

# FROM GRAIN TO GLASS

MillerCoors • Sustainable Development Report 2009







# FROM GRAIN TO GLASS

MillerCoors is built upon a foundation of more than 288 years of brewing heritage. It is a legacy driven by our founders and today represented by a portfolio of great brands, enjoyed by beer drinkers everywhere.

Our founders, Frederick Miller and Adolph Coors, were both passionate supporters of their respective hometown communities of Milwaukee, Wisconsin and Golden, Colorado.

They set the tone for a commitment to corporate citizenship that endures today.

We are committed to sustainable development, from the grain that is a vital ingredient in our beers to the glass that holds the finished product for our consumers.

We work with farmers to conserve the amount of water used to grow our ingredients, and when procuring our brewing materials, our suppliers abide by our Responsible Sourcing Principles.

In our breweries, we are constantly looking for ways to reduce our water usage, implement sustainable packaging, save energy and prevent waste from entering landfill.

MillerCoors and its employees strive to benefit our people and communities through a focus on safety, volunteerism and community investment. We also support our multicultural stakeholders and the growth of diversity.

The distributors who sell our beer are equally committed to reducing their environmental footprint and being stewards in the communities they serve.

We implement programs that promote responsible drinking and work with retailers to further these initiatives, as well as environmental programs focused on packaging reduction and consumer recycling.

MillerCoors people, our business partners and our consumers are all stewards of great beer. But together we also share a great responsibility – from grain to glass.



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# ABOUT MILLERCOORS

MillerCoors is a joint venture of SABMiller plc and Molson Coors Brewing Company, and today is the second largest beer company in America with nearly 30 percent of U.S. beer sales. Led by two of the best-selling beers in the industry, MillerCoors has a broad portfolio of highly complementary brands across every major industry segment. Miller Lite is the great tasting beer that established the American light beer category in 1975, and Coors Light is the brand that introduced consumers to refreshment as cold as the Rockies. MillerCoors brews full-calorie beers Coors Banquet and Miller Genuine Draft, and economy brands Miller High Life and Keystone Light. The company also imports Peroni, Grolsch, Pilsner Urquell and Molson Canadian and offers innovative products such as Miller Chill and Sparks. MillerCoors features craft brews from the Jacob Leinenkugel Company, Blue Moon Brewing Company and the Blitz-Weinhard Brewing Company. MillerCoors operates eight major breweries in the U.S.

- Golden, Colorado
- Milwaukee, Wisconsin
- Eden, North Carolina
- Trenton, Ohio
- Irwindale, California
- Elkton, Virginia
- Albany, Georgia
- Ft. Worth, Texas

MillerCoors also operates the Leinenkugel's craft brewery in Chippewa Falls, Wisconsin and two microbreweries, the Leinenkugel's 10th Street Brewery in Milwaukee and the Blue Moon Brewing Company at Coors Field in Denver. We have joint ventures in place for the Rocky Mountain Metal Container plants with Ball Corporation and the Rocky Mountain Bottle Company with O-I.

## 2008 BY THE NUMBERS

- We employed more than 8,600 people.
- We paid \$800 million in wages and benefits.
- We contributed one billion dollars in tax revenue to the communities where we operate.
- We paid more than four billion dollars to our network of more than 10,000 suppliers.

## More Sustainable, Together

The joint venture of Miller and Coors has made both companies even stronger in the area of sustainable development, allowing us to significantly reduce the distance our beer travels, because we can optimize the location of brewing based on the geographic need. By 2010, the average distance a beer shipment will travel to market will be reduced by nearly 20 percent and result in 45 million fewer miles traveled annually – a reduction of nearly 75,000 tons of carbon emissions.



Coors Baseline Flows



Miller Baseline Flows



Planned Distribution Flows

# The Power of One

Leo Kiely

We are one. We are stronger. We are MillerCoors.

Last year, two great beer companies joined together as one. We combined our people, our brands and our centuries of proud brewing heritage to form MillerCoors. By doing so, we emerged a stronger, more competitive force. We focused on building our strength from the inside out and are well-positioned to become America's Best Beer Company.

I have been impressed with the level of passion, talent and expertise our employees have demonstrated each day since our joint venture became a reality. It's what has allowed us to implement a successful strategy to guide us into the future.

Part of that strategy – and what makes us so strong – is our commitment to sustainable development. We dedicate resources to help prevent drunk driving and encourage responsible consumption of our products. We embed environmental stewardship into our operations and across our supply chain. We strive to make a difference through volunteerism and our community investments, as well as with a focus on safety and diversity in the workplace.

Both Miller and Coors had strong sustainability platforms. Each company brought significant successes to share and data to show.

But together, we are even better.

As one, we are much stronger.

**We are MillerCoors.**



**LEO KIELY**

CHIEF EXECUTIVE OFFICER







## With Great Beer...

Cornell Boggs

Great Beer, Great Responsibility.

These four words have real meaning at MillerCoors. It begins with a powerful portfolio of great beer brands, but we know there's much more to being a leading brewer than just making great beer. With leadership comes responsibility, which is why we strive to be sustainable in every aspect of our business – from grain to glass.

We developed Great Beer, Great Responsibility as our new corporate responsibility identity to focus our people, partners and communities on our five core responsibilities. Throughout these pages you will see the ways in which MillerCoors people and our partners are bringing these responsibilities to life:

- Promoting the **responsible consumption** of our products
- Embedding **environmental sustainability** in our organization
- Creating a **sustainable supply chain**
- Investing in our **people and communities**
- Modeling **ethical practices and transparency** in our reporting

But it is important to note these responsibilities are also meant to be shared with the consumers who seek a dedicated and great beer company. We hope when they choose one of our great beer brands they'll also take on the responsibility to not drive drunk, to look for opportunities to reduce their own environmental impact by recycling and seek ways that they can support their community.

We have a great responsibility that is also a shared responsibility.

We are all in this together, and if we are to be truly sustainable, we should each seek to fulfill our own great responsibility.

**CORNELL BOGGS**

CHIEF RESPONSIBILITY AND ETHICS OFFICER

# GREAT INGREDIENTS

Great beer starts with great ingredients. We emphasize environmentally sustainable business practices from the soil where our barley grows to the passionate farmers that supply us with these essential ingredients.

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## Our Barley Farmers

Barley is one of the primary ingredients used to produce beer, so we stay in close contact with our barley farmers. Through the Grower Direct Program, we collaborate with barley farmers on their growing decisions by employing agronomists who consult on issues ranging from crop protecting agents to water management.

In 2008, we began a pilot program with a group of our farmers in Idaho to grow what is commonly called “winter barley.” This strain of barley, previously unsuitable in North American climates, ripens earlier in the year because it can be planted in the fall and tolerates the harshness of winter. The payoff for this earlier crop cycle equates to less water and electricity used during the peak irrigation periods in summer months – an impact of 2.7 million gallons of water and 1,750 kilowatt hours of electricity.







We work closely with our malt suppliers, such as Rahr Malt, who is converting their plant to utilize renewable energy.

## Working With Malt Suppliers

In addition to processing raw barley ourselves, MillerCoors also sources malted barley from malt suppliers. Barley that is malted has undergone a process of germination that allows the grain to convert its starch into fermentable sugars, which creates the base for our great beer.

One of our suppliers, Rahr Malt, is working to reduce its energy costs by constructing a plant that utilizes renewable fuels, thus generating double the electricity the plant needs, and enabling it to contribute its excess electricity back to the local grid. Rahr also created the KODA Energy Project in partnership with the Shakopee Mdewakanton Sioux Community, a Native American group, which purchases the excess electricity from Rahr.

“Here at Rahr Malting, we feel strongly about engaging in sustainable projects, like the conversion of our plant to utilize renewable energy through biomass-generated energy. Working with MillerCoors helps make our goals possible, as they support our vision wholeheartedly.”

**WILLIAM RAHR**

SENIOR VICE PRESIDENT OF RAHR MALT

Every year, MillerCoors recognizes its

top barley growers in two categories. The first award honors the grower who produced the highest quality barley and delivered the precise quantity stipulated in our contract. The second award goes to the grower who has shown considerable commitment to conservation efforts.

In 2008, we awarded Shane and Beth Temple, owners of T-Heart Ranch in Center, Colorado, our Environmental Award for their efforts in

water conservation and crop management

initiatives, such as soil testing, minimum tillage, noxious weed control and brush management.

Specifically,

Shane and Beth have implemented minimum- or no-till farming – which reduces or eliminates the amount of tilling done on the soil. These practices conserve fuel and water, reduce the erosion of valuable topsoil and preserve organic matter in the soil.





### **GREAT BEER IS BORN ON THE FARM**

MillerCoors has worked with hops and barley growers, such as Bill Markham from Colorado, to support sustainable practices. A new partnership with The Nature Conservancy is helping barley farmers in the Silver Creek Watershed in Idaho increase the efficiency of their irrigation systems and enhance water conservation. Some changes will include using more efficient nozzle sprays; monitoring soil moisture to more accurately water crops; and implementing more energy efficient systems such as variable rate irrigation and other modifications to irrigation systems. These will help improve water conservation in one of our most important growing regions.



# SUSTAINABLE SUPPLY CHAIN

We're committed to creating a sustainable supply chain and work with our suppliers on their social, environmental and economic responsibilities.

## Encouraging Responsible Sourcing

In 2008, we spent more than four billion dollars with our network of more than 10,000 suppliers. We are working with our supply chain partners to ensure adherence to our Responsible Sourcing Principles. These cover eight issues: business conduct; working conditions; employment; child labor; wages; diversity; freedom of association; and environment.

