

# Success the right way.





Success in meeting our  
business goals means  
helping 50,000 fans  
drink responsibly.



WE I DO

2011  
ASAP

16 oz Plastic  
\$7.25

A young man with dark, curly hair and a goatee is smiling warmly at the camera. He is wearing a light green short-sleeved button-down shirt with thin vertical stripes in red and white. He is leaning against a bright orange metal ladder. The background is a warehouse or construction site, with stacks of white insulation or drywall visible. The text is overlaid on the left side of the image in a white, serif font.

Success in building  
market share means  
connecting with  
our multicultural  
consumers.



Alejandro Velez and Nikhil Arora, founders of Back to the Roots, which recycles coffee and spent grain waste into planting material to grow organic mushrooms, are grand prize recipients of the MillerCoors Urban Entrepreneurs Series national business plan competition (see page 66).

Making more beer  
with less water means  
challenging ourselves,  
not the environment.





The Silver Creek Preserve in Idaho  
Photo: Giuseppe Siatta

Success comes from building  
a great culture and with that,  
a competitive advantage.











**Tom Long**

Chief Executive Officer  
MillerCoors

**N. Cornell Boggs, III**

Chief Responsibility and Ethics Officer  
MillerCoors

# Letter from the Chief Executive Officer

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MillerCoors is part of American life.

Our brands go back generations, and we are creating a company that will serve our products for generations to come. That longevity is the essence of sustainability. Times change, new challenges arise and we continue to provide the finest quality beer in America and do it responsibly.

Part of that responsibility is demonstrating our sustainability to others. Our society needs to address issues such as climate change, limited natural resources, and equal access to educational and economic opportunities. Changes in the business and social landscape have always created opportunities for the best companies to show new aspects of leadership. Part of our vision to create America's best beer company, includes contributing significantly to sustainability.

We see signs that our commitment to environmental stewardship is enhancing our brand reputation. All of us want to relate to the people and companies behind the brands we buy, just as we want to be proud of the company that employs us. Sustainability is becoming one of the passion points that affects the choices people make in both areas. And so increasingly, sustainability is becoming good business.

Our approach to sustainability is to put it to work for us. The most visible example is the way we take the high road in marketing our products responsibly. We are also constantly finding ways to reduce our dependence on water, energy and landfills. We are investing in our communities and supporting our people in becoming more engaged as volunteers and charitable donors—and the response is inspiring. We appreciate our many suppliers, distributors and retailers who are responding to our invitation to address joint opportunities together.

One of the keys to leadership in sustainability is accountability: stating quantitative goals and then reporting publicly on progress. Then, when people enjoy one of our great beers, they'll be contributing to something greater that touches all of us.



Tom Long  
Chief Executive Officer

# Letter from the Chief Responsibility & Ethics Officer

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Welcome to MillerCoors third annual Sustainable Development Report.

At MillerCoors, leadership in sustainability starts with ethics and transparency. We strive to achieve success the right way because of our values as people and as an organization, and we report openly about our progress because sustainability matters to everyone our business touches: our people, our communities, our many business partners, and our stakeholders in society as a whole.

We designed this Report to show you our values in action as well as our transparency in reporting our results. In terms of actions, you'll find a wide range because we address issues from all sides. Energy efficiency is a good example. While our management team is shaping the company's capital budget to invest in more efficient infrastructure, our brewery employees are figuring out how to make the existing infrastructure work smarter—such as by running a major brewing line on one boiler instead of two for nearly a year.

We've pursued greater transparency in the same way, getting people involved at all levels. We have provided more context and statistical detail on our goals for 2015, and we have begun disclosing and explaining the sustainability metrics we report to our parent companies. You'll also meet employees who put the five parts of our sustainable development model into action. We've maintained our practice of including statements from outside stakeholders in the Report with an important difference: they now appear where their perspectives can add more context and insight for readers.

If you spend some time with the Report, you will be able to understand how sustainability works inside MillerCoors. It's a constant conversation that goes on at every level, from the plant floor to the executive office, about how to achieve success the right way. We take that conversation out well beyond our doors, to our distributors, retailers, and community investment partners.

