



MOLSON COORS BREWING COMPANY

Communication on Progress 2011

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
5 June 2011

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.</p> <p>Under the Chief Ethics and Compliance Officer and our Executive Ethics and Compliance</p>

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.

In support of our [Code of Business Conduct](#), 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, focused on ethical leadership and ethical decision-making in key areas of the Code, is delivered to targeted employees based on their responsibilities.

Our [Responsible Sourcing Principles](#) extend our corporate responsibility practices to our complex supply chain. This chain consists of our direct suppliers (1st tier) and their suppliers (2nd tier) involved in the packaging, brewing, logistics and transportation, administration and marketing of our products around the world. The Principles apply to both 1st and 2nd Tier suppliers.

The Principles 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. Over the next three years we will be rolling out Sedex to our top 100 by spend suppliers to ensure that they are complying with our Principles.

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 through Ethics Point via the internet and telephone 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 manner. All questions and issues raised through this channel are responded to through the Office of Ethics and Business Conduct at Molson Coors. See the [Ethical Culture](#) page on our website for more details on the 2010 reports to the Helpline.

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 Responsible Sourcing Principles 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 recently published 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). Our emission efficiency has improved by 14% since the 2008 baseline, meaning that we have reduced emissions by twice the initial goal, in the first half of our set time. The management plans and targets are embedded in the company's annual operating plan and long range plan and we are on target to meet our goals. See our 2010 environmental performance 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 2010.

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 2010 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 environmentally friendly 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 undertaken in 2010 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) is piloting a water risk tool. The project 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. Based on the pilot's results we hope to roll the tool out company-wide to better assess areas of concern in our water management.

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 are rolling 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



2010 Progress

	DETAILS AND ACTIONS TAKEN
Direct Operations	<p>In 2009 we established a Global Water Strategy. To determine the strategy's scope and work plan, we commissioned studies of water resources, water use and water disposal at each facility. The findings fed into the global approach.</p> <p>In 2010 we completed watershed assessments at all of our brewery locations. Based on these assessments, we have 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. We have also been able to determine that each brewery has secure water quality and robust systems to ensure that effluent meets and exceeds all local regulations.</p> <p>Earlier this year we held an internal Global Water Summit where corporate responsibility teams (communications, water resources, brewery operations and supply chain) from across the business joined together in Golden, Colorado, to learn, share best practices and develop plans and ambitious targets for our Global Water Strategy. One of the main areas of focus was setting ambitious long term targets (these will be announced later this year).</p> <p>Molson Coors has set the global target to reduce water use by 15%, per unit of production, by the end of 2012 (baseline year 2008). 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 set ambitious annual goals to improve our performance. In 2009, we published Responsible Sourcing Principles asking our suppliers to set similar commitments to reduce their impacts especially around water.</p> <p>Working with our Global Procurement team we are developing an approach to capture the water impacts, risks and opportunities within our supply chain. Assessments and "hot spot" analyses for the supply chain of each business unit will be carried out and "hot spot" mitigation plans developed.</p> <p>Both Molson Coors and MillerCoors have started to review the sustainability of barley farming in the</p>

UK and Idaho, US, to better determine how water is used and identifying areas of risk. The review will look at water availability, water ownership, bio-diversity and how to further support farmers.

Molson Coors is developing a watershed management program that we will implement company-wide based on the successful program in Golden, Colorado the [Clear Creek Watershed Foundation](#). We are prioritizing watersheds in water stressed areas but plan to extend the process to all brewery watersheds and then to our suppliers. The program will engage fellow stakeholders in our brewery watersheds to protect, preserve, enhance water quality and address local watershed challenges. In June 2011, Molson Coors (UK & Ireland) held the first meeting of the Tadcaster River Wharfe Community Users Group in partnership with the UK Environment Agency. The group's aim is to develop partnerships, share best practice, and mitigate short and long term risk to ensure that the river can be enjoyed by all.

Molson Coors (UK & Ireland) has also worked with the Northern Wey Trust in Alton for a number of years. This year it is stepping up the relationship and providing resources to encourage greater engagement between the local community and the company.

Collective Action

Molson Coors is a lead sponsor of [CDP Water Disclosure](#) that will provide 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 reported our water risk to WDP this year.

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, best practice sharing and in 2010, BIER 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	<p>In the US, we have established community partnerships in each brewery location that encourage employee and community engagement in solving local water issues. We are establishing similar partnerships for our breweries in Canada and the UK in the next couple of years.</p> <p>Following the success of our 2010 Water Stewardship Month, we have committed to hold a second Month Of Action in the fall/autumn of 2011 on water. Across the company (in the UK, Canada and in the US) we will be raising the awareness of watershed stewardship with our employees and giving them opportunities to engage (through volunteering) in local water projects. Over 1,000 employees participated in a wide range of volunteer activities throughout September 2010. In addition, Molson Coors employees pledged to save a minimum of 700,000 gallons of water each month going forward through commitments to reduce usage at home.</p>
Public Policy	<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>This year, Molson Coors has been involved in the review and evaluation of effluent permits. The Golden, Colorado brewery's permit will be renewed in 2014, and as part of this renewal process, a detailed nutrient study is being conducted along Clear Creek. Molson Coors and MillerCoors are both actively engaged in the study and reviewing potential impacts to the brewery.</p> <p>Molson Coors continues to work with local stakeholders and agencies to protect the quantity and quality of water at each brewery and completed watershed assessments in 2010. From this project, Molson Coors was able to identify areas where additional work was needed to protect and enhance the watershed. Based on these findings, Molson Coors is developing a watershed program specific to each brewery that engages all the stakeholders and agencies to move in a positive manner to a sustainable and high quality watershed.</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>
Transparency	<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</p>

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

In 2011, we reported water risk in our annual 10K.

We have reported to [CDP Water Disclosure](#) for the second year.

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.