Every purchase order and contract includes language in support of our Responsible Sourcing Principles, and we recently launched a Web site for our business partners which further explains our expectations regarding supplier business conduct.

Our practices help suppliers understand that we expect only the highest standard of conduct. An ethics hotline, run by a third-party service provider, allows for business partners to anonymously ask questions or voice ethical concerns.

We plan to initiate a third-party audit for our suppliers, starting with a list we call our "Top 100." A goal supported by both our parent companies, these suppliers will complete a self assessment against our Responsible Sourcing Principles by the end of 2009.

"MillerCoors support of our work ensures that clean water and open space will continue to be a part of the Silver Creek valley for future generations to enjoy."

**MATTHEW MILLER**

THE NATURE CONSERVANCY OF IDAHO



MillerCoors works with barley farmers in the Silver Creek Watershed.





## Supplier Diversity

We work with more than 300 diverse suppliers, and in 2008 we surpassed our target spend with minority- and women-owned enterprises, reaching six percent.

MillerCoors is actively involved in minority supplier development through product donations, event sponsorship and participation in industry associations such as the Consumer Retail Industry Group, Food and Beverage Industry Group and the Conference Board on Supplier Diversity.

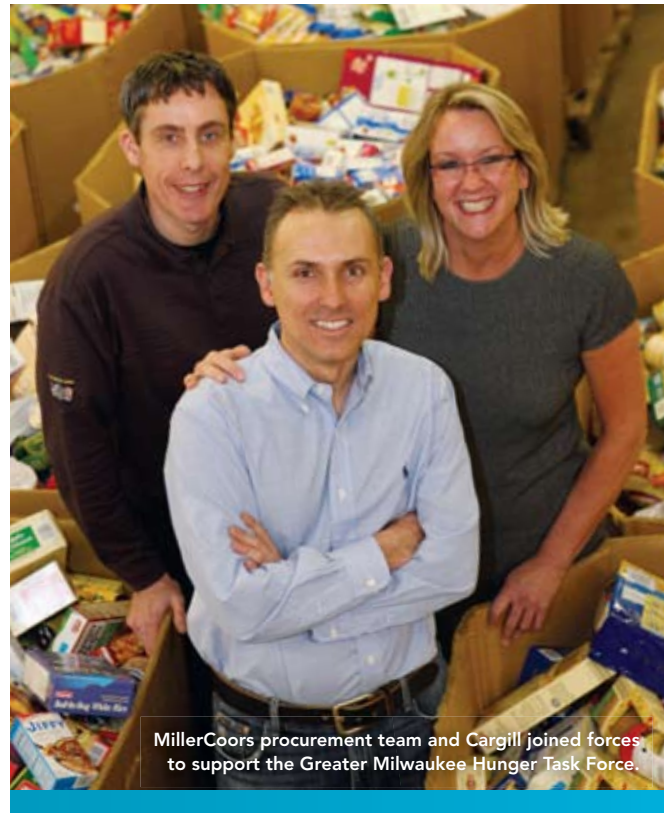
Through these groups, we encourage our suppliers to consider increasing their spend on supplies and materials from minority-owned organizations. We also work to drive collaboration between our first and second tier suppliers by hosting events to promote networking and interaction.

We are an active member of national councils that support diverse business enterprises, including the National Minority Supplier Development Council and the Women's Business Enterprise National Council. We will continue setting our sights on a goal of attaining best practice spend levels for minority- and women-owned businesses.

## Local Enterprise Development

Another area we support is local minority suppliers. In 2008, MillerCoors awarded grants to two diverse suppliers, Meza Construction and Adclipse, for continued business education. These grants provided assistance for an executive from each supplier to attend the Kellogg School of Business at Northwestern University and the Tuck School of Business at Dartmouth, respectively.

We also engage with small or minority-based businesses through supplier fairs, community events and memberships with local association councils to keep relationships strong.



MillerCoors procurement team and Cargill joined forces to support the Greater Milwaukee Hunger Task Force.

## CORPORATION OF THE YEAR AWARD

In 2008, MillerCoors received the Corporation of the Year award from the Rocky Mountain Minority Supplier Development Council for our commitment to minority business enterprises, as evidenced through related purchases, growth and development, operations and council involvement.

"In order to compete in a global economy, corporations must utilize suppliers from all sectors of society. Minority businesses can provide innovation, quality products and services and competitive prices. Moreover, as the American minority population grows, corporations will increasingly depend on them as both customers and suppliers."

**HARRIET R. MICHEL**

PRESIDENT, NATIONAL MINORITY SUPPLIER DEVELOPMENT COUNCIL

# BREWING GREAT BEER

Once the barley and hops arrive at our door, the process of brewing great beer begins. We recognize that we have great responsibility for the way we brew our beers. That's why we are constantly looking for ways to maintain a safe workplace and lessen our impact on the environment throughout the entire brewing process.

## Water Usage

Water flows through every step of the brewing process. Given our roots in the Rocky Mountains and near the shores of Lake Michigan, we take water stewardship very seriously. One of our water usage goals is to make more beer while using less water, and we are proud to operate some of the most water-efficient breweries in the world.

In 2008, our Texas brewery achieved a **3.59:1.00** water-to-beer ratio.

The established water usage target set by the United Nations Environment Program for brewers worldwide is 5.00 barrels of water for each barrel of beer produced. In 2008, MillerCoors recorded a 4.10:1.00 water-to-beer ratio. This year, we will aim to reduce that ratio to 3.96:1.00.

Not only are we constantly monitoring and tracking our water usage, we are also identifying ways to improve our practices.

At our wastewater treatment plant in California, wastewater is used to generate biogas, which in turn powers electrical generators capable of producing one megawatt of power each hour.

At our Leinenkugel's brewery in Chippewa Falls, Wisconsin, we reduced water usage by 21 gallons per barrel of beer produced.

One way we achieved this was by working with our chemical supplier to switch to a new detergent that cleans equipment at lower



MillerCoors roots run deep near the shores of Lake Michigan in Milwaukee, Wisconsin.



concentrations and requires less rinse time – reducing the amount of water and detergent used.

Our breweries use an extensive plant-wide system, called Clean In Place (CIP), which cleans tanks and piping faster while using less water and energy.

At our North Carolina and Milwaukee breweries we installed “SMART Pasteurizers.” When fully loaded with cans or bottles of beer, these units use significantly less cooling water and are equipped with dew point sensors to help optimize the use of energy and water.

We also take great pride in establishing world-class water partnerships. Our Virginia brewery is a founding member of the Shenandoah Valley Pure Water Forum, which promotes clean water and addresses water quality issues.



## 2015 GOAL

Reduce water usage by 15% to achieve a 3.50:1.00 water-to-beer ratio

## Sustainable Packaging

Packaging is a vital component of the beer drinking experience, and we also recognize its environmental impact. That’s why we are continuously seeking ways to improve our packaging sustainability without compromising the beer drinking experience.

Our efforts are focused on source reductions.

For example, at two of our breweries we’re using 11 percent less cardboard in our 12-pack bottle folding cartons, which equates to saving the equivalent of 20,700 trees in a single year.

By 2015, we aim to reduce the amount of retail packaging used by 75 million tons, or two percent.



## 2015 GOAL

Reduce the amount of retail packaging by 2%



In the past five years, our Golden and Virginia breweries reduced the amount of aluminum needed in cans by **7%** – the equivalent aluminum used to build **168 Boeing 737s**.

In recent years, we have worked to lightweight our aluminum cans and bottles, without compromising the safety of the

product. Bottles and cans are made with high volume precision equipment which allows us to measure the length, with accuracy, to the fourth decimal place. We reduced the size of our aluminum can ends ever so slightly and made a huge impact – \$10.1 million in savings and a reduction of 10.4 million pounds of aluminum.

## Recycling

Using as much post-consumer recycled aluminum and glass as possible reduces our impact on the environment. For example, producing new aluminum cans from recycled aluminum consumes 95 percent less energy as compared to otherwise non-recycled content.

We recognize that we can make an environmental impact not only by changing our own processes, but also by helping consumers change their habits. Through a partnership with RecycleBank®, MillerCoors encourages recycling of our products by giving customers redeemable points, which can be used to buy MillerCoors branded gear.

We also work with our retail partners to meet their packaging goals, including removing unnecessary packaging, reusing and recycling content and exploring renewable resources.



## RECYCLING IN OHIO: ONE EMPLOYEE'S STORY

In 2008, Kelly Harris, a line operator in our Ohio brewery, volunteered to work exclusively on reducing the amount of waste sent to landfill from the brewery. He presented



a five-year plan, and based on significant short term improvements, the brewery created for him a full-time environmental technician position.

Harris embarked on a mission to change employees' habits before discarding

materials; he simply asked them to evaluate them as either trash or recyclable content.

He set in place color-coded recycling bins at the end of each production line. Today, each line only has one small trash bin, painted red, because according to Harris, nearly everything can be recycled.

Harris is now responsible for monitoring all aspects of the brewery's waste.

In a single year, our Ohio brewery has gone from sending 47 tons of waste to the landfill per month to 32 tons. A production line reduced its trash from 18 full bins of trash per week to half a bin.

According to Harris, the best part of the job is not only preserving our environment, but working with people who recycle because it's the right thing to do.

## ACHIEVING ZERO WASTE

Since 1995, our Golden brewery has operated something unique to most breweries: an ethanol plant that in 2008 produced 1.7 million gallons of fuel-grade ethanol. But what sets this apart from other plants is that the ethanol is produced entirely from waste beer.

During the brewing process, spent yeast produces ethanol. The ethanol is then extracted from the waste and converted into 200-proof, fuel-grade ethanol and sold to front-range refineries.