We want you to be part of the discussion as well because one of the responsibilities of a sustainability leader is to bring people together. No one company or organization can become a better steward of the environment or drive local enterprise development on its own. This Report is our invitation to you to become part of the conversation with MillerCoors so that we can all advance the cause of sustainability together.

Thank you for reading.



N. Cornell Boggs, III  
Chief Responsibility and Ethics Officer



MGD

Light  
**64**

CALORIES

GOVERNMENT WARNING: (1) ACCORDING TO THE FEDERAL GOVERNMENT, THIS BEER MAY CONTAIN 64 CALORIES PER 12 OZ SERVING.

11/1908  
11/21408

*Miller*

GENUINE  
DRAFT

**64**  
CALORIES

*Beer*

2.4 CARBS

1 936546

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# Profile

## Sustainable Development Strategy

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.” We set our sustainable development strategy shortly after the company was formed in 2008, basing it squarely on the priorities and strategies in place at our two legacy companies. The core of the strategy is a sustainable development model that defines our responsibilities as:

- **Ethics and Transparency:** managing our business ethically and reporting our sustainable development progress transparently.
- **Alcohol Responsibility:** marketing our products responsibly and helping people enjoy them responsibly.
- **Environmental Sustainability:** reducing or mitigating environmental impacts related to water, energy, packaging and waste.
- **Sustainable Supply Chain:** working closely with our suppliers to encourage sustainable practices in their businesses.
- **People and Community Investment:** acting on our commitments to safety and diversity in our workplace and our commitment to stronger multicultural communities.

We chose these five areas because within each one we identified opportunities to improve our own operations or the marketplace in which we operate. Each area also holds potential risks to our long-term sustainability. For example, water quality and availability is an environmental issue that is vital to our product—and also to everyone who lives in the communities surrounding our breweries.

In 2010, we continued to execute our first three-year strategic plan for sustainable development progress. Under this plan we set [strategic goals](#) and made progress toward achieving them by 2015. We also participated actively in our parent companies’ corporate responsibility reporting. At the same time, we sought out and developed relationships with leading stakeholder organizations involved in the five areas of our sustainable development model.

All this was taking place while our young company—created from the 2008 joint venture of two of America’s largest and most successful beer enterprises—was developing a new corporate culture and successfully achieving ambitious operating and financial synergies across the business. Note that we do not provide extensive information on our economic performance in this Report because that information is already disclosed at length in the shareholder reports of our parent companies.

**Report Parameters.** Both our parent companies report publicly on corporate responsibility and our Sustainability Assessment Matrix (SAM) results are included in their reports on a segment or geographic basis. We voluntarily publish this Sustainable Development Report because of our large stakeholder community in the U.S. and our commitment to transparency. For example, the largest share of MillerCoors revenue is spent with 10,000 suppliers in the U.S., many of which are small and diverse businesses; nearly 30 percent of our revenue is paid to employees and governments.

## ABOUT MILLERCOORS

Built on a foundation of great beer brands and nearly 300 combined years of brewing heritage, MillerCoors is the second-largest beer company in the U.S., with nearly 30 percent of domestic beer sales. We have a broad portfolio of [brands](#) across every major industry segment, including light beers such as [Miller Lite](#) and [Coors Light](#); premium beers such as [Coors Banquet](#) and [Miller Genuine Draft](#); and economy brands such as [Miller High Life](#) and [Keystone Light](#). Tenth and Blake, MillerCoors new craft and import business, imports Peroni Nastro Azzurro, Pilsner Urquell and Grolsch, and features craft brews from the Jacob Leinenkugel Brewing Company, a wholly-owned subsidiary of MillerCoors, Blue Moon Brewing Company and the Blitz-Weinhard Brewing Company. MillerCoors operates eight major breweries in the U.S., two microbreweries: the 10th Street Brewery in Milwaukee, Wisconsin, and the Blue Moon Brewing Company at the Sandlot in Denver, Colorado, as well as the Leinenkugel’s craft brewery in Chippewa Falls, Wisconsin. Coors Distributing Company is a division of MillerCoors located in Denver, which distributes MillerCoors products. MillerCoors also owns five grain elevators in the western U.S. and has partnerships in place for the Rocky Mountain Bottle Company with Owens Illinois Inc., and the Rocky Mountain Metal Container Plants with Ball Corporation. The company headquarters office is located in Chicago, Illinois. We employ more than 8,000 people. Our financial performance is reported publicly by our parent companies, which also include MillerCoors in their reports on corporate responsibility. For more information about MillerCoors, visit [MillerCoors.com](#). For more information about sustainable development at MillerCoors, visit [GreatBeerGreatResponsibility.com](#).

