resources for employees, due diligence procedures and standard contract clauses for key business partners, and monitoring through internal/external audits and our Ethics and Compliance Helpline. Activities related to our anti-bribery and corruption program are communicated to our Executive Leadership Team and the Audit Committee of our board on a quarterly basis.

CEO Water Mandate

A commitment to good water stewardship and ensuring water as a sustainable resource is part of Molson Coors' heritage and future. The quality of our beer is directly tied to the quality of the water we use to produce it, and the sustainability of our business depends on a secure supply of high quality water. For this reason, protecting the water resources in our communities is a central part of Our Beer Print. In setting our 2020 water targets, we have taken a risk based approach to ensure that we are focusing on the right elements of water for our business and the watersheds in which we operate. Each of our breweries undertakes detailed watershed risk assessment and also completes our water risk index. This approach has allowed us to set targets that focus our resources to drive the right behavior on water, reducing risk across the enterprise. Our 2020 ambitions are to:

- ✓ Reduce water intensity by 15% in all brewery operations (2011 baseline).
- ✓ Achieve world-class water efficiency in breweries exposed to a risk to the security of supply.

Our [2020 Sustainability Strategy](#) integrates how we manage energy, carbon emissions, water and solid waste and sets out how we will meet our 2020 ambitions.



Progress

DETAILS AND ACTIONS TAKEN

Direct Operations

Molson Coors (MCBC) is committed to reduce our water use and preserve and protect the quality of the watersheds where we operate. Our strategy is governed by our global water management team, who are responsible for the company's water resource supply, management and sustainability. In addition, each of our breweries has a dedicated water and environmental sustainability manager. Water reduction targets are included in the Chief Supply Chain Officer's performance plan and included in the incentive mechanisms of his direct reports and the functional leadership of the broader Environmental, Health & Safety and Sustainability teams, including brewery managers.

Water is a major part of both our product and process, understanding water and managing it in a holistic way is critical to our business. The watersheds we operate in each have unique characteristics; they are under different pressures in terms of local water availability and demand. Across our global network we have breweries that source water directly from ground or surface water as well as those that source from municipal supplies. For this reason our approach is flexible to accommodate different levels of risk and different stakeholder dynamics in each watershed we brew in. Management of water availability for Molson Coors is about:

- Managing the supply to ensure we are responsive to constraints and have alternatives.
- Improve water efficiency within our plant with the objective of mitigating risk exposure and keeping pace with best practice.
- Engaging with local and regional stakeholders to ensure sustainable use of the watershed by all.

We have invested in providing our sites with knowledge on their water risks both through formal watershed risks assessments and use of our Water Risk Index. Through our World Class Supply Chain Program we have formalized this process even further, with the Our Beer Print Pillar setting out how breweries must identify water risks using the Water Risk Index and identify appropriate mitigation plans for any risks that they identify.

We have targets that take into account both the need to improve the water use efficiency of our breweries to keep pace with best practice and set more stretching targets for sites that are located in areas of water stress.

This approach ensures that we are investing resources in to the most material element of water management in each site. We have committed that by 2020:

- Increase water use efficiency in our breweries by 15%
- Breweries in water stressed areas will achieve world class efficiency (3 – 3.5 hl/hl)
- Prioritize waste water treatment with anaerobic technology as a strategic technology

We invest significantly in capturing the best data on each of the watersheds we operate in, with the objective of understanding our risks, impacts and opportunities. To date, we have utilized a number of strategies which have helped us to become more sophisticated in understanding what data and metrics are helpful to our business. In addition to using publically available tools (including World Business Council for Sustainability Development (WBCSD) water tool and World Resource Institute (WRI) Aqueduct, we engaged third party experts to complete watershed risk assessments for each of our breweries. The scope of these studies covers; current water availability, quality and waste water issues local to the brewery and in the wider watershed, future challenges and pressures, legislation risks and stakeholder conflicts.