The brewery has the capacity to produce up to 3 million gallons each year.

At a time when many companies view waste as something to be discarded, the Golden brewery recognizes that waste is simply a resource out of place.







## 2015 GOAL

Reduce  
waste to  
landfill by 15%

### Zero Waste

We are committed to finding ways to reuse and recycle our waste.

We hold a strong belief that in order to be a responsible corporate citizen, we need to manage the materials that other companies regard as waste stream.

At our Georgia brewery, employees formed a recycling and sustainability team that focuses solely on solid waste reduction. They created a wood recycling program that allows for all wood scraps to be turned into yard mulch and established a new program for recycling plastics of all kinds – hard hats, safety glasses, conveyor chains and stretch wraps.

An employee environmental group at our Golden brewery expanded beverage container recycling in the workplace and hosted a Bike to Work breakfast station for employees and members of the community who were cycling to work that day.

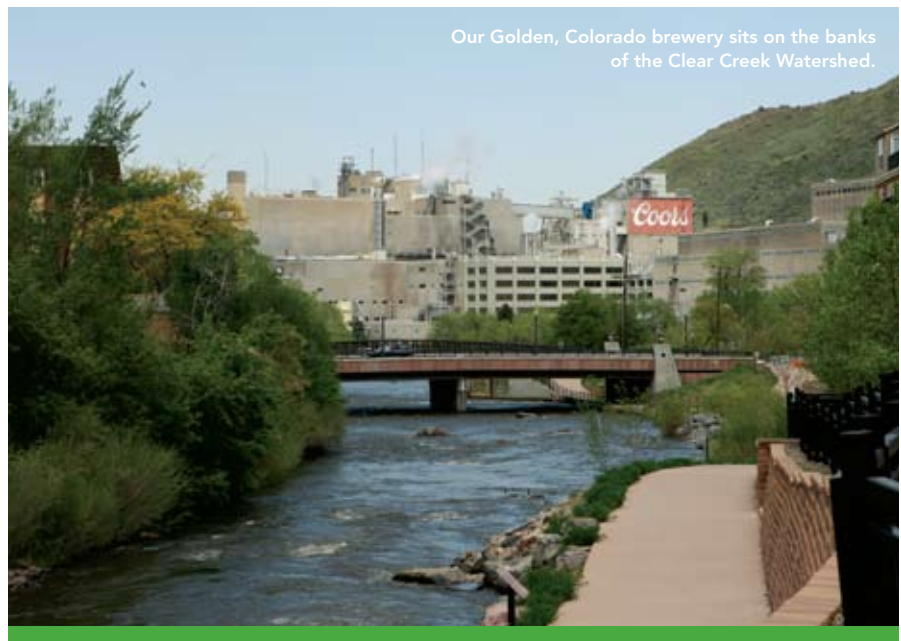
In North Carolina, the topic of recycling has sparked dialogue within the community. Employees at the brewery became stewards of the zero waste message and now encourage friends and neighbors to recycle.

We are working to increase our use of 100 percent recycled plastic pallets, with the goal of having all pallets made of recycled plastic.

Ninety-eight percent of all brewery waste is recycled or reused, including glass, paperboard, plastics, metals and byproducts. As an example, one of our breweries sends approximately 3.5 million tons of glass each year to be recycled.

Additionally, the majority of the byproducts created during the brewing process are responsibly reused or recycled:

- Leftover barley malt – or spent grain – is sold to local farms for animal feed.
- Brewers' yeast is sold to food companies for use in canned soups, gravies, frozen entrees and pet food.
- Some byproducts are used to fertilize hay fields on site.



Our Golden, Colorado brewery sits on the banks of the Clear Creek Watershed.





## Tracking Energy Use

We are constantly monitoring and benchmarking our energy consumption to help identify new ways to improve and reduce energy use.

In 2008, we participated in a Brewery Research Institute forum to identify common energy benchmarks in breweries worldwide. The results allowed us to set specific goals for our own breweries, and we created an energy map for each brewery to determine where we can make improvements.

In North Carolina, the total plant electrical use was **reduced by 6.8%** in 2008 compared to the previous year.

We re-engineered our refrigeration system in Texas to reduce our electrical consumption and are working to bring this system online at our Milwaukee brewery. We are optimizing our fermenters in order to collect more carbon dioxide and use it later in the process.

Additionally, we completed Phase II of a lighting initiative at our Milwaukee brewery that replaced more than 2,000 high pressure sodium lights with more energy efficient fluorescent lights.

### 2015 GOAL

Work towards a 15% reduction in total energy use

At our Texas brewery, we cut our reliance on natural gas by 9.3 percent by using biogas from wastewater in the boilers, and in California the biogas from our anaerobic digestors powers electrical generators.

During non-peak production periods, the utilities powerhouse in Ohio operates as a single boiler operation versus a dual boiler – improving the operating efficiency and reducing energy consumption. We also installed automation to shut down energy intensive processes when they are not needed.

Energy teams at our facilities, such as our Eden brewery, are working to reduce our carbon footprint.



## Reducing Our Carbon Footprint

MillerCoors recognizes that every step we take toward becoming more energy efficient is also a step towards reducing our carbon footprint.

Through our parent companies, MillerCoors reports data to the Carbon Disclosure Project, a non-profit organization with the largest database of corporate climate change information worldwide.

In November 2008, MillerCoors received an Energy Saver Award from the U.S. Department of Energy for efforts taken to reduce electricity and natural gas usage.

We track energy forecasts and internally publish each facility's energy use monthly. In fact, our Texas and Milwaukee breweries exceeded forecasts – performing better than anticipated for most of 2008.

We also recognize that we have experienced some challenges. Last year, we faced a monetary penalty at one of our can manufacturing plants due to an air compliance issue. We resolved the issue and recently conducted a test to demonstrate compliance.

## Diversifying Our Energy Portfolio

We have a team in place to make sure we are procuring the most efficient, cost-effective energy possible to power our facilities.

We aim to partner with suppliers that have a higher percentage of renewable energy in their portfolios and are serious about improving the environmental impact of their operations.

We are also developing a new partnership with our Ohio coal supplier to research clean coal technology.

## Safety: A Core Value

A critical part of the manufacturing process is ensuring a safe workplace for our people, also outlined within our people and communities strategy. With the strong support of our Senior Leadership Team, our facilities are participating in a grassroots safety culture process. This allows employees to be fully supported by and become full partners with management in building a world-class safety culture from the grassroots level.





# PEOPLE AND COMMUNITIES

We make it a priority to support the people of MillerCoors and the communities where we live, work and sell our beer. Without great people brewing our beer and great communities to enjoy our beer, we couldn't exist as a company. That's why we are committed to engaging and investing in our employees, businesses and neighbors.

## A Safe, Engaged and Highly-Skilled Workforce

A safe workplace is of the utmost importance to MillerCoors. That is why we are committed to expanding our efforts to establish a world-class safety culture across all of our locations. Our leaders set up a structured process to support safety and empower our people to take ownership for safety at a grassroots level.

Several facilities were selected as pilots for the safety culture transformation, and remaining facilities will be introduced to the concept and trained throughout the year. When implemented, the process engages and empowers employees and emphasizes our strong commitment to safety.

Based on our 2008 employee engagement survey, **85% of our employees** believe that MillerCoors is taking the right steps to encourage responsible use of our products.

In addition to the safety of our employees, we are working to create a workforce that's skilled, highly-engaged and capable as we strive to become America's Best Beer Company.

We launched MillerCoors University, which blends work experience, classes and virtual learning solutions in the areas of leadership, commercial and operational skill building and development. It also provides opportunities for interaction with MillerCoors senior leaders. We track clear metrics on the level of participation in our various programs. So far, 1,648 employees from our breweries, corporate offices and field groups have participated, representing a collective 6,557 days of training.

We also conduct an annual employee engagement survey to measure performance in areas such as leadership, diversity, safety and alcohol responsibility. Results are shared across the company and translated into actions for improvement.





## Supporting Our Multicultural Stakeholders

MillerCoors teams with stakeholders to identify opportunities and develop programs in support of multicultural communities. We are working to provide a strong corporate presence for multicultural relations, with a key focus on African American and Hispanic community investments.



and program support to students.

As the founding corporate sponsor of the Thurgood Marshall College Fund, we help support programs and provide scholarships for a new generation of diverse leaders attending historically black public colleges and universities. In 22 years, the Fund has awarded more than \$100 million in scholarships



internships and leadership development training programs.

Established in 1993, MillerCoors partnered with the Hispanic Association of Colleges and Universities to create the iAdelante! U.S. Education Leadership Fund, which awards Hispanic college students with scholarships,

“The Economic Partnership Agreement between MillerCoors and the National Black Economic Development Coalition (NBEDC) illustrates a renewed commitment to help increase involvement of African Americans in business.”

**STANLEY WASHINGTON**  
CHAIRMAN OF NBEDC



MillerCoors established the Lideres program to showcase Hispanic community leaders through an advertising campaign that allows the public to vote online for the Lider of the Year. The winner receives a \$25,000 grant to invest in a leadership

program. In 2008, more than 11,000 votes were cast during the voting period.

In Milwaukee, Golden and several other brewery communities, employee affinity groups create a culture of inclusiveness by providing opportunities to network, volunteer, learn about new cultures and provide leadership experience.

## Investing in Diversity

MillerCoors recognizes the need for a diverse and highly-skilled workforce and meaningful support for people of diverse cultures. We support the growth of diversity in many ways:

- We are conducting online diversity training for all employees.

We surpassed our workforce diversity goal of 21%, achieving an actual of 29%.