## SUSTAINABLE DEVELOPMENT MODEL

This Report presents corporate responsibility at MillerCoors according to our sustainable development model, which identifies five primary areas of responsibility. We believe this model helps all our stakeholders understand the most relevant issues for our sustainability as an organization. The model also provides a stable framework for highlighting strategies and actions that may be unique to MillerCoors within the beverage industry. Our materiality and stakeholder engagement processes both shape and sustain this model and our key performance indicators measure our progress in each area.

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

## REPORT CARD ON PROGRESS TOWARD 2015 GOALS

MillerCoors has set goals for 2015 in each of the five areas of the sustainable development model. Progress in 2010 toward each goal is discussed in the relevant chapter of this Report.

Goal	Progress
● Improve overall Sustainability Assessment Matrix (SAM) score by 15%.	✓
● Encourage six million people to pledge to plan ahead and take a safe ride.	✓
● Reduce water usage by 15% to achieve a 3.5 to 1.0 water-to-beer ratio.	!
● Reduce total energy use by 15%.	!
● Reduce all packaging throughout the supply chain by 2%.	✓
● Reduce waste to landfill by 50%.	✓
● Cumulatively spend more than \$2.5 billion with diverse suppliers.	✓
● Achieve recognition as FORTUNE 100 Best Companies to Work For®.	!
● Exceed \$2 million annually in United Way contributions.	✓

✓ = Met or exceeded target

! = Remained the same

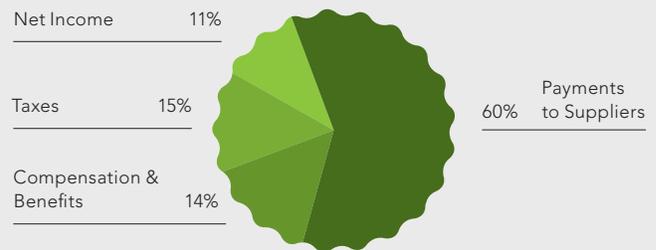
## SAM PERFORMANCE LEVELS

MillerCoors reports on progress regarding the ten priorities shown in the [Sustainability Assessment Matrix \(SAM\)](#) on page 27. Scores for each priority and for overall performance cover the period April 1, 2010 through March 31, 2011 to align with the fiscal-year reporting cycle of SABMiller plc. The SAM [measurement and reporting system](#) is described on page 25 in Ethics and Transparency, and specific results are presented throughout the Report.

5. **Leading Edge:** Performance that represents genuine global leadership on an issue.
4. **Best Practice:** Achieving what is currently considered to be a global best practice in a particular field.
3. **Developing Leadership:** Applying a comprehensive approach including innovative tools and widespread engagement.
2. **Progressing:** Ensuring consistent performance is achieved in a particular field.
1. **Minimum Standard:** All operations must achieve level 1 as it represents management of the key sustainable development risks we are facing today. The Executive Committee of SABMiller plc has mandated that where operations do not meet level 1 currently, they must implement a plan to reach this level as soon as possible.

## REVENUE ALLOCATION

MillerCoors generated total revenue of \$8.8 billion in 2010. We returned \$7.8 billion to society in the form of payments to suppliers, compensation for employees, taxes paid to governments and grants to nonprofit organizations as part of our community investment strategy. Net income goes to our parent companies, who pay dividends to shareholders and conduct additional philanthropic activities of their own.



