



# **MOLSON COORS BREWING COMPANY**

## **Communication on Progress 2010**

**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.**

Peter Swinburn, President and CEO Molson Coors Brewing Company  
10<sup>th</sup> June 2010

# 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' <a href="#">Employment Principles</a> 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"> <li>• Freedom of Association and Collective Bargaining</li> <li>• Forced Labor</li> <li>• Child Labor</li> <li>• Discrimination</li> <li>• Work Hours and Wages</li> <li>• Safe and Healthy Workplace</li> <li>• Workplace Security</li> <li>• Community and Stakeholder Engagement</li> <li>• Guidance and Reporting for Employees</li> </ul> <p>In support of our <a href="#">Code of Business Conduct</a>, 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.</p> <p>Our <a href="#">Responsible Sourcing Principles</a> extend our corporate responsibility practices to our complex supply chain. This chain consists of our direct suppliers (1<sup>st</sup> tier) and their suppliers (2<sup>nd</sup> tier) involved in the packaging, brewing, logistics and transportation, administration and</p>

	<p>marketing of our products around the world. The Principles apply to both 1<sup>st</sup> and 2<sup>nd</sup> Tier suppliers.</p> <p>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.</p>
Principle 2: Business should make sure that they are not complicit in human rights abuses	<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. 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> <p>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.</p>
<b>Labor</b>	
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	Molson Coors is committed to providing a workplace where all are treated with respect,

discrimination in respect of employment and occupation	<p>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>
<b>Environment</b>	
Principle 7: Business should support a precautionary approach to environmental challenges	<p>Molson Coors considers and manages environmental issues through our <a href="#">Quality, Environment, Health &amp; Safety Policy</a> and the environmental management systems we have implemented across our operations.</p> <p>Through our membership of the <a href="#">Beverage Industry Environmental Roundtable</a> we collaborate and share experience with our peers on innovative and emerging approaches to environmental management such as the recently published <a href="#">Sector Guidance for GHG Reporting</a>.</p>
Principle 8: Undertake initiatives to promote greater environmental responsibility	<p>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.</p> <p>We have been working to establish overall standards for energy conservation, water stewardship and waste reduction/recycling at our 18 breweries in the United States, Canada and the United Kingdom. This year we set a target to reduce water &amp; energy use by 15%, per unit of production, by the end of 2012 (baseline year 2008). In 2009 we established a global water strategy based on the 6 elements of the CEO Water Mandate (see p.7).</p> <p>In July 2009, Molson Coors announced a strategic collaboration with Circle of Blue in support of our mutual and long-term commitment to protecting global fresh water supplies. The collaboration's first initiative was to launch an independent survey of public awareness and concern for fresh water issues in 25 countries around the world, with a deeper evaluation of attitudes about fresh water conservation in a smaller subset of seven countries. The research and survey analysis was conducted by GlobeScan, a nonpartisan research and polling firm, and provides the first substantive global benchmark for civic engagement on fresh water issues. The <a href="#">global survey results</a> were announced at World Water Week in Stockholm, September 18 2009.</p>

	<p>In our 2010 Annual Report to Investors (10K) we report on our carbon emission, water and alcohol risk.</p>
<p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>	<p>Molson Coors' commitment to innovation includes looking at appropriate environmentally friendly technologies and operational enhancements from an energy, water use, waste and packaging perspective.</p> <p>Last year, Molson Coors UK committed to WRAP's Courtauld Commitment, a voluntary agreement between WRAP and major UK grocery organizations that supports less packaging and more recycling making better use of resources and helping to tackle climate change. In 2008 this initiative led to zero growth in packaging despite increases in sales and population.</p> <p>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. In the last year, over 100 individual energy opportunities were identified through this process. Some examples of successfully executed energy reduction projects are:</p> <ul style="list-style-type: none"> <li>• Vapor heat recovery reduced energy usage by 52000 MJ/yr.</li> <li>• Lighting efficiency projects.</li> <li>• Boiler control upgrades.</li> <li>• Steam trap repairs.</li> <li>• Compressor sequencing.</li> <li>• Brewing cycle time reduction.</li> </ul>
<p><b>Corruption</b></p>	
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>Molson Coors has a code of business conduct '<a href="#">Living Our Values</a>' which 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"> <li>• Comply with all relevant and applicable local and national laws and regulations.</li> <li>• Maintain independence and impartiality in all business relationships.</li> <li>• Avoid gifts, gratuities or entertainment in exchange for a business favor or to influence a business decision.</li> </ul> <p>All company employees undertake Anti-bribery and Corruption training on an annual 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.