- MillerCoors launched a diversity mentoring program to grow the exposure and capabilities of future leaders of the company. Members of the senior leadership team serve as mentors to 16 individuals and conduct group activities to facilitate action learning.
- We created a new Economic Partnership Agreement with the National Black Economic Development Coalition and the Hispanic Association on Corporate Responsibility that will enhance opportunities for African Americans and Hispanics in key areas including leadership and workforce, marketing and advertising spending, community investment, distributors and retailers and procurement.
- We actively participate in talent sourcing with national multicultural organizations such as The National Association of Black MBAs, The National Society of Hispanic MBAs and The National Hispanic Corporate Council.



### **THE MILLERCOORS URBAN ENTREPRENEURS SERIES**

Established in 1999 to promote economic empowerment within the African American community, the MillerCoors Urban Entrepreneurs Series offers webinars, workshops and a business plan competition to aspiring entrepreneurs to give them the tools they need to take their businesses to the next level. One beneficiary is the Creative Connections mobile barber and styling service in Atlanta. More than \$1 million has been awarded to aspiring urban entrepreneurs in the past decade. In 2008, MillerCoors expanded the program to include Hispanic entrepreneurs.



## Investing in Our Communities

MillerCoors has a rich background in contributing to its communities. In 2008, MillerCoors refined its giving areas to include: Responsibility, Environmental Stewardship, Aid in Emergencies, Cultural Diversity and Heritage Initiatives. We define corporate social investment “as a contribution/investment of cash, knowledge, employee time and equipment to people and communities to enable them to flourish and help sustain an environment in which we can be a successful business.”

In 2009, we will establish a **Volunteer Leadership Council**, to consist of employee leaders and representatives from each employee affinity group, brewery community and regional sales office.

We strategically invest in communities, with the goal of having the greatest possible impact. In 2008, MillerCoors invested nearly \$10.5 million in initiatives across our brewery and multicultural communities. This figure is based on the London Benchmarking Group methodology and does not include our extensive

investment in responsible alcohol consumption initiatives, such as our Free Rides program.

We work to support our hometown and brewery communities through many community investment initiatives:

- The **Miller Lite Ride for the Arts** has raised more than \$6 million for the United Performing Arts Fund and its 36 beneficiary groups.
- We invested \$500,000 in the **Lake Michigan Bradford Beach Revitalization Project**, over a 5-year period, with the goal of restoring the beach for the community and achieving the Clean Beaches Council Blue Wave Certification.
- We partnered with **River Network** to create a grant program for local watershed organizations in the eight states we call home.
- We teamed with Keep Greater Milwaukee Beautiful and Goodwill Industries of Southeastern Wisconsin to collect 10 semi-truck trailers of “e-waste” from the Milwaukee-area community through a program we call **Operation Hard Drive**.

## Volunteerism

Over the past several years, employee volunteers have collectively posted more than 60,000 hours per year. Through our volunteer activities, we dedicate resources to important causes, such as protecting our environment through beach restoration and watershed improvement projects, and providing food baskets to needy families through the Sam Sandos Christmas Basket and Cena en el Barrio programs.

## FRIENDS OF THE FOREST DAY

Winner of the American Fisheries Society 2009 Western Division's Riparian Challenge

More than 40 employees and their friends and family joined together for a streambank

restoration project at the Clear Creek watershed west of Golden, Colorado. Volunteers spent the day constructing fences, planting native vegetation and reseeding a former mine site to improve the habitat for the reintroduction of the

greenback cutthroat trout – the state fish and an endangered species.

MillerCoors also donated \$25,000 to the National Forest Foundation in support of the project.

This project directly improved several miles of stream habitat and an estimated 138 acres of mixed riparian

and upland habitat. This was the second Friends of the Forest Day for MillerCoors volunteers, and planning for a third is underway.



Prior to the joint venture, both companies had a history of supporting United Way. In 2009, MillerCoors will implement a new enterprise-wide employee **United Way campaign with a company match.**



# DISTRIBUTING SUSTAINABLY

At MillerCoors, we are committed to responsibility and sustainability not only inside our breweries, but also along the path our beer takes once it leaves our facilities. From the trucks that carry our beer to the distributors who sell our beer, the environment and our communities remain a great responsibility for our business.

## More Efficient as One

The joining of Miller and Coors allowed us to significantly reduce the distance our beer travels, as products can now be made in eight regional breweries. By 2010, the average distance a beer shipment travels to market will be reduced by nearly 20 percent and result in 45 million fewer miles traveled annually – a reduction of nearly 75,000 tons of carbon emissions.

Before the joint venture, beer made at our Virginia brewery would travel 700 miles to Jacksonville, Florida before being loaded on a boat to Puerto Rico. Today, that same beer is brewed at our Georgia brewery, reducing the number of miles it travels to Jacksonville by 482 miles a trip – an annual accrual of 2.8 million miles.

## Leveraging Our Increased Scale

As a new company we consolidated our freight management practices, allowing us to better leverage our increased scale with carriers, including more sustainable practices for our business.

We worked with our carriers to maximize their trucks' hauling capacity by utilizing lightweight tractors and trailers. By reducing sleeper beds and other accessories on trucks, as well as replacing wood floors with aluminum, we increased the payload on our trucks from 45,000 pounds to 48,000 pounds – the equivalent of 83 cases of beer per truck. This small measure has resulted in taking every seventeenth truck off the road, a total of 25,000 trucks.

MillerCoors carriers are also strongly encouraged to join the Environmental Protection Agency's SmartWay<sup>SM</sup> program, which identifies products and services that reduce transportation-related emissions and leads to carriers taking steps towards becoming more environmentally responsible.

Currently 44 percent of our carriers are SmartWay-certified.

Our goal is to have 100 percent of our carriers enrolled in the program by 2010.



## PAVING THE WAY WITH HYBRID TRUCKS

We are proud that one of our key distributors, Powers Distributing Company, recently set a national standard when it added 15 cutting edge biofuel-electric hybrid trucks to its fleet. Although other distributors are exploring hybrid trucks, Powers is the first in the country to commit to a significant number.

With the new fleet, Powers expects to reduce its diesel use on 15 routes by more than 25 percent – nearly 12,500 gallons per year. In 2008, Powers also switched 50 trucks to biodiesel, an alternative fuel that is more environmentally friendly and fuel efficient, helping take another 10,000 gallons of diesel off the roads.





Trucks are not only used to transport our beer, but also as a way for our distributors to return empty kegs and pallets. Due to brewery operation improvements, we slightly increased the number of kegs and pallets distributors put on return trucks, reducing the number of return trucks on the road by **13%**, or **1,400 trucks**.

## Sustainable Practices

MillerCoors distributors are also working to find new ways to reduce their environmental impact by taking steps to build better businesses through sustainable practices.

Many distributors have implemented recycling programs into everyday operations. An increasing number of companies are placing recycling bins in offices and warehouses as well as recycling paper, cardboard and plastic wrap – which accounts for much of a company's waste.

J.J. Taylor Distributing in Florida outlined aggressive green initiatives, yielding positive results. In its second year of recycling shrink wrap, the company saved 129,535 pounds from going to landfill, almost double the amount from the year prior. By replacing steel wheels on trucks with aluminum wheels and reducing the size of fuel tanks on trucks, J.J. Taylor had a weight reduction of 650 pounds per unit, increasing its fuel mileage by nine percent.

## Distributors and Alcohol Responsibility

As a business embedded in the community, MillerCoors distributors play an important role in promoting the responsible consumption of our beer. Distributors are the vehicle that brings our beer to consumers, which is why it is important that we help them implement great responsibility initiatives.

Through tools and programs delivered to the community and retailers, we work with distributors to create awareness of issues, including drunk driving prevention, responsible selling practices and consumer education.

In 2005, MillerCoors partnered with Brandeis University, the National Responsible Retailing Forum and our distributors to develop the Respect 21® Responsible Retailing program, an academically researched program that is brought to a community through its MillerCoors distributor. Respect 21 helps retailers prevent underage access to alcohol through responsible retail practices.



Key aspects of the program include:

- Hiring, educating, training and management tools
- Driver's license I.D. booklets
- Point-of-sale materials
- Mystery shopper inspections

The program's initial tests reported positive, measurable improvements and led to the expansion of the program to 10 new cities in 2008.

MillerCoors distributors are engaged in a number of drunk driving prevention programs. In 2008, with our support, Coors Distributing Company of Colorado helped more than 200,000 people get home safely on New Year's Eve by distributing cab vouchers and offering alternative rides on bus and rail systems.

# WORKING WITH RETAILERS

We share a great responsibility with the retailers who sell our great beers and the consumers who enjoy them. As a leading brewer, our efforts promoting the responsible enjoyment of our products are key to growing our business the right way.

## Responsible Consumption

We recognize that alcohol is not for everyone, every place or every time. Our key focus areas within alcohol responsibility include:

- Helping prevent drunk driving
- Working to reduce underage drinking
- Partnering to address alcohol issues on college campuses
- Ensuring adherence to our strict responsible marketing standards



## Helping Prevent Drunk Driving

Drunk driving is completely preventable. Our signature program for drunk driving prevention – You Hold The Key. Never Drive Drunk™ – has been activated in key markets nationwide. In addition, we have a number of other drunk driving prevention programs.



**MillerCoors Free Rides™** leverages public transportation in key cities to offer a free and safe transit method, timed around major holiday celebrations and local events.

**1-800-TAXICAB®** is a national taxi dispatch service we partner with to provide a nationwide solution for a safe ride home.



**Keep Your Balance™** is a motorcycle safety program that offers education and engagement to remind motorcycle riders about the importance of safety and responsibility.