Revenues returned to society in 2010 as payments to suppliers, compensation and benefits, and taxes.

This Report covers MillerCoors sustainable development activities in 2010. Our [previous report](#) covered 2009. The primary exception to this calendar year reporting involves our SAM results, which are aligned with the fiscal year of one of our parent companies, SABMiller plc (March 31 year-end). A complete description of SAM reporting is provided in the [Ethics and Transparency](#) section. In a limited number of cases, we also provide preliminary indications regarding known and important 2011 events that we intend to cover fully in our next Sustainable Development Report. For further information about this Report, including its alignment with GRI-G3.1, please [see page 70](#).

## Great Opportunities, Recognizable Risks

MillerCoors enthusiastically embraces sustainable development as a core business strategy for many reasons. Two of the most important are our commitment to ethical behavior in everything we do and the opportunities we have to influence our industry and our society for the better. We address a broad range of sustainability issues, from agriculture and water to responsible packaging to underage drinking. And, because our industry has a long legacy—our company roots, for example, reach into the 19th century—we also have a long history of adapting to each new challenge. Today, we believe that many areas of our business can and should change in an era of concerns about climate change, resource availability and social equality.

Below are some of the broad opportunities we have identified for the sustainable development of MillerCoors:

- Increasing awareness of sustainability issues among consumers and employees, and showing how they can make a positive difference.
- Driving sustainable development into our supply chain through partnerships, purchasing decisions and other programs.
- Establishing new standards for resource conservation in the beverage industry, particularly regarding water, energy, packaging materials and waste. We report on our progress in all four areas in this Report.
- Continuing to help reduce underage drinking and drunk driving in our society.
- Supporting small and diverse businesses and multicultural entrepreneurs.
- Increasing multicultural diversity in our supply chain and in our company.
- Differentiating MillerCoors in the marketplace based on sustainability performance.

Like any business, we seek to understand the risks to our long-term health and profitability. The main risks we recognize today include:

- Potential changes in societal acceptance of alcohol and the need for alcohol responsibility.
- Increasing pressure on sources of water due to population growth, climate change and other factors that could affect the availability of water for our breweries.
- Growing societal attention to water use and availability, which could affect our access to water and its cost.
- Increasing pressure on sources of malt-quality barley and hops due to climate concerns, water availability and economic factors.
- Increasing costs for energy and energy-intensive components of our products, such as glass.

## Materiality and Stakeholder Engagement

Before we set sustainability goals or can report on sustainable development, we must first determine which issues and topics are the most material for the long-term sustainability of our business. This process starts with identifying candidate issues from a broad range of sources, including:

- Our management and employees,
- Our parent companies and investors,
- Our suppliers, distributors and business partners,
- Community-based organizations,
- Issue-oriented organizations,
- External customer surveys,
- Alcohol industry associations and working groups,
- Cross-industry associations and working groups,
- Regulators and policy makers concerned with alcohol, the environment, public health and other issues, and
- Media.

## GREAT EMPLOYEES



Raam Stevenson, Skilbase Analyst, is inspecting the cans on the packaging line.