The DollarSense Project is a utilities monitoring plan that is improving our ability to monitor and track water consumption even further. It has now been rolled out to 14 of our breweries.

Water and our overall environmental performance data is verified by an [independent third party](#) prior to publication (See Data Assurance).

Supply Chain and Watershed Management

We actively look for ways to engage with our supply chain on water. Long term water availability, and the potential for climate change's impact, are key factors in the work that is being conducted to better understand what our long term supply chain structure should look like to ensure long term supply of agricultural products. Our [Supplier Standards](#), which include our [Global Packaging Policy](#) and [Agricultural Brewing Ingredients Policy](#), which extend our corporate responsibility practices to our complex supply chain, challenging our suppliers to set similar commitments to reduce their impact, particularly with regard to water.

To guide category managers on sustainability risks we developed a risk dashboard. In addition to water this covers other areas including; energy, air emissions, natural resources, biodiversity, waste, pollution, labor, and ethics. Our initial work looked at category risk; we are now over laying this with supply location or specific supplier risks. We see this as very important especially for water risk due to the local nature of issues. The risk dashboard covers all suppliers who sit within each supply category. We are working to include more specific location data into this process (utilizing tools such as WBCSD water map and real supplier information).

In the UK we have direct links to our barley growers, the [Molson Coors Growers Group](#). We have worked with [LEAF \(Linking Environment and Farming\)](#) to develop the LEAF Water Management Tool to enable any LEAF partner to develop their own water management techniques.

MillerCoors collaborates closely with its barley growers offering guidance on irrigation and water use best practice in its grower's direct program. Through the program, they contract directly with 860 plus independent barley growers. Over the last four growing seasons, they have collaborated with The Nature Conservancy (TNC) to test a variety of precision irrigation technologies at their Showcase Barley Farm in Silver Creek, Idaho. With support from MillerCoors, the growers have collectively reduced their water usage by approximately 590 million gallons over the last four seasons, and are implementing these practices on a number of farms in the larger Silver Creek watershed. MillerCoors is also an active sponsor of Water As A Crop™ pilot project aimed at implementing conservation practices on private lands along the Trinity River, a vital water source for Dallas, Fort Worth and Houston. Located southeast of our Fort Worth Brewery, the Water As A Crop™ project supports our commitment to sustainable water management. MillerCoors also partnered with the California Water Action Collaborative (CWAC) in 2016 which aims to create a platform for collaboration that helps improve water security in California for people, business, agriculture and nature.

Collective Action

Molson Coors is also an active member of the [Beverage Industry Environmental Roundtable](#) (BIER), a partnership of leading global beverage companies working together to advance the standing of the beverage industry in the realm of environmental stewardship. BIER developed a True Cost of Water Tool that helps breweries to develop a clearer view of the cost associated with the water they use in terms of actual prices, energy and other inputs and water treatment costs. Data generated can support better payback models and so investment decision models. We are trialing this tool internally and if successful will look to adopt it across our operations.

Where new tools or best practice ideas are found we look to integrate them in to our process. For Breweries this is though integration in to our World Class Supply Chain (WCSC) program. This program is based in eight pillars, each with its own set of procedures standards and tools designed to standardize processes throughout our operations and drive performance. At the program's last major review an individual pillar on sustainability was created, named the Our Beer Print Pillar. This was done to highlight the importance of energy, carbon, water and waste stewardship for Molson Coors and to integrate the set of management tools and systems for sustainability management into the same system for each brewery. From a water management perspective the WCSC system gives our breweries one system to manage every aspect of water, covering legal compliance, sustainability and quality & food safety.

Community Engagement

We believe that working with others on water stewardship is critical. Not only does it allow us to gain a greater understanding of water in the communities we operate in, it also helps us to find solutions that ultimately help us meet our own goals. We work with others in a number of ways.

