



MOLSON COORS BREWING COMPANY

Communication on Progress 2012

UN Global Compact

CEO Water Mandate

The Board of Directors of Molson Coors and the Executive Leadership Team identified world class corporate responsibility performance as one of the four key drivers of our global business vision. The UN Global Compact and CEO Water Mandate are consistent with our commitment to corporate responsibility.

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 always welcome feedback on our progress; please use the [Feedback](#) form on our website.

*Peter Swinburn, President and CEO Molson Coors Brewing Company
20 June 2012*

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>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 the cornerstone of our ethics and compliance program which includes communication, training, policies, and monitoring and auditing procedures on a variety of topics relevant to our business. These topics include, but are not limited to, accurate books and records, alcohol responsibility, anti-bribery and corruption, conflicts of interest, competition and discrimination and harassment. Communication and training elements focus on providing employees with an understanding of the compliance topic as well as tools to help them apply what they have learned to their area of responsibility. We have an interactive online training tool that helps employees understand what it means to them and how they might apply it every day. All employees receive periodic training on the Code. Additional in-person training,</p>

focused on ethical leadership and ethical decision-making in key areas of the Code, is delivered to targeted employees based on their responsibilities.

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 [Supplier Standards](#), revised in early 2012, extend our corporate responsibility practices to our complex supply chain. We expect to work with our suppliers towards these minimum standards, and we will strive to consistently improve standards together and achieve excellence. Where the use of sub-contractors or other third party organizations has been permitted, we expect our suppliers to implement this document throughout their supply chain including sub-contractors. In 2011 we joined [Sedex](#), a not for profit membership organization for companies seeking to address supply chain ethical/responsible issues.

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 also 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.

In 2011, we had 39 reports or inquiries through this channel. Of the 2011 reports where investigative action was necessary, 52% were substantiated and resulted in corrective or disciplinary action. 10% of reports in 2011 were anonymous vs. 33% in 2010.

See the [Ethical Culture](#) page on our website for more details.

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 Supplier Standards discussed earlier apply to all the Labor Principles.</p>
Principle 4: The elimination of all forms of forced and compulsory labor	Molson Coors prohibits the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor or slave labor.
Principle 5: The effective abolition of child labor	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.
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	<p>Molson Coors considers and manages environmental issues through our Quality, Environment, Health & Safety Policy and the environmental management systems we have implemented across our operations. Our Policy was revised in 2011.</p> <p>Through our membership of the Beverage Industry Environmental Roundtable we collaborate and share experience with our peers on innovative and emerging approaches to environmental management such as the Sector Guidance for GHG Reporting.</p>
Principle 8: Undertake initiatives to promote greater environmental responsibility	At Molson Coors, we believe that good business practices embrace environmental stewardship. For that reason, we are committed to manufacture and package our products with care for the environment. It is an integral part of excelling in the beer business and living our values. Molson Coors' leadership team has set a goal in the area of corporate responsibility

which incorporates greater environmental responsibility and the attainment of targets.

We have a target to reduce our water and energy use by 15%, per unit of production, by the end of 2012 (baseline year 2008). We also have an emission intensity target of a 7% reduction by the end of 2012 (baseline 2008). Performance against our environmental targets is available in our online [CR Report](#).

In 2009 we established a Global Water Strategy based on the 6 elements of the CEO Water Mandate, see p.8 for more details on our progress in watershed stewardship in 2011.

Molson Coors is a lead sponsor for Carbon Disclosure Project's Water Disclosure. It will provide critical water-related data from the world's largest companies to inform the global market place on investment risk and commercial opportunity. This data will provide insight into corporate water strategies and will be used to help drive investment towards sustainable water use.

In our [2011 Annual Report to Investors](#) (10K) we report on our carbon emission, water and alcohol risk.

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

Molson Coors' commitment to innovation includes looking at appropriate technologies and operational enhancements from an energy, water use, waste and packaging perspective.

Through a corporate wide Energy Council, we have a sustainable energy management program that focuses on continuous improvement of both technical and management factors. The technical approach uses focused brewery energy assessments and industry benchmarking to identify opportunities for energy efficiency and reduction. We then prioritize the energy opportunities with the goals of the business; selected energy projects are then chartered for execution. Examples of emission reduction projects include:

- Energy efficiency: Installation of energy efficient lighting in packaging areas as part of emergency lighting upgrade; Optimization of cleaning in place operations across the facilities; NH3 condenser control sequence improvement.

- Behavioral change: Establishment of a number of measures to increase awareness and share best practice across the group including monthly conference calls between energy managers, monthly site specific energy and utilities focus groups, increased senior management awareness and energy budget control, implementation of short interval control meetings.

- Fugitive emissions reduction: Implementation of steam trap and compressed air leak surveys and repairs. Implementation of team led leak hunts.