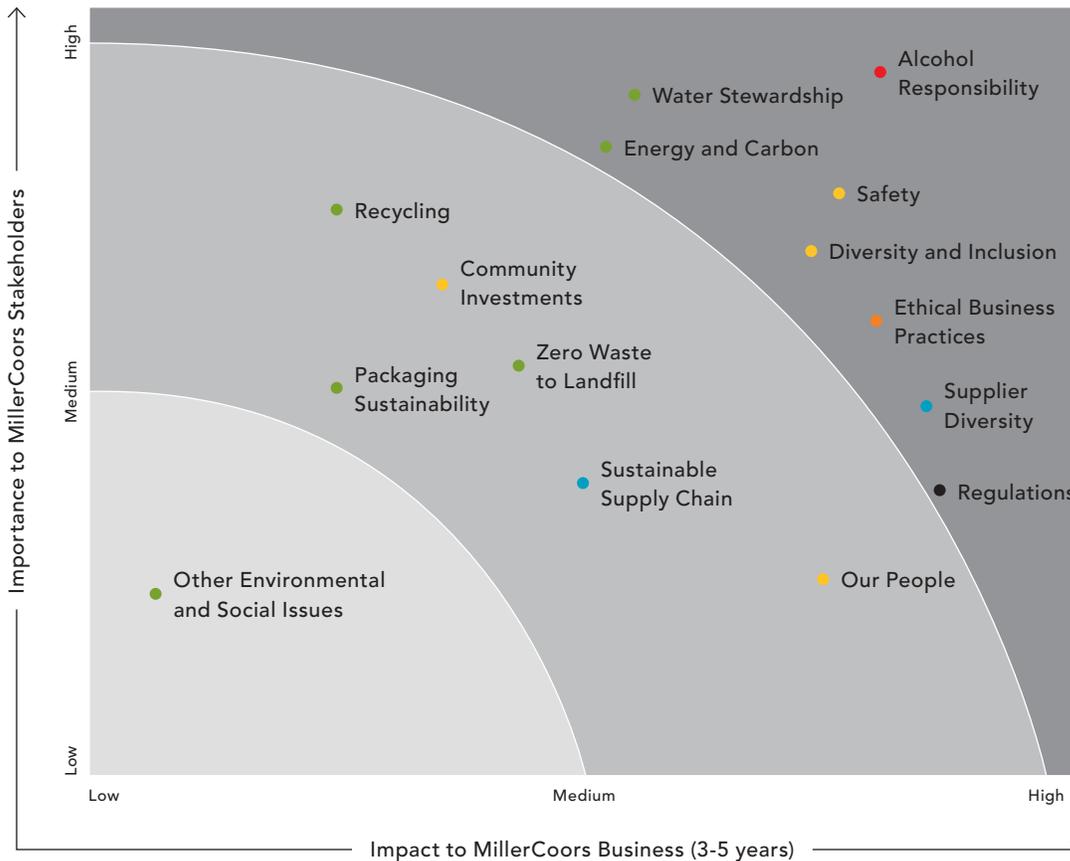
We conduct numerous dialogues with these stakeholder groups to solicit feedback and learn about a wide range of issues from their various perspectives. We also commissioned Corporate Citizenship (see page 21) to conduct a formalized and strategic stakeholder engagement, with key external and internal stakeholders, to help improve internal management of corporate responsibility and provide direction on future strategy and performance.

We analyze the issues from all these stakeholder engagements according to a set of carefully considered criteria. For example, we study how closely an issue aligns with our business strategy and goals, and with those of our parent companies. In particular, we look for issues that fit into the Materiality Map presented in the chart below. We also filter issues by considering how they might affect our operations, brand and reputation, and by their potential impact on our employees, suppliers, customers and communities. At the most basic level, we assign high materiality to issues that could affect our societal license to operate or the regulations that govern our industry.

The result of this analysis is the materiality matrix shown below. The matrix shows the relative importance of each issue for our stakeholders and for our sustainability as a business. For example, the effects of drunk driving can be significant for society and for our business, so this issue has high materiality for both MillerCoors and our stakeholders.

One of the requirements for an effective materiality analysis is strong relationships with outside stakeholders. At MillerCoors we have developed a rich set of stakeholder engagements, including all the types of stakeholders listed previously. We are always open to learning from people both inside and outside our business, because we believe that sustainability is fundamentally an inclusive concept. This is one of the primary reasons why we have included stakeholders in this Report and invited them to offer external perspectives on sustainable development at MillerCoors.

MATERIALITY MAP



**High.** For our most material issues, we set yearly targets or 2015 goals, and publish data on our progress towards them. We conduct regular stakeholder dialogue and utilize the feedback to shape our policies and strategies. We engage in discussion on our strategies with our senior leadership team and our board, and track and measure through our Sustainability Assessment Matrix (SAM). We also provide detailed information on our approach to these issues in our Sustainable Development Report (SDR) and on our websites.