**Certified Alcohol Sales Training (CAST™) and Training for Intervention Procedures (TIPS®)** are programs developed by Health Communications, Inc. that work to give servers the confidence, decision-making skills and information they need to prevent drunk driving, overconsumption and underage drinking.



MillerCoors has partnered with the Milwaukee County Transit System for 21 years on the Free Rides program.





## RESPONSIBLE RETAILING

Our retail partners play a major role in helping promote the responsible consumption of our beer. We provide support for retailers through server training, educational resources and point-of-sale materials. In turn, our retail partners also engage with consumers to promote planning ahead for a safe ride home. Applebee's, along with several other Wisconsin retailers, reward legal-age consumers who participate in MillerCoors Free Rides on New Year's Eve and St. Patrick's Day with retail coupons.

As a member of **TEAM® (Techniques for Effective Alcohol Management Coalition)**, we engage consumers at sports and concert venues to participate in drunk driving prevention initiatives. In 2008, this included fan public service announcements at several NFL and MLB sporting events, including the Super Bowl.

## Preventing Underage Access

As a brewer, we recognize that we can help change behavior when we combine our efforts with parents, distributors, retailers, community organizations, government agencies and law enforcement.

We also extend our efforts to the community. Research shows parents are the leading influencer in teens' drinking decisions. We create educational tools for parents and encourage dialogue between parents and children through partnerships with organizations like the Search Institute, which developed MVParents.com – a resource to help parents talk to their kids about alcohol and underage drinking.

“Our partnership with MillerCoors on MVParents.com recognizes that all sectors of society have a stake in and responsibility for helping create a support system in which young people are valued and thrive.”

**PETER BENSON**

PRESIDENT AND CEO OF SEARCH INSTITUTE

## Self-Regulation in Marketing

Advertising is one way that consumers engage with our great beer. Accordingly, we work to represent those efforts responsibly and ensure adherence to our strict standards for all marketing. We go above and beyond legal compliance standards through self-regulation. Last year, we worked with societal partners and made changes to the formulation of Sparks, voluntarily agreeing to remove certain ingredients.

MillerCoors restricts advertising to programming that is intended to reach an audience of at least 70 percent legal drinking age adults. Every television commercial, radio and print ad, Web site and promotion goes through a rigorous review process that ensures adherence to state and federal regulations, as well as the MillerCoors Marketing Compliance Code.

Twice weekly, the company's cross-functional Marketing Compliance Committee reviews materials and approves or disapproves their use based upon adherence to codes and regulations.

MillerCoors also voluntarily participates in the Beer Institute's Code Compliance Review Board process, which allows for an independent, third-party panel to review advertising complaints.

## Campus Communities

We are expanding our partnerships and programs to help address alcohol-related issues on college campuses.

Through our **Respect 21 on Campus**



program,

we support

research at the University of Wisconsin-Madison that focuses on preventing legal-age students from providing alcohol to underage classmates.

Recognizing their expertise within college communities, MillerCoors partners with organizations that are helping address alcohol-related issues on campuses, including:

- **Take Care™**, a media-based campaign in partnership with MillerCoors distributors and several universities, encourages college students to drink responsibly, know the signs of alcohol poisoning, not provide alcohol to anyone underage and designate a driver.
- **Student Emergency Medical Services Foundation** provides training to prevent alcohol poisoning.
- **The W.I.N. Foundation**, a non-profit organization, specializes in personal empowerment for women including its **Raise Your Standards** program that promotes responsible alcohol consumption as well as safe dating.



# SUSTAINABLE DEVELOPMENT SUMMARIES

Inherent in the term sustainability is the notion that for a business to sustain itself it must be in balance with everything that it touches: community, environment and the economy. It also means we are acting today to make for a more sustainable tomorrow. Every company – depending on its people, products and markets – defines sustainable development in slightly different ways. MillerCoors defines sustainable development as:

**Managing our environmental, social and economic risks and opportunities in a strategic way to protect our reputation and maximize business value.**

## Our Responsibilities and Commitments

MillerCoors has established a five point sustainable development model that defines our five key Responsibilities as follows:

- Alcohol Responsibility
- Environmental Sustainability
- Sustainable Supply Chain
- People and Community Investment
- Ethics and Transparency

Our sustainable development strategy is based on these five Responsibilities and the corresponding Commitments that bring each one to life for our business, partners and the public. In the following section you will find summaries of the results, activities and initiatives we have undertaken to deliver on our Responsibilities and Commitments.

## VISION

**Become America's Best Beer Company**

## MISSION

**Grow our business the right way as we become America's Best Beer Company**

### ALCOHOL RESPONSIBILITY

- Helping prevent drunk driving
- Working to reduce underage drinking
- Partnering to address college campus issues
- Ensuring adherence to our strict marketing standards

### ENVIRONMENTAL SUSTAINABILITY

- Ensuring a secure future through water stewardship
- Reducing our energy and carbon footprint
- Driving packaging sustainability
- Moving towards zero waste operations

### SUSTAINABLE SUPPLY CHAIN

- Ensuring adherence to our Responsible Sourcing Principles
- Supporting local enterprise development
- Reducing our environmental footprint

### PEOPLE AND COMMUNITY INVESTMENT

- Investing in our people
- Supporting multiculturalism, inclusion and our multicultural stakeholders
- Engaging employees in volunteerism
- Investing in our communities
- Building a world-class safety culture

### ETHICS AND TRANSPARENCY

- Maintaining transparency in reporting our progress
- Utilizing best in class ethical practices in managing our business
- Measuring our progress

# ALCOHOL RESPONSIBILITY

We believe we have an important role to play in the area of alcohol responsibility. We create programs and support initiatives that make an impact in promoting the responsible consumption of alcohol.

## Helping Prevent DRUNK DRIVING

Drunk driving is completely preventable. Our initiatives emphasize planning ahead and promote the use of alternative transportation and designated drivers.



Our signature program for drunk driving prevention – You Hold the Key. Never Drive Drunk™ – has been activated in key markets

nationwide through advertising and promotions, delivering the message that you are not invincible and should always plan ahead for alternative transportation.

In addition to You Hold the Key. Never Drive Drunk, our drunk driving prevention programs include:

- MillerCoors Free Rides™
- 1-800-TAXICAB®
- Keep Your Balance™



To date, **1.8 million people** have participated in our Free Rides program during holiday periods.



We also work with organizations that promote responsible selling and fan awareness:

- Certified Alcohol Sales Training (CAST™)
- Training for Intervention Procedures (TIPS®)
- TEAM® (Techniques for Effective Alcohol Management) Coalition

## Working to REDUCE UNDERAGE Drinking

As a brewer, we can help bring about awareness and changed behavior to prevent underage access to alcohol when we combine our efforts with parents, distributors, retailers, community organizations, government agencies and law enforcement.

Each year, **one million people** go to the MillerCoors sponsored [www.MVParents.com](http://www.MVParents.com) to learn how to talk with their children about alcohol and how to address teen drinking.



The Respect 21® Responsible Retailing program is our signature underage prevention program. Developed in partnership with Brandeis University, the National Responsible Retailing

Forum and our distributors, it assists retailers to help prevent underage access to alcohol.



Key aspects of the program include:

- Hiring, educational, training and management tools
- Driver's license I.D. booklets
- Point-of-sale materials
- Mystery shopper inspections

The program's initial tests reported positive, measurable improvements and led to the expansion of the program to 10 new cities in 2008.



# ALCOHOL RESPONSIBILITY

We believe we have an important role to play in the area of alcohol responsibility. We create programs and support initiatives that make an impact in promoting the responsible consumption of alcohol.

## Ensuring Adherence to OUR STRICT MARKETING STANDARDS

Consumers engage with our brands regularly through our advertising – and we work to represent those marketing efforts responsibly. We maintain a Marketing Compliance Code to ensure adherence to federal and state regulations and we voluntarily participate in the Beer Institute's Code Compliance Review Board process.



We restrict our advertising to programming that is intended to reach an audience of at least **70 percent legal drinking age adults**.

We engage external stakeholders on alcohol responsibility and listen to their concerns. We consider changes in our business when appropriate, such as last year when we worked with our societal partners and made changes to the formulation of Sparks and voluntarily agreed to remove certain ingredients. These types of efforts reinforce our commitment to alcohol responsibility.

We also adhere to our strict marketing standards:

- Every television commercial, radio and print ad, Web site and promotion goes through a rigorous review process.
- Twice weekly, the company's cross-functional Marketing Compliance Committee reviews materials and approves or disapproves their use based upon adherence to codes and regulations.

## Helping Address CAMPUS ISSUES

We are expanding our partnerships and programs to help address alcohol-related issues on college campuses.

Through our **Respect 21™ on Campus** program, we currently support research at the University of Wisconsin-Madison that focuses on preventing legal age students from providing alcohol to underage classmates.

Recognizing their expertise within college communities, MillerCoors partners with or sponsors organizations that are helping address alcohol-related issues on campuses, including:

- **Take Care™**, a media-based campaign in partnership with distributors and several universities, encourages college students to drink responsibly, know the signs of alcohol poisoning, not provide alcohol to anyone underage and designate a driver.
- **Student Emergency Medical Services Foundation** provides training to prevent alcohol poisoning.
- **The W.I.N. Foundation**, a non-profit organization, specializes in personal empowerment for women including its **Raise Your Standards** program that promotes responsible alcohol consumption and safe dating.



# ENVIRONMENTAL SUSTAINABILITY

We recognize that we have great responsibility for the way we brew our beers. That's why we are constantly looking for ways to be more efficient and more environmentally sustainable in all that we do.

