



MOLSON COORS BREWING COMPANY

Communication on Progress 2013

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](#),” simply how our business affects our people, our communities and our environment. We challenge ourselves to grow our positive Beer Print and shrink our negative Beer Print in every function and geography in which we brew and sell our products.

In a year of challenging financial performance for Molson Coors, 2012 saw Our Beer Print performance recognized as best in class. Molson Coors was named the beverage industry sector leader on the Dow Jones Sustainability World Index. And our people indicated to us, through our annual People Survey, that they overwhelmingly view the company as socially and environmentally responsible, a major driver of employee engagement.

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

18 June 2013

UN Global Compact

	PROGRESS AND ACTIONS TAKEN
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	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. 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. The Principles address the following components: • 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 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,

	focused on ethical leadership and ethical decision-making in key areas of the Code, is delivered to targeted employees based on their responsibilities. In 2012, we raised awareness of our global "Speaking Up" Policy to all employees. Under the Chief Ethics and Compliance Officer and our Executive Ethics and Compliance Committee, we work with partners in each of our regions to promote a consistent global approach to doing things the "right way" everywhere we do business. Our Standards for Suppliers, which were revised in 2012, extend 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 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 2012, we had 26 reports or inquiries through this channel. Of the 2012 reports where investigative action was necessary, 50% were substantiated and resulted in corrective or disciplinary action. 30% of reports in 2012 were anonymous vs. 10% in 2011. 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	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. Our Responsible Sourcing Principles discussed earlier apply to all the Labor Principles.
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	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.
Environment	
Principle 7: Business should support a precautionary approach to environmental challenges	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 2013. 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.

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. Molson Coors has long-term corporate responsibility goal focused on reducing our energy, carbon, waste and water footprints. The targets we set for the 2008-2012 period mobilized our organization to achieve significant savings of energy, GHG emissions, water consumption and waste to landfill, both in absolute and per unit of production terms. In 2012, we set new targets to achieve a further 25% reduction in energy intensity, 15% in GHG intensity and 20% in water per unit of production by the year 2020. These ambitious targets are evidence of our commitment to continuously reduce our impact on the environment. For more details on our performance and initiatives undertaken to achieve our targets see our Environmental Stewardship page on our website. In 2009 we established a Global Water Strategy based on the 6 elements of the CEO Water Mandate, see p.9 for more details on our progress in watershed stewardship in 2012. In our 2012 Annual Report to Investors (10K) we report to investors on our carbon emission and water risk.
Principle 9: Encourage the development and diffusion of environmentally friendly technologies	Molson Coors' commitment to innovation includes looking at appropriate technologies and operational enhancements from an energy, water use, waste and packaging perspective. Examples of new technology projects undertaken in 2012 include: • In our Patna Brewery (India), substitution of 100% of the furnace oil used to generate steam with a rice husk biomass which is locally supplied. As a result of the project, the brewery will reduce direct GHG emissions by 4,500 tCO₂e per year, saving energy costs and generating a more secure supply of fuel. • Optimization of hot water streams in our Tadcaster, UK brewery to recover previously wasted heat. • A new state-of-the-art refrigeration plant in the Alton, UK brewery which reduces electricity use considerably. • Recovery of residual heat from the boiler stack for use in pre-heating during the brewing process (Montreal). • Boiler optimization in the Patna, India brewery through use of automated controls of air and fuel intake.

	• Investment in a third phase of water recovery from the reverse osmosis water conditioning plant at Tadcaster, UK brewery. This last project has brought the breweries water consumption down to truly world-class levels of 2.9 hl/hl. • A new and more efficient water softening plant to process boiler feed-water at our Alton, UK brewery. • Construction of an effluent treatment plant with Anaerobic Digestion technology in our Patna, India Brewery which will allow for re-use in grounds cleaning. • Conversion of conveyor belts from water lubrication to dry lubrication in several facilities including Vancouver and Montreal, Canada.
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.