**Medium.** For our mid-level material issues, we track and measure through our SAM. We align our efforts with our business strategies, and we report on progress in some of the areas. We discuss our approach in our SDR and our websites. We also engage with stakeholders to identify issues and solutions.

**Low.** These issues are not aligned to our MillerCoors strategies and are a lower priority for MillerCoors. Therefore, they are not discussed in our Report or websites.



# Corporate Citizenship

In the Sustainable Development report letter from MillerCoors CEO, he states "Part of our vision to create America's best beer company, includes contributing significantly to sustainability." We offer comments on MillerCoors report in light of the leadership position to which the company aspires.

MillerCoors report clearly identifies its priorities related to alcohol responsibility, environmental sustainability, sustainable supply chain, people and community investment, and ethics and transparency. It is clear that the company has a good sense of its opportunities and risks related to sustainable development.

For future reporting, we identify three main areas that MillerCoors should address.

First, the report includes a full description of MillerCoors responsible advertising and marketing policies and highlights the company's approach to go beyond compliance with industry marketing standards. Given the heightened interest from stakeholders in the alcohol beverage industry, MillerCoors should clearly illustrate how the company's approach works day-to-day by providing examples of how the company goes beyond compliance with laws and industry standards and how the company responds to concerns of stakeholders. Furthermore, the report makes reference to specific sports marketing efforts around reducing drunk driving at sporting events. It would benefit the reader if additional details were included on MillerCoors overall brand advertising and marketing approach around high profile events.

Second, MillerCoors has shown that it engages with a variety of stakeholders through multiple forums and about a range of topics. Based on this engagement, the company has provided a detailed description of what issues are most important to stakeholders and how significant these issues might be to MillerCoors business. This year's report shows progress from last year. To take the next step, the report should more prominently illustrate through case studies and stories what actions the company has taken as a result of specific discussions with stakeholders. Additionally, the report could include a broader range of independent stakeholder views.

Third, SAM is an important driver for sustainable development strategy and performance and this year's report shows how SAM progress is measured for each priority area of responsibility and corresponding results. To aid in reader understanding, future reports should continue to emphasize progress in MillerCoors sustainable development activities first and then explain how SAM as a management system assists in these activities. Additionally MillerCoors can more clearly show its demonstrable progress on specific social and environmental objectives.

This report highlights the progress MillerCoors has made to date on key priorities. MillerCoors reports on why sustainable development is essential to being a successful business and addressing the areas identified will allow MillerCoors to continue to further its commitment to sustainable business practices.

Corporate Citizenship

June 6, 2011

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

## About Corporate Citizenship and Our Role

Corporate Citizenship is a specialist management consulting company advising corporations that seek to improve their economic, social and environmental performance.

We provide assurance services of SABMiller plc's Sustainability Development Report and Molson Coors environmental data. Our assurance statements are available on the parent companies' websites.

MillerCoors has commissioned us to prepare an external commentary for this report. Our work was comprised of interviews with a cross-section of managers from relevant departments, a review of best practice reporting by other brewing companies, and a review of the company's inputs into Sustainability Assessment Matrix (SAM).

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



“We place a high value on being ethical and transparent in what we do. From honest and responsible business conduct to brewing high quality beer in a way that does not harm the environment or community, success for MillerCoors is a commitment to growing our business the right way.”

Lisa Quezada  
Sustainable Development  
Policy Manager

MillerCoors enthusiastically embraces sustainable development as a core business strategy based on our commitment to ethical behavior in everything we do and our recognition of abundant opportunities to influence our industry and our society for the better. We address a broad range of sustainability issues, from agriculture and water to responsible packaging to underage drinking. We believe that many areas of our business can and should change in an era of concerns about climate change, resource availability and social equality.

Improve overall SAM score 15%.

2015  
GOAL



**2015 GOAL**

Our 2015 goal for our overall SAM score is to improve by 15 percent. At the close of this year's SAM reporting period, our aggregate score was 3.70. This is a 16 percent increase from 3.19 at the close of the prior 12-month period.