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



# Progress To Date

	DETAILS AND ACTIONS TAKEN
<b>Direct Operations</b>	<p>In 2009 we established a global water strategy. To determine the global 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 strategy.</p> <p>The focus for the UK operations in 2010 is to develop an structured water management approach, by agreeing robust site specific targets and establishing 'Water Champions' to monitor progress. Also a prioritized water metering role out plan has been agreed, and robust process improvements around water usage are being reviewed.</p> <p>Canada is due to complete a watershed assessment at the Vancouver Brewery and utilize the process and outputs as a model for planning and completing assessments at all breweries in 2010. Also, a review of existing water-related training materials will be carried out with the aim of providing more consistent and comprehensive water training and awareness materials for brewery employees.</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 <a href="#">independent third party</a> prior to publication.</p> <p>During 2010 Molson Coors will be rolling out a water awareness campaign for all employees and introducing a company-wide water community volunteering month of action.</p>
<b>Supply Chain and Watershed Management</b>	<p>We continuously work to reduce our environmental impact in our operations and set ambitious annual goals to improve our performance. In 2009, we published <a href="#">Responsible Sourcing Principles</a> asking our suppliers to set similar commitments to reduce their impacts especially around water.</p> <p>In the US, Molson Coors directly operates 8 waste water treatment facilities and 3 water treatment facilities that meet all applicable regulatory standards. Our Golden, Colorado brewery is completely self-sufficient, managing the water supply provided from the Clear Creek Watershed from source to treatment. The complete water resources system of storage reservoirs, water rights and water treatment capacity could support a city of over 200,000 people.</p> <p>The Golden brewery diverts 50,000 acre feet of water per year for its operations, but returns</p>



approximately 90% to the watershed for beneficial use by other stakeholders.

In the UK, Molson Coors operates one water treatment facility in Burton on Trent and one waste water treatment facility in Tadcaster. Our Tadcaster treatment plant is partnering with the UK Environment Agency to meet its river quality targets. It has been designed to help safeguard important fish spawning areas and increase the quality of the water in the local river.

---

**Collective Action**

In July 2009, Molson Coors announced a strategic collaboration with [Circle of Blue](#) in support of our mutual and long-term commitment to protecting global fresh water supplies. Circle of Blue is an international network of leading journalists, scientists and communicators focused on global water issues.

The collaboration's first initiative was to launch an independent survey of public awareness and concern for fresh water issues in 25 countries around the world, with a deeper evaluation of attitudes about fresh water conservation in a smaller subset of seven countries. The research and survey analysis was conducted by GlobeScan, a nonpartisan research and polling firm, and provides the first substantive global benchmark for civic engagement on fresh water issues. The [global survey results](#) were announced at World Water Week in Stockholm, September 18 2009 and are presented in the report "[Human Perspectives on the Global Water Crisis](#)".

In April 2010, we announced our sponsorship 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 will be sent to over 300 of the largest companies in water intensive industries. Molson Coors contributed to the development of the survey and will be reporting to CDP.

---

**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 will be establishing similar partnerships for our breweries in Canada and the UK in the next couple of years.

We have committed to undertaken a Month Of Action in the fall/autumn of 2010 on water, where employee volunteer opportunities will be made available. Across the company (in the UK, Canada and in the US) employees will be engaging in local water projects.

Last year MillerCoors teamed up with [River Network](#), a national nonprofit organization to create a grant competition. The grants provided investment and support to local organizations that focus on watershed quality, education, and conservation efforts in their communities.

Molson Coors has had a long standing partnership with the [Clear Creek Watershed Foundation \(CCWF\)](#), a non-profit organization dedicated to improving the ecological, aesthetic, recreational and

economic conditions in Colorado's Clear Creek watershed, which is used for drinking water, agriculture and recreation. As well as financial support, there are opportunities for employees to volunteer on watershed restoration projects.

Molson Coors has a partnership with [Water For People](#). Last year a volunteer from our Water Resources team went with Water For People to Malawi to conduct a water monitoring project. The purpose of this project was to evaluate wells that had already been constructed and determine the effectiveness of the wells, impacts to the community, availability of water and the socioeconomic improvements to citizens contributable to the well. Water For People is unique in their approach that they maintain a monitoring program to continuously evaluate the use and impacts of their projects.

In 2010, as part of their identification of a new Corporate Charity Partner, within the UK business employees are able to vote on their preferred charity choice. Of the choice of three charities employees can vote on, two have direct water links; [Wateraid](#), whose vision is of a world where everyone has access to safe water and effective sanitation, and [BTCV](#) the UK's leading environmental volunteering organization with a 50 year history of helping people to improve and conserve their local environment. The partnership is proposed for two years.

---

**Public Policy**

Our 2009 global water survey, in collaboration with Circle of Blue, provided the first substantive global benchmark for civic engagement on water issues. The [global survey results](#) are publically available and advance the body of knowledge on water for policy makers, the general public and NGOs.

---

**Transparency**

We have shared our approach to water with audiences of peers and investors. This is our first full communication on progress.

Our online [CR Report](#) reports on our water stewardship practices.

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.