Integrated into our World Class Supply Chain Our Beer Print Pillar every site must complete an annual multi stakeholder risk meeting to identify and record environmental sustainability risks and actions as well as a site sustainability plan. The aim of this is to bring together in one document both the risk and opportunity data the site has generated as part of the risk assessment exercise, savings towards our 2020 goals, progress on strategic technologies and communication plans related to sustainability. This bottom up process not only ensures we stay on track to meet our targets but also helps ensure sites plan the right resources to meet the challenges and opportunities local to them.

Where we have identified higher risk sites we have a more formal outreach in place. In a number of our breweries we have been instrumental in creating community forums to protect local watersheds, some of which have been active for many years.

In our biggest UK site, Burton, we have engaged in volunteering programs with [The Canal and River Trust](#), where volunteers regularly supports canal clean ups improving both wildlife habitat and access for the local community.

In Canada, we are seeing more opportunities to work with others in our watersheds towards common goals; an example of this is the Toronto Water Leaders Forum. As part of Partners in Project Green, the forum aims to bring all relevant stakeholders together to discuss urban watershed management.

In water stressed regions like India, we have partnered with [Water For People](#) in communities and schools providing or improving water infrastructure and education. In 2016, employees at our Corporate Headquarters in Denver, Colorado raised money that was donated directly to support Water for People initiatives in India.

The [Clear Creek Watershed Foundation](#) (CCWF) in Colorado, USA has been active since 1997. The Clear Creek Watershed feeds our Golden brewery, we were a founding members recognizing how collective action on water quality would both reduce risk and cost for us and improve the whole watershed, where this iconic Coors brewery is located.

We encourage our employees to be active community citizens. One month of the year is dedicated [Our Beer Print Month](#). In 2015 the month focused on key strategic areas of the company's corporate responsibility

program, including our [2020 Sustainability Strategy](#). The month is an opportunity to build recognition and pride in Our Beer Print achievements and a reason to inspire our people to take action and come together across all regions. Activities include fundraising events, community engagement activities, awareness raising and volunteer opportunities. Employees across the organization volunteered 2,724 hours at over 50 events.

In the US, MillerCoors celebrates Great Water Month and had over 1,300 participants across 13 locations in the US in 2016. This equated to over 4,500 hours of community service directly related to water sustainability projects, improvements and awareness.

Public Policy

Each brewery is in a unique water situation based on location, local government and national government structure. Some of the breweries are served from municipal sources while others are on well or direct-flow sources. Molson Coors tracks regulatory risks at each brewery, based on local trends.

Our heritage and position on water sustainability has enabled us to have a 'voice at the table' of policy consultation and related activity. At a global level we are actively engaged in the conversation on how to manage water risk, through the CEO Water Mandate (we sit on the Steering Committee), [BIER](#) and industry bodies. We are also active in more local debate and consultation, for example DEFRA UK Future Water Abstraction Review. This work and our network of water experts means we are able to see the trends, and estimate how this may turn in to regulation and on what time scale. Much of the work we do on reducing our water risk is ahead of regulation. Our view is that we should act now to reduce our risks, mitigate cost increases, retain the right to operate in our communities and because we believe it is the right thing to do.

Transparency

Our strategy is governed by the global water management team, responsible for the company's water supply, management and sustainability. In addition, each brewery has dedicated employees responsible for water and environmental sustainability. Further driving home our commitment to water stewardship, water reduction targets are included in the Chief Supply Chain Officer's performance plan and are also tied to employee incentives. We are able to robustly track water use in each brewery by process and account for production ratios. We share our approach to water with our stakeholders through transparent reporting on our [website](#). Our online [Our Beer Print Report](#) discusses our water stewardship practices and current performance. Our water data has been verified according to ISAE 3000 by a third party for the last seven years, see our [Data Assurance](#). We report on water and climate risk in our [2016 Annual Report on Form 10-K](#).

Our active involvement with the [Beverage Industry Environmental Roundtable](#) (BIER) allows us to share experience with our industry and agree on consistent approaches to measurement and reporting. BIER also provides collective input to other organizations and NGO efforts around water process and tools.