# Ethics and Transparency

## Governance

Ethics and transparency are top priorities for MillerCoors. Our senior management team includes a [Chief Responsibility and Ethics Officer](#), N. Cornell Boggs, III, and our Board of Directors structure includes a committee on ethics, compliance and corporate responsibility. We participate actively with a number of external organizations to ensure that our governance programs and processes meet high standards. These organizations include the Corpedia Advisory Board, the Corporate Executive Board Compliance and Ethics Leadership Council, and the Ethics and Compliance Officer Association. More broadly, MillerCoors is committed to principles of the U.N. Global Compact, to which both our parent companies are signatories. In addition to these organizations, we draw inspiration, ideas and advice regarding governance from our many other stakeholder engagements, as described in [Profile](#) on page 17. Mr. Boggs and other members of senior management review and approve our strategic plans for sustainability initiatives, including those related to ethics and transparency. We also systematically review our performance in this area using the [Sustainability Assessment Matrix](#) described below.

The day-to-day guidance for ethics and transparency in all our activities comes from our [Code of Business Conduct](#). This document is available to employees online, and we require them to affirm it annually. The Code is also included in our supplier contracts, and we require our suppliers to abide by its provisions. One of the industry-specific topics covered in the Code is responsible marketing of alcohol beverages. Our distributors are required to abide by our Distributor Standards, including a standard specifically focused on alcohol responsibility, so that they can share in and execute on our commitments.

We participate actively in the Beer Institute, which was organized in 1986 to represent the industry before Congress, state legislatures and public forums across the country. The Institute is committed to developing sound public policy that focuses on community involvement and personal responsibility.

## Sustainability Assessment Matrix

Our parent company SABMiller plc has set ten priorities for sustainable development, and we report our progress on each priority to SABMiller plc as the U.S. geographic segment of its operations. In the interest of transparency, we report on these priorities in our own Sustainable Development Report as well. The ten priorities are alcohol responsibility, water, energy and carbon, packaging, waste, local enterprise development, community investment, HIV/AIDS, human rights, and ethics and transparency. The specific requirements for each category were developed in part based on principles of the U.N. Global Compact and the G3 guidelines of the Global Reporting Initiative (GRI).

Our other parent company, Molson Coors Brewing Company, has embraced our reporting in this manner and utilizes our information in reporting about the U.S. segment of their business.

Because we are a legally separate company with two owners, we have developed our own [sustainable development model](#) that embraces the ten priorities while enabling us to streamline our program management and reporting responsibilities:

- We combine the water, energy and carbon, packaging and waste priorities under the heading of Environmental Sustainability.
- We combine the human rights and community investment priorities under the heading of People and Community Investment.
- We address “local enterprise development” under the heading of Sustainable Supply Chain.
- We use the same headings for the alcohol responsibility priority and the ethics and transparency priority.
- HIV/AIDS is a global priority for SABMiller plc because of the increasing or high incidence of HIV/AIDS, not only in certain parts of Africa, but in many countries and communities around the world.

We measure our progress in the ten priorities using SABMiller plc’s Sustainability Assessment Matrix (SAM), which specifies five levels of performance for each priority. The lowest level is a minimum standard for each category; the highest level is leading-edge performance. An illustration and description of the five levels is shown on pages [18](#) and [27](#). Before 2010, the SAM scale had four levels. In 2010, SABMiller plc added the fifth level following an independent review of the food and beverage sector as well as broader corporate leadership on each of the ten sustainable development priorities. The intention was to encourage “stretch” goals and performance that demonstrate true leadership. We believe that the SAM approach gives us practical, step-by-step pathways for making progress, measuring our performance objectively and reporting on our progress transparently.

We report on SAM scores to our parent companies on a semiannual basis, and our scores are included in the SAM results reported by SABMiller plc on a fiscal-year basis (visit [www.sabmiller.com/files/reports/sdreporting](http://www.sabmiller.com/files/reports/sdreporting)). For this reason, our SAM scores cover the period from April 1, 2010 through March 31, 2011. Other data disclosed in this Report are for the calendar year 2010.