## Ensuring a Secure Future Through WATER STEWARDSHIP

Water flows through every step of the brewing process and we're committed to using it as efficiently as possible.

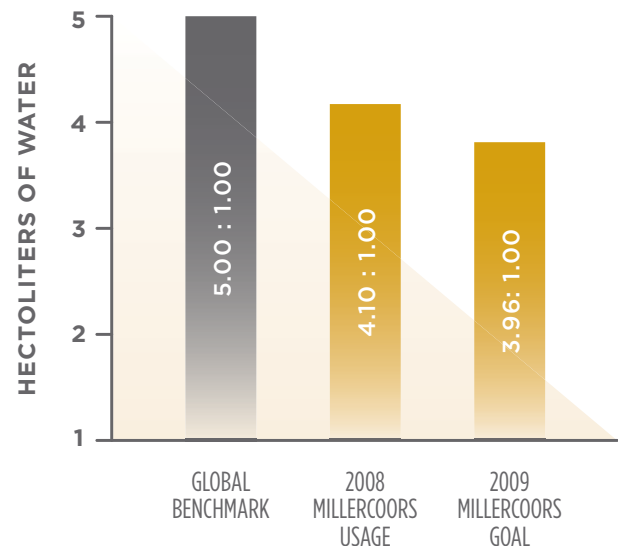
The established water usage target set by the United Nations Environment Program for brewers worldwide is 5.00 barrels of water for each barrel of beer produced. In 2008, MillerCoors recorded a 4.10:1.00 water-to-beer ratio. This year, we aim to reduce that ratio to 3.96:1.00.



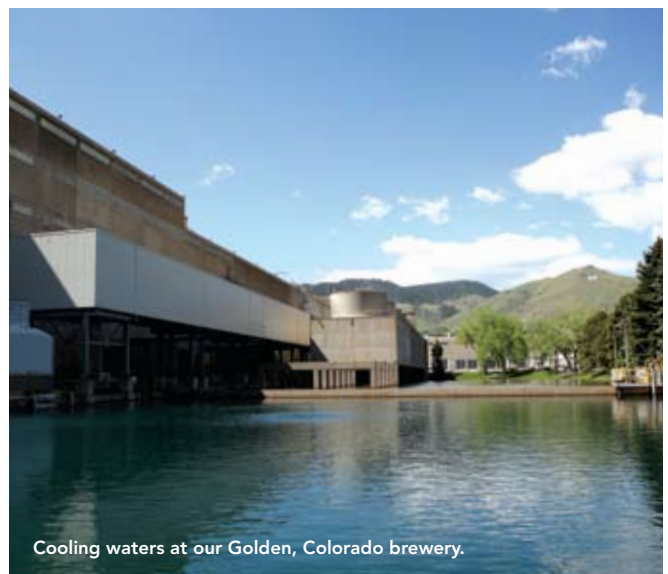
Our breweries are making great progress on water conservation efforts in operations and the community:

- We reduced water usage by 21 gallons per barrel of beer produced at the Leinenkugel brewery in Chippewa Falls, Wisconsin.
- Our Texas brewery achieved a 3.59:1.00 water-to-beer ratio.
- At our North Carolina and Milwaukee breweries we installed "SMART Pasteurizers," which, when fully loaded with bottles and cans of beer, use significantly less cooling water.
- Our Virginia brewery is a founding member of the Shenandoah Valley Pure Water Forum, which promotes clean water and addresses water quality issues.
- At wastewater treatment plants at our California and Texas breweries, wastewater is used to generate biogas to help power the breweries.

## WATER CONSUMPTION



Through its parent companies SABMiller and Molson Coors, MillerCoors is a signatory of the U.N. CEO Water Mandate, a voluntary initiative where companies commit to becoming more water-efficient, work with suppliers to improve their water efficiency, enter into dialogue with local communities and transparently report progress on water use.



Cooling waters at our Golden, Colorado brewery.



# ENVIRONMENTAL SUSTAINABILITY

We recognize that we have great responsibility for the way we brew our beers. That's why we are constantly looking for ways to be more efficient and more environmentally sustainable in all that we do.

## Reducing Our ENERGY AND CARBON Footprint

Every step we take towards becoming more energy efficient is also a step towards reducing our carbon footprint. We are exploring cleaner sources of energy to save resources and reduce our greenhouse gas emissions.

We are working to diversify our energy mix and ensure energy efficiency across the company:

- We have a team in place to ensure we are procuring the most efficient, cost-effective energy possible to power our facilities.
- We aim to partner with suppliers who have a higher percentage of renewable energy in their portfolios and are serious about improving the environmental impact of their operations.
- We participated in a Brewery Research Institute forum to identify common energy benchmarks in breweries worldwide, which allowed us to set specific goals for our own breweries and create an energy map to determine where we can make improvements.

In North Carolina, the total plant electrical use was reduced by **6.8%** in 2008 compared to the previous year.

We are focused on continuous improvements in our operations and recognize that we have experienced some challenges. Last year we faced a monetary penalty at one of our can manufacturing plants due to an air permit compliance issue. We resolved the issue and recently conducted a test to demonstrate compliance.

We are working with each brewery to implement energy and carbon improvements in a number of ways:

- We are optimizing fermenters in order to collect more carbon dioxide and use it later in the brewing process.

- We completed Phase II of a lighting initiative at our Milwaukee brewery, which replaced more than 2,000 high pressure sodium lights with more energy efficient fluorescent lights.
- In Texas, we cut our reliance on natural gas by 9.3 percent by using biogas from wastewater in the boilers.
- In California, the biogas from our anaerobic digestors powers electrical generators capable of producing one megawatt of electricity each hour.
- During non-peak production periods, the utilities powerhouse at our Ohio brewery operates as a single boiler operation versus a dual boiler – improving the operating efficiency and reducing our energy consumption.



Pallets of beer await transport from our Ft. Worth brewery.

The joint venture allowed us to better leverage our increased scale with carriers, including more sustainable practices for our business.

- We worked with our carriers to maximize their trucks' hauling capacity by utilizing lightweight tractors and trailers, increasing payloads. This resulted in taking every seventeenth truck off the road, a total of 25,000.
- We strongly encourage our carriers to join the Environmental Protection Agency's SmartWay<sup>SM</sup> program. Our goal is to have 100 percent of our carriers enrolled in the program by 2010.

Due to the joint venture of Miller and Coors, when transporting our beer to market, we travel **45 million fewer miles** annually and project a reduction of **75,000 tons of carbon emissions**.

# ENVIRONMENTAL SUSTAINABILITY

We recognize that we have great responsibility for the way we brew our beers. That's why we are constantly looking for ways to be more efficient and more environmentally sustainable in all that we do.

## Driving **PACKAGING** Sustainability

While packaging is a vital component of our products, we recognize its impact on the environment. Packaging sustainability is about using less today to meet our packaging needs in the future.

We are promoting and implementing packaging reduction and recycling initiatives in a number of ways:

- At two of our breweries we're using 11 percent less cardboard in our 12-pack bottle folding cartons, which equates to saving the equivalent of 20,700 trees in a single year.
- We are saving 10.4 million pounds of aluminum per year and \$10.1 million due to a small reduction in the diameter of aluminum can ends.
- Through our partnership with RecycleBank®, MillerCoors encourages recycling of our products by giving customers redeemable points, which can be used to buy MillerCoors branded gear.

In the past five years, our Golden and Virginia breweries reduced the amount of aluminum needed in cans by **7%** – the equivalent aluminum used to build **168 Boeing 737s**.



## Moving Towards **ZERO WASTE** Operations

Reducing the amount of waste we generate reduces our costs and our environmental impact. We're committed to moving towards zero waste in our breweries, and to finding ways to reuse and recycle our waste.



**98% of all brewery waste** is reused or recycled, including glass, paperboard, plastics, metals and byproducts.

The majority of the byproducts created during the brewing process are responsibly reused or recycled:

- Our Golden brewery produces ethanol from waste beer.
- Leftover barley malt – or spent grain – is sold to local farms for animal feed.
- Brewers' yeast is sold to food companies for use in canned soups, gravies, frozen entrees and pet food.
- Some byproducts are used to fertilize hay fields on site.

Our Virginia brewery achieved a **99.2% waste diversion from landfill**.

- We are also trying to increase our use of 100 percent recycled plastic pallets, with the goal of having all pallets made of recycled plastic.
- Our Ohio brewery sends approximately 3.5 million tons of glass each year to be recycled.
- At our Georgia brewery, employees formed a recycling and sustainability team that solely focuses on solid waste reduction.



# SUSTAINABLE SUPPLY CHAIN

We partner with our suppliers to highlight and apply best practices so we can both be more effective in demonstrating our commitment to sustainable development.

## Reducing our ENVIRONMENTAL FOOTPRINT across our supply chain

- Through a new partnership with The Nature Conservancy, we are helping barley farmers in the Silver Creek Watershed in Idaho increase the efficiency of their irrigation systems and enhance water conservation.
- We began a pilot program with a group of Idaho farmers to grow "winter barley," which requires less water and electricity during peak summer months – an impact of 2.7 million gallons of water and 1,750 kilowatt hours of electricity.
- We are working with supplier Rahr Malt as they construct a biomass-generated plant that will not only power their plant but also enable it to contribute electricity back to the local grid.
- We awarded the owners of the T-Heart Ranch in

Center, Colorado, our 2008 Environmental Award for their work in water conservation and crop management initiatives.