Molson Coors' Global Water Strategy and governance structure is 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

	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 Environment, Health & Safety team, including brewery managers. In 2009, MCBC set an ambitious target of reducing its water consumption per unit of production by 15% in 2012 from a 2008 baseline. This target was shared by each and every brewery and annual plans developed to achieve the necessary reductions. By 2012, we had reduced total water consumption by over 12.6 million hectoliters, equivalent to 504 Olympic swimming pools, as a result of consistent investment in water conservation and continuous process improvements. Unfortunately, the production context has made it more difficult to reduce water intensity and caused us to fall short of the 15% target by a margin of 8%. MCBC ended 2012 with a water intensity 7% lower than in 2008. See Our Performance for full details. However, the Company continues to set challenging long term targets to improve water efficiency by 20% by 2020 from 2011 levels. 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. 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	We work continuously to reduce the environmental impact of our operations and are extending our best practices to growers and suppliers. We recognize that water is vital throughout our supply chain. In fact, Water Footprinting indicates that more than 98 percent of our footprint is in our supply chain. In 2009, and revised in early 2012, we published 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. We intend to identify and mitigate 'hot spots' in our water supply chain by 2014. In the UK, we have already conducted water footprint analyses and found that one pint of beer consumes approximately 129 pints of water across its lifecycle, with the majority being rain (green) water in agriculture. A similar exercise by MillerCoors in the U.S. found that irrigated barley was a potential hotspot, which led to a focused effort on mapping water stress in barley and hop growing regions to inform agricultural outreach and long term sourcing strategy Based upon these findings we began to formally engage with stakeholders in our watersheds through programs such as our partnership 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 (while reviewing others' best practices). We also engage with our own growers on water stewardship activities through the Molson Coors Growers Group and explore with other stakeholders, such as our customers, whether there are opportunities to increase awareness or efficiency. In the US, we have also mapped water stress and engaged with growers to drive water efficiency. In so doing, we have identified the locations where water stress can have an impact on our operations as well as the communities in which we operate.
Collective Action	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. 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.
Community Engagement	In the US, we have established 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 also engaged with stakeholders in our watersheds in Tadcaster and Alton, UK, in Toronto, Canada, Fort Worth, Texas and Irwindale, California through forums and “watershed happy hours” to identify and address critical water issues collaboratively. 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 Group's objective is to protect the quality and supply of water for the Tadcaster community now and in the future. Since that first meeting we have arranged a Duck Race to raise awareness of water issues in the region, produced a joint case study with the UK's Federal Environment Agency, and participated in a TEDx event focused around sharing best practices and working with our communities. In the US, we have established community partnerships in each brewery location that encourage employee and community engagement in solving local water issues. In Canada, we are seeing more opportunities to work with others in our watersheds towards common goals. An example is the Toronto Water Leaders Forum. As part of Partners in Project Green, this forum is in its infancy but is expected to bring all relevant stakeholders together to discuss urban watershed management. Linking watershed activities back to our employee engagement has proved very successful. Many of our sites (both high and low risk) have used water as a focus for volunteering activities which has strengthened existing relationships and created new ones. In Canada our Molson Canadian brand

	started the Red Leaf Project, which gives employees and the public the opportunity to get involved in volunteering opportunities. In 2012, 95 events took place across Canada where over 2,500 volunteers planted 2,536 trees, collected 277 bags of litter, and removed 1232 cubic meters of invasive species. For the past two years we have had September as Water Stewardship Month. In 2012, we decided to expand it to further engage our employees and to help them connect all our CR activities to Our Beer Print. The month focused on water stewardship, alcohol responsibility, community, and ethics and compliance. During September we promoted ongoing campaigns and provided ways for employees, friends and family to get involved. Activities included fundraising events, community engagement activities, awareness raising and volunteer opportunities. In our annual people survey 86% of employees thought that the company was responsible in the community and 89% environmentally responsible. Our Beer Print is a top three driver of employee engagement.
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 [2012 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.