



MOLSON COORS BREWING COMPANY

Communication on Progress 2014

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 call our corporate responsibility performance “[Our Beer Print](#)”. Put simply, Our Beer Print describes our relationship with our communities, our environment and our people. We challenge ourselves to grow our positive Beer Print and to shrink our negative Beer Print in every function of our business and in every geography where we brew and sell our products.

In a year of significant change across our organization, I am delighted in Molson Coors’ Our Beer Print performance being recognized as the beverage sector industry leader on the 2013/14 Dow Jones Sustainability World Index for the second year running. This external recognition is important to me and my teams and is testament to the work put in place to align processes, set clear targets and engage our people, while working to streamline and integrate our business operations.

Our Beer Print has also been recognized by our people as the highest internal driver of engagement; they continue to recognize our company as an organization which acts responsibly within the community and is a socially and environmentally responsible organization.

As always we have a clear focus on building our reputation around Alcohol Responsibility, supported by our on-going backing of the ‘[CEO Commitments to Reduce Harmful Use of Alcohol](#)’. A full audit of all of our regions in 2013 has shown we are in great shape, and are able to lead with a number of best in class initiatives.

Our improving Beer Print will contribute to future top-line growth, by creating a competitive advantage for our customers and consumers through our brands.

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

Peter Swinburn, President and CEO Molson Coors Brewing Company

11 June 2014

UN Global Compact

	PROGRESS AND ACTIONS TAKEN
Human Rights	
<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.</p>

We have an online training and affirmation tool which is used to support the ongoing affirmation (at hire and biannually thereafter) of our Code by all of our employees. The training tool includes scenarios intended to make the topic more relevant to employees. Scenarios are customized by language, culture (location) and three different job categories (Sales & Marketing, Operations, and General & Administrative). The Code is available in 12 languages: English, French Canadian, Chinese, Japanese, Spanish, Czech, Serbian, Montenegrin, Croatian, Romanian, Hungarian and Bulgarian.

Our Ethics and Compliance program was reviewed by a reputable external consultant in 2010 and assessed against criteria for an effective program and benchmarked against peer companies. The results of this review formed the basis for a 3 year strategic plan to enhance the program. We completed the three -year improvement plan in 2013 and embarked on a re-assessment by the same third party provider in Q4, 2013. The re-assessment will be completed in 2014.

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 also have access to an [Ethics and Compliance Helpline](#) 24 hours a day. The helpline

	<p>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> <p>In 2013, we had 22 reports or inquiries through this channel. Of the 2013 reports where investigative action was necessary, approximately 50% were substantiated and resulted in corrective or disciplinary action. 25% of reports in 2013 were anonymous vs. 30% in 2012. See the Ethical Culture page on our website for more 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	
<p>Principle 7: Business should support a precautionary approach to environmental challenges</p>	<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 2014.</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>
<p>Principle 8: Undertake initiatives to promote greater environmental responsibility</p>	<p>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, GHG emissions, water and solid waste and sets out how we will meet our 2020 ambitions.</p> <p>In 2012, we set ambitious targets to achieve 25% reduction in energy intensity, 15% in GHG intensity and 15% in water per unit of production by the year 2020. In 2013 we set a waste and packaging target; Send zero waste to landfill by 2020 and reduce the weight of packaging sold by 4% by 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.</p> <p>In our 2013 Annual Report to Investors (10K) we report to investors on our carbon emission and water risk.</p>
<p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>	<p>The Company is working towards its ambitious GHG, energy, water and waste reduction targets for 2020. The greater part of our efforts in the past have been 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:</p> <ul style="list-style-type: none"> • 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.

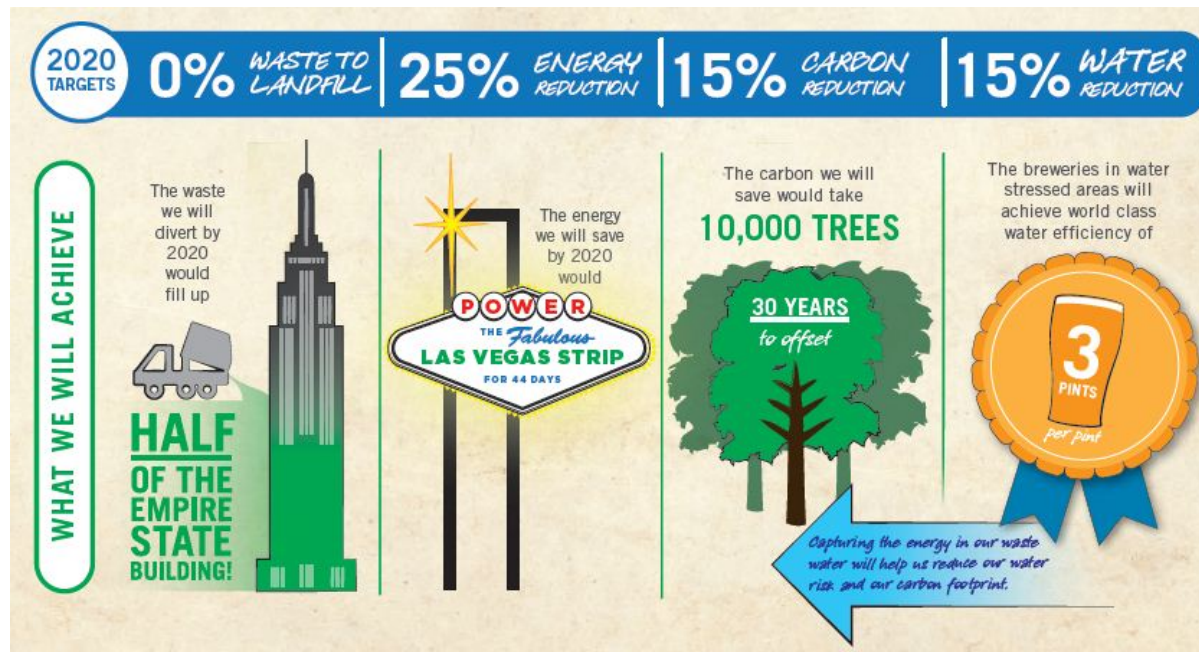
	<p>With respect to more strategic investments Molson Coors is focusing on waste-to-energy. More concretely, we have designated anaerobic digestion of waste water and biogas recovery as a strategic technology and intend to invest heavily in the technology going forward. This will address risks related to waste water at our breweries, deliver GHG savings through biogas displacing conventional fuels and reduce the overall footprint of our operations on the environment.</p>
<p>Corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>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.</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