## Ensuring Adherence to our RESPONSIBLE SOURCING PRINCIPLES

We are working with our supply chain partners to ensure adherence to our Responsible Sourcing Principles, which cover the following issues:

- |                      |                          |
|----------------------|--------------------------|
| • Business conduct   | • Wages                  |
| • Working conditions | • Diversity              |
| • Employment         | • Freedom of Association |
| • Child Labor        | • Environment            |

## Supporting SUPPLIER DIVERSITY and LOCAL ENTERPRISE DEVELOPMENT

We support diversity across our supply chain and focus efforts on local diverse suppliers:

- We worked with more than 300 diverse suppliers, and in 2008, we surpassed our target spend, reaching six percent.
- MillerCoors is actively involved in minority supplier development through support for associations such as the Consumer Retail Industry Group, Food and Beverage Industry Group and the Conference Board on Supplier Diversity.
- We awarded grants to two diverse suppliers, Meza Construction and Aclipse, for continued business education.
- We drive collaboration between our first and second tier suppliers by hosting events to promote networking and interaction.



In 2008, MillerCoors received the **Corporation of the Year** award from the Rocky Mountain Minority Supplier Development Council.

# PEOPLE AND COMMUNITY INVESTMENT

At MillerCoors, we support the growth of diversity. We also make it a priority to support the communities where we live, work and sell our beer.

## Investing in OUR COMMUNITIES

We work hard to build partnerships with every community we touch. We see good corporate citizenship as the key to sustainable growth. We invest in communities strategically, with the goal of having the greatest possible impact.

In 2008, MillerCoors invested **nearly \$10.5 million** in initiatives across our brewery and multicultural communities.



- In 2008, MillerCoors refined its giving areas to include: Responsibility, Environmental Stewardship, Aid in Emergencies, Cultural Diversity and Heritage Initiatives.
- In 2009, MillerCoors will implement a new, enterprise-wide employee United Way campaign with a company match.

We actively support a number of important community investment events and organizations:

- The **Miller Lite Ride for the Arts**, which has raised more than \$6 million for the United Performing Arts Fund.
- **River Network**, which we partnered with to create a grant program for local watershed organizations in the eight states we call home.
- The **Lake Michigan Bradford Beach Revitalization Project**, which we invested \$500,000 in, over a five-year period, to help restore the beach and achieve the Clean Beaches Council Blue Wave Certification, the first national environmental certification for beaches.

## Engaging Employees in VOLUNTEERISM in the community

MillerCoors and its employees have a long tradition of supporting the communities where we live and work.

Over the past several years, employee volunteers have collectively posted more than **60,000 hours** per year.

We work to support our hometown and brewery communities through many community investment initiatives:

- Protecting our environment through beach restoration and watershed improvement projects.
- Providing food baskets to needy families through the Sam Sandos Christmas Basket and Cena en el Barrio programs.
- We partnered with Keep Greater Milwaukee Beautiful and Goodwill Industries of Southeastern Wisconsin to collect 10 semi-trailer trucks of "e-waste" from the Milwaukee-area community through a program we call "Operation Hard Drive."

## FRIENDS OF THE FOREST DAY

Winner of the American Fisheries Society 2009 Western Division's Riparian Challenge

More than 40 employees and their friends and family joined together for a streambank restoration project at the Clear Creek watershed. The project directly improved several miles of stream habitat and an estimated 138 acres of mixed riparian and upland habitat.





# PEOPLE AND COMMUNITY INVESTMENT

At MillerCoors, we support the growth of diversity. We also make it a priority to support the communities where we live, work and sell our beer.

## Investing in OUR PEOPLE

We are working to create a workforce that's diverse, highly-engaged and capable as we strive to become America's Best Beer Company.

- We launched MillerCoors University to bring different educational programs to our employees.
- We're bringing a new diversity mentoring program to help grow the exposure and capabilities of future company leaders.
- We formed new partnership agreements with the National Black Economic Development Coalition and the Hispanic Association on Corporate Responsibility.
- We actively participate in talent sourcing with national multicultural organizations.



## Supporting MULTICULTURALISM AND INCLUSION

In Milwaukee, Golden, and several of our brewery communities, employee affinity groups create a culture of inclusiveness by providing opportunities to network, volunteer, learn new cultures and provide leadership experience. These groups include:

**AAEN** – African American Employee Network

**ASEAN** – Asian Employee Affinity Network

**BREW** – Building Relationships and Empowering Women

**CHEN** – Coors Hispanic Employee Network

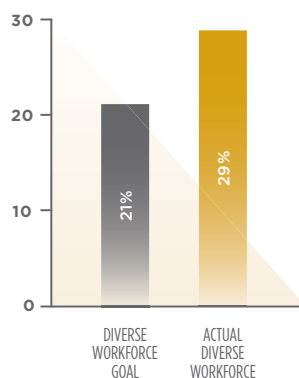
**DEN** – Deaf Employee Network

**HOLA** – Hispanic Organization for Leadership Advancement

**LAGER** – Lesbian and Gay Employee Resource

**MCVG** – MillerCoors Veterans Group

**NAC** – Native American Council



## Building a World-Class SAFETY CULTURE

Our leaders set up a structured process to support safety and empower our people to take ownership for safety at a grassroots level. When implemented, the safety culture process engages and empowers employees and makes it clear that we will not compromise on safety.

Based on our 2008 employee engagement survey, **85% of our employees** believe that MillerCoors is taking the right steps to encourage responsible use of our products.

## Supporting MULTICULTURAL STAKEHOLDERS

We dedicate a substantial amount of resources to supporting multicultural organizations and leaders.

- As a founding corporate sponsor of the **Thurgood Marshall College Fund**, MillerCoors has helped provide more than \$100 million in scholarships in 22 years.
- MillerCoors established the **iLideres!** program to showcase Hispanic community leaders who receive a \$25,000 grant to invest in a leadership program.



- MillerCoors partners with the Hispanic Association of Colleges and Universities on the **iAdelante! U.S Education Leadership Fund**, which awards Hispanic college students with scholarships, internships and leadership development training programs.



# ETHICS AND TRANSPARENCY

Demonstrating ethics and transparency is perhaps the most vital aspect of a credible sustainable development program. It impacts everything that we do as a business and it is at the core of growing our business the right way.

## Maintaining **TRANSPARENCY** in Reporting Our Progress

We are committed to being a leader in sustainable development, and releasing the first-ever MillerCoors sustainable development report is a vital element in achieving our goal. To strengthen our report, and demonstrate transparency, we took recommendations from an external assessor, the Corporate Citizenship group.

THE FOUR LEVELS			
		4	<b>BEING ADMIRIED</b> Achievement of what is currently considered to be best practice in a particular field.
		3	<b>CREATING OPPORTUNITY</b> Creatively turning potential risks into business opportunities.
		2	<b>BEING READY</b> Meeting the challenges of risks that we anticipate we will be facing in the next three years.
1			<b>MINIMUM STANDARD</b> All operations must achieve level 1 as it represents management of the key sustainable development risks we are facing today. The Executive Committee has mandated that where operations do not meet level 1 currently, they must implement a plan to reach this level as soon as possible.

To track our sustainable development progress, MillerCoors follows SABMiller's **Sustainability Assessment Matrix (SAM)** model, a measuring tool based on the Global Reporting Indicators G3 guidelines. SAM measures our priorities on a stairway scale, consisting of four increasing levels of performance.

SAM monitors the performance of each of the SABMiller's 10 sustainable development priorities and is designed to set globally consistent standards.

MillerCoors intends to track its performance against SAM twice each year and report that information to both parent companies. Using SAM as a measurement tool helps establish consistent, long-term targets across the business.

Furthering our commitment to transparent reporting, the results will be shared publicly for the first time in SABMiller's sustainable development report and on their Web site at [www.sabmiller.com](http://www.sabmiller.com).

## Utilizing **BEST IN CLASS** Ethical Practices in Managing Our Business

To win in beer, our values need to drive both what we do and how we do it.

- At the most senior level, we created a Chief Responsibility & Ethics Officer position to oversee and drive our commitment to ethics and transparency.
- We established a new Code of Business Conduct, which all employees attest to on a yearly basis. The policy guides employees on legal compliance issues, but strives to go beyond the law to continuously act with integrity.
- We created a helpline, run by a third-party provider, to help field issues of ethical concern to all employees or business partners. Every caller is provided a code number and can call back to receive an answer or find out how the matter was resolved.
- To engage with our consumer stakeholders, we also operate a consumer hotline. Consumers can dial a toll-free number when they have questions or comments about MillerCoors and its brands.
- We also established a Compliance Committee, where quarterly we conduct a full review of all ethics and compliance issues, including those reported through the helpline.

## Measuring **OUR PROGRESS**

Together with our parent companies SABMiller and Molson Coors, we established a Board-level Ethics, Compliance & Corporate Responsibility Committee, chartered to measure our progress, that meets three times each year.

We also created the Sustainable Development Governance Committee, a cross-functional group that brings together representatives from every aspect of the business to guide and implement the company's long-term sustainable development strategy.



# UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. MillerCoors works to adhere to the UN Global Compact principles across our business. Below is an index of our performance against these principles with reference to the page numbers on which supporting information can be found.