- Process emissions reductions: Implementation of energy saving projects including the upgrade of boiler plant control systems, installation of more efficient burner control mechanisms.

In 2011 Molson Coors (UK & Ireland) piloted a Water Risk Index Tool. The tool looks at brewery production levels, output, sourcing and suppliers, water and energy needs and long-term potential. Based on a series of questions, a score for areas such as water, wastewater, compliance and supply reliability is developed and the scores are converted into a risk value. The tool was piloted in 3 breweries in 2011 and will be rolled out company-wide in 2012, see p.9 for more details.

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.

In 2011, we updated our global Anti-bribery and Corruption Policy and rolled out an online training program that goes along with the policy which is available to all employees.

CEO Water Mandate

The main ingredient for our product is water, and so whether it's an existing or new market, we need to ensure water sustainability for the long run. And, it only seems right that we should try to ensure that access is available for the local communities where we operate as well.” – Peter Swinburn, President and CEO

Molson Coors' Board and Executive Leadership Team (ELT) have identified world class corporate responsibility performance as one of the four drivers of our global business vision; including the management of water and attainment of global targets. This is factored into the results objectives and incentives of our executives and throughout the organization.

We have established a Global Water Strategy and governance structure based on the 6 elements of the CEO Water Mandate.

Key Strategic Principles

Be good stewards of the drops we use.

(Direct Operations)

Be community minded about the ripples we leave.

(Supply Chain)

Understand and educate others about emerging global water issues.

(Collective Action)

Engage with local stakeholders to promote sustainable fresh water for ourselves and others wherever we do business.

(Community Engagement)

Say what we're doing and show others we're doing it.

(Public Policy and Transparency)

CEO Water Mandate



2011 Progress

	DETAILS AND ACTIONS TAKEN
Direct Operations	<p>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 Global Chief Supply Chain Officer's performance plan and included in the incentive mechanisms of his direct reports and the functional leadership of the broader Environment, Health & Safety team, including brewery managers. We are making progress towards our global target to reduce water use by 15%, per unit of production, by the end of 2012 (baseline year 2008).</p> <p>Using expert third parties with outstanding local and global knowledge along with a variety of global and local tools, in 2011 we invested significantly in completing detailed watershed risk assessments in every brewery worldwide. Based on these assessments, MCBC has been able to identify breweries that are in water-stressed locations or have apparent risk due to water availability. Water risk was determined based on local conditions, including demand, long-term growth and water availability. The tool used for these assessments was the World Business Council for Sustainability Development's Water Tool. In 2011 MCBC developed a Water Risk Index tool for internal use at our breweries. This tool takes a detailed look at water use, costs, sourcing, supply, regulation and governance. Through this tool, MCBC will be able to identify potential concerns and address them as needed with new programs or capital spend. This tool was piloted in 3 breweries in 2011 and will be rolled out company-wide in 2012.</p> <p>Water and our overall environmental performance data is verified by an independent third party prior to publication.</p>
Supply Chain and Watershed Management	<p>We continuously work to reduce the environmental impact of our operations and are extending our best practices to growers and suppliers. In 2009 and revised in early 2012, we published Supplier Standards which extend our corporate responsibility practices to our complex supply chain, asking our suppliers to set similar commitments to reduce their impacts especially around water.</p> <p>In 2011, we began a formal engagement process with stakeholders in our watersheds. We are prioritizing watersheds in water stressed areas but plan to extend the process to all brewery</p>

watersheds and then to our suppliers. This process looks at the long-range water demand within each watershed. This includes engaging suppliers for each brewery through programs such as [Linking Environment And Farming \(LEAF\)](#), a proactive and inclusive charity which brings together thousands of individuals, NGOs and companies to deliver a shared vision for the future of farming and food, and our [Molson Coors Growers Group](#) in the UK. In the US we are mapping water stress and engaging with growers to drive water efficiency.

MCBC recognizes that water is vital throughout our supply chain. Water Footprinting indicates that over 98% of our footprint is in our supply chain. Our watershed assessments at each brewery location identify local water risks. We have also reviewed our supplier locations informally using data from the WBCSD water tool with a more detailed study planned for 2012-2013.

We have a goal to identify 'hot spots' in our supply chain by 2014 and to work with suppliers on mitigation plans to reduce risk. We have conducted water footprint analysis within our UK supply chain with the aim of identifying what type of water is used where and potential risk hot spots, following the Water Footprint Network methodology. We found that, 1 pint of beer consumes approximately 129 pints of water across its life cycle, the majority of this being rain water in agriculture. Based on these findings we targeted effort on engagement activities within our barley supply chain (Molson Coors Growers Group and LEAF Water Management tool) and our own operations (including water risk index, community engagement). A similar exercise by MillerCoors in the US, identified that irrigated barley was a potential hotspot. This led to a focused effort on mapping water stress in barley and hop growing regions, which will inform agricultural outreach and long term sourcing strategy.