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.

Launched in 2013, our [2020 Sustainability Strategy](#) integrates how we manage energy, GHG 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 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 Environmental, Health & Safety and Sustainability teams, including brewery managers.

A commitment to conserving water and ensuring it 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 and a strategic objective for the Company. We have set an ambitious objective to **reduce water intensity by 15% by 2020 from a 2011 baseline**. See [Our Performance](#) for full details.

Each of our breweries is in a unique water situation based on location, physical attributes, local and national government structure. Across our network we have sites that are supplied by municipal water sources while others are on direct surface or ground water sources. We have a number of breweries that have their own waste water treatment and others that utilize municipal treatment works. This variety means we need a flexible system to monitor and respond to changes in local conditions, regulations and water costs over the short and long term.

The cornerstone of the Strategy is a commitment to invest in waste water treatment and generate clean energy from this waste stream. 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 needed in our breweries. These investments will alleviate the impact of our operations on municipal water treatment resources, reduce our reliance on fossil fuels and save GHG emissions.

We currently employ anaerobic digestion technology in 5 of our breweries in the UK, Central Europe and India. In 2014, \$11.8M of capital investment has been allocated to 2 other projects to be completed this year. Further anaerobic digestion and biogas recovery projects are planned for 2015 and beyond.

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.

We also use our Water Risk Index to consolidate water risk information for each brewery. This tool takes a detailed look at water use, costs, sourcing, supply, regulation and governance, allowing us to identify and address potential concerns and where best to invest in mitigation efforts.

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

Supply Chain and Watershed Management

Water isn't just important in our breweries, its vital throughout our supply chain, from growing barley, manufacturing our packaging materials.

In fact water footprint analysis indicates that 98% of our Water Footprint is in our supply chain. That is why we work to extend our responsibility standards to our growers and suppliers. Our [Standards for Suppliers](#) 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.

Similarly to our own operations, we need to prioritize supplier engagement based on water risk or opportunities. Here are two examples of how we are working with suppliers to improve water stewardship:

- 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. Following feedback from our growers we simplified this approach to create 'Simply Sustainable Water' alongside LEAF and our customer ASDA.
- In the US, [MillerCoors](#) has worked with its farmers on water management. At the Barley Farm in Silver Creek improvements in precision irrigation techniques saved 270 million gallons of water between 2011 and 2012. That is enough water to meet the needs of a family of four for nearly 1,850 years. More efficient irrigation techniques result in decreased demand for pumping water, which also decreases the energy needed to power the pumps. By pumping less, the farm cut its total energy usage by more than half—from an average of \$50 per acre in energy costs to \$20–22 per acre. This is a significant savings for a farm that historically spent \$120,000 per year on energy.

<p>Collective Action</p>	<p>Molson Coors was one of the inaugural lead sponsor for Carbon Disclosure Project’s Water Disclosure because we believe that disclosure of water-related data from the world’s largest companies informs the global market place on investment risk and commercial opportunity. Although no longer a sponsor we voluntarily report our water data in our own reporting and sit on the Steering Committee of the CEO Water Mandate. In this role we support the Mandate’s mission to make a positive impact on the global water challenges by sharing and advancing sustainable water solutions in partnership with a diverse stakeholder group that includes the United Nations, civil society, governments and businesses.</p> <p>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 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.</p>
<p>Community Engagement</p>	<p>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.</p> <p>We reach out to the communities who share our watersheds. 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.</p> <p>In our biggest UK site, Burton, we have an on-going volunteering program with The Canal and River Trust, where volunteers regularly support canal clean ups improving both wildlife habitat and access for the local community. Alton brewery in Hampshire is home to important Chalk Steam habitat. We understand our role in protecting this habitat and working with local wildlife groups is one way we do this. We have a partnership with the Northern Wey Trust which has been on-going for a number of years. Though this partnership we identified an important opportunity to restore and enhance the chalk stream habitat on site.</p> <p>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.</p> <p>Our Patna Brewery in India is located in an area where not all members of the community have access to adequate clean water and sanitation. Over the past two years we have worked with Water for People in 11</p>

communities and 2 schools providing or improving water infrastructure and education to increase the sustainability of these projects in the communities.

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.

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.

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 Chair.

Activities within the CEO Water Mandate also influence public policy. For example, the work of the Human Rights Working Group of the CEO Water Mandate will likely be used to influence public policy. The additional guidance documents that the Mandate provides should also have an influence on public policy and engagement.

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 Global 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. This level of tracking is also completed by our US joint venture, MillerCoors LLC. We share our approach to water with our stakeholders through transparent reporting on our [website](#). Our online [Corporate Responsibility Report](#) discusses our water stewardship practices and current performance. We reported on water and climate risk in our [2013 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.