GLOBAL COMPACT PRINCIPLE	OUR PROGRESS	PAGES
Support and respect the protection of internationally proclaimed human rights	MillerCoors maintains a strict adherence to international and national human rights laws. We also are proud to be part of two multinational companies committed to ensuring that human rights are respected while conducting business on a global scale.	3, 9, 10, 19, 20, 34, 36, 37
Ensure that they are not complicit in human rights abuses	Appropriate procedures are in place to ensure human rights violations are prevented across MillerCoors operations. Our Responsible Sourcing Principles also ensure that this requirement is met across our supply chain.	3, 9, 10, 19, 20, 34, 36, 37
Uphold the freedom of association and the effective recognition of the right to collective bargaining	Our employee code of conduct protects freedom of association and the right to collective bargaining. Within our Responsible Sourcing Principles we state that 'there should be constructive dialogue between workers and management. Employees shall be free to join lawful associations.'	9, 34, 37
Support the elimination of all forms of forced and compulsory labor	Within our Responsible Sourcing Principles we state that 'employees should not be forced into involuntary labor and coercion at work is not acceptable.'	9, 37
Support the effective abolition of child labor	Our Responsible Sourcing Principles include the statement: 'in accordance with relevant ILO conventions, children may only be employed in circumstances which fully safeguard them from potential exploitation.' Our parent companies publicly support the abolition of child labor in conducting business on a global scale.	9, 37
Support the elimination of discrimination in respect of employment and occupation	MillerCoors employee affinity groups work to promote the recognition and respect for minorities within the company, while we actively recruit talent through The National Association of Black MBAs, The National Society of Hispanic MBAs and the National Hispanic Corporate Council.	10, 19, 20, 36
Support a precautionary approach to environmental challenges	We have developed an approach to sustainable development that involves the constant pursuit of making more beer while using less water, reducing our energy and carbon footprint, driving packaging sustainability and pursuing zero waste operations in our breweries.	6-9, 11-17, 31-34
Undertake initiatives to promote greater environmental responsibility	We apply our environmental priorities to our entire supply chain, including environmental standards within our Responsible Sourcing Principles. Our new corporate responsibility identity "Great Beer, Great Responsibility" includes our commitment to environmental sustainability and is being activated at point-of-sale with calls to action for consumers to also be more environmentally sustainable.	6-9, 11-17, 31-34
Encourage the development and diffusion of environmentally friendly technologies	We have implemented a number of environmentally friendly technologies, including on-site anaerobic wastewater treatment facilities at some of our breweries and an ethanol plant at our Golden brewery, which uses brewing byproducts to generate fuel-grade ethanol.	6-9, 11-17, 31-34
Work against corruption in all its forms, including extortion and bribery	We do not tolerate any form of bribery or corruption. Within our code of conduct we state that we will be consistent in honoring our legal and moral obligations, protect our standing as regards integrity and credibility and be a leader in the best practices of corporate governance.	9, 37

# EXTERNAL COMMENTARY

## STATEMENT BY CORPORATE CITIZENSHIP

MillerCoors has 288 years of brewing heritage but just one year's existence as a single entity. Building on both heritage companies' strong commitments, much has been achieved in a short time to shape a distinctive, appropriate and effective approach to responsible business practices.

Sustainable development is a core part of the new strategic goals. By choosing the tagline Great Beer, Great Responsibility, and planning to use it on product packaging, MillerCoors is challenging itself to deliver the same quality in sustainable development as in its brands. By presenting this report 'from grain to glass', MillerCoors is recognizing that responsibility applies in all its activities, from procurement to consumption.



We were struck during our interviews with staff by their enthusiasm to create a new approach. They are not looking back, save to identify best practices from both heritage companies.

The aim is to raise performance to the highest common factor.

The new five-point sustainable development model guides both performance and reporting. Rightly it includes commitments relating to employees and to ethics and transparency. Most progress is made where employees are fully involved. Open engagement with stakeholders and clear and balanced reporting are powerful drivers of improved performance too.

Going forward, we identify three main points that future reports should address.

First, MillerCoors reports here the specific goals it plans to reach by the time the 2010 Sustainable Development Report is published. Now that the initial phase of merging operations is accomplished, these commitments could be revisited. For example, completing a full carbon footprinting exercise will show where action to combat climate change can best be undertaken. Similarly, work on watershed mapping, packaging and waste reduction and effective community contributions are areas where more ambitious goals may be possible.

Secondly, we note that Miller Coors has set measurable environmental targets for 2015 covering water, energy, retail

packaging and waste. We believe that a small number of additional measurable targets should be set, covering all five of the key responsibilities. At the same time Miller Coors should review available performance measures and consider a balanced scorecard aimed at enhancing both management and stakeholder understanding of performance and progress. Such a suite of measures should all benchmark against peer and industry best practices.

The third area is the inclusion of more stakeholder perspectives. Already the stated views included here strengthen readers' understanding and add credibility. We believe this approach can be extended, based around systematic engagement with the full range of stakeholders, ranging from special interest groups to governments and consumers.

By focusing on their priorities, new reporting topics will be apparent, and new opportunities to improve performance arise. Future reporting should show how MillerCoors manages its stakeholder engagement, what stakeholders are saying and how the business is responding. The new Great Beer, Great Responsibility Web site provides the opportunity to move from once-a-year retrospective reports to real-time communication and engagement.

**Corporate Citizenship June 3, 2009**

**[www.corporate-citizenship.com](http://www.corporate-citizenship.com)**

### ABOUT CORPORATE CITIZENSHIP & OUR ROLE

Corporate Citizenship is a specialist management consultancy advising corporations that seek to improve their economic, social and environmental performance. We provide assurance services to both MillerCoors owners, SABMiller and Molson Coors.

MillerCoors has commissioned us to prepare an external commentary on this report. Our work comprised interviews with a cross-section of managers from relevant functions, a review of best practice reporting by other brewing companies and detailed discussion with responsible executives about the report's content.

This statement does not constitute independent assurance as we have not verified the report's content nor assessed materiality, completeness or responsiveness to stakeholders.

# LOOKING AHEAD

As we continue our work throughout the remainder of 2009, we have outlined the goals that we hope to achieve for our 2010 Sustainable Development Report.

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## Alcohol Responsibility

### REDUCING DRUNK DRIVING

- Offer more than 250,000 safe ride alternatives
- Implement programs in 80 markets and in partnership with local distributors

### REDUCING UNDERAGE CONSUMPTION

- Further improvement in Respect 21 results, increasing the number of times retailers check for ID
- Expand Respect 21 to four new market areas

### COLLEGE CAMPUS ISSUES

- Expand and enhance partnerships with nonprofit stakeholders to support responsible consumption initiatives

### MARKETING AND SELF-REGULATION

- Train all marketing employees on Sales and Marketing Code of Commercial Communications
- Continue to enhance employee fluency on alcohol responsibility

## Environmental Sustainability

### WATER STEWARDSHIP

- Make progress toward 15% water usage reduction target of 3.5 barrels of water to one barrel of beer by 2015
- Find creative reuse opportunities for waste water including irrigation and cooling towers
- Align corporate social investments with our commitment to water sustainability by investing in three strategic, water-related community initiatives

### ENERGY AND CARBON REDUCTION

- Make progress toward 15% total energy use reduction of 128 MJ/hl by 2015
- Identify additional alternative energy project opportunities
- Improve efficiencies through utility infrastructure replacement projects
- Explore anaerobic waste water treatment technologies for two additional breweries
- Improve brewing and packaging line operating performance

### PACKAGING SUSTAINABILITY

- Make progress toward 2015 target of 2% retail packaging reduction
- Consider sustainable design changes in paper cartons and material substitutions

- Explore innovation in second generation of vented 202 lids for applicable brands
- Continue to investigate technological advances in glass and metal, and design changes in plastic
- Integrate Miller and Coors brand packaging into a common platform
- Decrease the weight of existing packaging
- Reduce our packaging carbon footprint
- Increase recycled content
- Expand post-consumer recycling initiatives

### ZERO WASTE OPERATIONS

- Make progress toward 2015 target of 15% reduction in waste to landfill
- Consider expanding recycling efforts to include can end craft paper sleeves, heavy duty super sacks, ploy stretch films and labeler wastes
- Add balers and new or upgraded recycling collection containers at breweries

## Sustainable Supply Chain Goals

### ENVIRONMENT

- Examine improved irrigation practices for crops
- Continue to assess the efficiencies of winter barley
- Reconcile and implement clear supplier standards from the two legacy companies
- Consider energy reductions where applicable (irrigation, grain storage and transportation)
- Set new targets and goals for U.S. Environmental Protection Agency Climate Leaders program
- Create timeline for understanding and measuring carbon footprint

### SUPPLIER STANDARDS

- Ensure that Top 100 suppliers have visibility to our Responsible Sourcing Principles
- Conduct sustainability training for all procurement staff
- Require suppliers to perform self-audits against our Responsible Sourcing Principles

### SUPPLIER DIVERSITY

- Reach best practices spend levels for minority and women-owned businesses
- Increase African American supplier spend by 3%-5%
- Increase Hispanic American supplier spend 3%-5%

## People and Community Investment Goals

### SAFETY

- Pilot full safety culture process at two breweries and complete safety culture one-day workshop at all others
- Coach and support each brewery in customized safety culture implementation
- Establish OSHA Voluntary Protection Program rollout in collaboration with facilities

### COMMUNITY INVESTMENTS

- Develop, refine and launch United Way corporate giving strategy
- Establish and implement three-year corporate social investment (CSI) strategy
- Track and measure CSI spend

### VOLUNTEERISM

- Track employee volunteer hours through volunteer Web site
- Increase employee volunteer hours and participation each quarter

### DIVERSITY AND MULTICULTURALISM

- Develop a unified multicultural relations strategy and align strategic partnerships
- Focus on areas of the workforce where diverse candidates are underrepresented
- Hire consistently from available, qualified and diverse external candidates and employees
- Create diverse internal and external candidate pools to facilitate pipelines of key talent

## Ethics and Transparency Goals

- Establish cross-functional sustainable development committee
- Develop 'green teams' to embed sustainability efforts into the business
- Launch partnerships with key external partner organizations
- Expand the ethics helpline to include supplier and retail chain reporting
- Demonstrate improvement in overall SAM score





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