Integral to our water strategy is to establish community partnerships that encourage employee and community engagement in solving local water issues. We have had a partnership with the [Clear Creek Watershed Foundation \(CCWF\)](#) since 1997, being one of the founding members since the watershed feeds our iconic Golden, Colorado brewery. We have engaged with stakeholders in our watersheds in [Tadcaster and Alton](#), UK and in Toronto, Canada, to identify and address critical water issues together. In June 2011, Molson Coors held the first meeting of the Tadcaster River Wharfe Community Users Group in partnership with the UK Environment Agency. The aim is to protect the quality and supply of water for the Tadcaster community for now & future generations. A steering Group has now been established and activities planned for 2012.

Collective Action

Molson Coors is a lead sponsor of [CDP Water Disclosure](#) (WDP) that provides critical water-related data from the world's largest companies to inform the global market place on investment risk and commercial opportunity. A survey is sent to over 300 of the largest companies in water intensive industries. Molson Coors contributed to the development of the survey and has reported our water

risk to WDP for the last two years.

Molson Coors is a 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 has undertaken the following activities related to water stewardship - annual quantitative and qualitative benchmarking, and best practice sharing. It formed a working group to evaluate and address the increasing global efforts to develop water footprinting methodologies, particularly as they apply to the beverage sector.

Molson Coors was a sponsor and presenter at the second annual 2011 Canadian Water Summit in Toronto. The summit united leaders, experts and stakeholders at a forum with a task to help prepare Canadians to overcome water-related challenges by facilitating solutions-oriented partnerships between business, government and civil society. Andrew Molson, Chairman of the Board, discussed the company's Water Stewardship plans.

Community Engagement

In the US, we have established community partnerships in each brewery location that encourage employee and community engagement in solving local water issues. We have a partnership with WWF in Canada and are the national sponsor for the [Great Canadian Shoreline Clean Up](#). For the past two years the event has encouraged thousands of Canadians to volunteer to rehabilitate their local shorelines through the removal of shoreline litter.

Launched in Canada June 2011, the Molson Canadian [Red Leaf Project](#) is a commitment to positively impact the Canadian environment in communities from coast to coast, incorporating tree plantings, urban greening projects and shoreline cleanup efforts. The project encourages shore line clean-ups in partnership with WWF Canada, tree planting and educational and awareness raising activities for employees, consumers and other key stakeholders. So far we have planted 100,000 trees and held 20 shoreline cleanups.

We believe the best way to add value is by using our water expertise to raise awareness of the issue and take steps to protect and strengthen local watersheds and minimize opportunity for conflict. Raising awareness begins with our global employees. In September 2011 we held our second [Water Stewardship Month](#). Across the company we raised awareness of watershed stewardship with our employees and gave them opportunities to engage (through volunteering) in local water projects. In Canada, the Molson Canadian Red Leaf Project hosted 15 Great Canadian Shoreline Cleanup activities with almost 400 employees collecting garbage, beautifying and preserving Canada's shorelines. In the UK, almost 200 employees got wet by preserving British Waterways, planting wetland native species in Burton, and learning why water matters through local education sessions. In the US, dozens of employees helped protect and clean both mountain and city water sources.

	<p>In 2011 we created a website Every Drop Every Ripple for employees and other key stakeholders to benefit from. The micro site outlines the company’s commitment to water and includes videos and interactive tools for Molson Coors employees, friends, family and others to pledge online to save water after learning about their own home water use.</p>
<p>Public Policy</p>	<p>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.</p> <p>Two areas where Molson Coors is actively engaged is the Colorado Water Congress, an organization that looks at water laws, use statues and environmental concerns. The Water Congress tracks, promotes and sponsors legislation to protect Colorado water. The other area is the Upper Clear Creek Watershed Association (UCCWA) also in Colorado. UCCWA is focused on water quality in Clear Creek and how local stakeholders interact. Molson Coors is a founding member of this group, and currently holds the position of Vice-Chair and will assume the Chair in 2012.</p>
<p>Transparency</p>	<p>The Molson Coors Utilities Council accounts for water & energy use at all of our brewery locations. We are able to robustly track water use in each brewery by process and account for production ratios. This level of tracking is also completed by our US joint venture, MillerCoors. We share our approach to water with our stakeholders through transparent reporting on our website. Our online CR Report discusses our water stewardship practices and current performance</p> <p>In 2012, we reported water risk in our annual 10K.</p> <p>We report voluntarily to CDP Water Disclosure.</p> <p>Our active involvement with the Beverage Industry Environmental Roundtable allows us to share experience with our industry and agree on consistent approaches to measurement and reporting.</p>