We generate individual scores on the five-point scale for each sustainability priority and then combine those scores into an aggregate result for all ten priorities. At the close of the 12-month period ended March 31, 2011, our aggregate SAM score was 3.70. This is a 16 percent increase from 3.19 at the close of the prior 12-month period. We therefore exceeded our 2010 goal to increase our aggregate SAM score by 15 percent. In light of achieving the goal early, we are looking to set a new 2011 goal. We increased our scores for seven of the priorities; scores for two were unchanged, and only one score came in lower. Addition of the fifth level of SAM

performance, mentioned previously, had a positive influence on the overall increase because our scores for ethics and transparency and for HIV/AIDS each rose from 4.0 (previously the highest score possible) to 5.0.

We present and discuss individual scores for nine of the ten SAM priorities in corresponding sections of this Report. We do not provide detailed reporting regarding HIV/AIDS because the incidence in our geographic market is low (well under 1 percent of the population according to the Centers for Disease Control) and because we provide our employees with the necessary resources to seek treatment if needed.

## Goals for 2015

As part of our current three-year strategic plan, we established a set of goals we intend to achieve by 2015. While SAM scores measure our long-term progress on a “stairway” to leading-edge sustainability, our 2015 goals measure progress on specific programs and objectives that enable us to climb the SAM stairway in the near term. There are 2015 goals for all five areas of our [sustainable development model](#). The 2015 goal for ethics and transparency is the increase in overall SAM score as mentioned above.

In the sections of this Report that follow, we discuss our goals for 2015, including interim results in 2010, specific actions that influenced the results, current and future actions we are taking to reach the goals, and the benefits that we see for MillerCoors and its stakeholders from achieving the goals. We believe we are on track to meet or exceed all our 2015 goals. In the case of our goal for [reducing waste to landfill](#), we have already increased the target reduction to 50 percent because of rapid progress in achieving the original reduction of 15 percent.

## Compliance Topics in 2010

Our policy is to meet or exceed all laws and regulations governing our business, including those related to environmental, health and safety (EHS) matters. In 2010, MillerCoors incurred a total of \$235,253 in penalties for EHS matters. Two penalties related to more than 90 percent of the total: one related to visible air emissions from a can factory (described in Environmental Sustainability) and one related to electrical safety in a brewery (described in People and Community Investment). As in all cases, we conducted necessary abatement activities.

## ENERGY CONSERVATION



Brad Greer, Utilities Manager, optimizes production systems to minimize energy use and emissions.

## STRONG PARTNERSHIPS

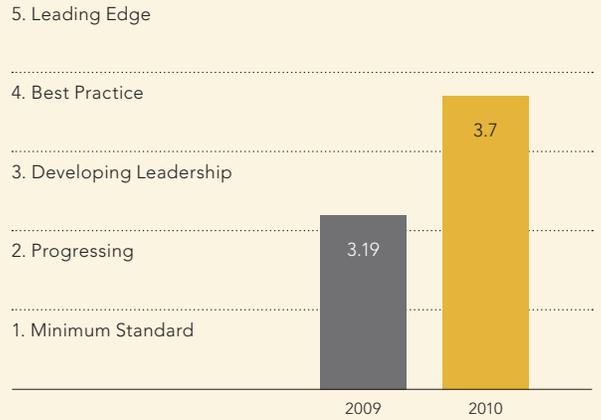


MillerCoors works closely with distributor partners and transportation providers to increase energy efficiency for deliveries both to and from production facilities.

## SAM Performance Levels

5. **Leading Edge:** Performance that represents genuine global leadership on an issue.
4. **Best Practice:** Achieving what is currently considered to be a global best practice in a particular field.
3. **Developing Leadership:** Applying a comprehensive approach including innovative tools and widespread engagement.
2. **Progressing:** Ensuring consistent performance is achieved in a particular field.
1. **Minimum Standard:** All operations must achieve level 1 as it represents management of the key sustainable development risks we are facing today. The Executive Committee of SABMiller plc has mandated that where operations do not meet level 1 currently, they must implement a plan to reach this level as soon as possible.

## SAM Score: Overall

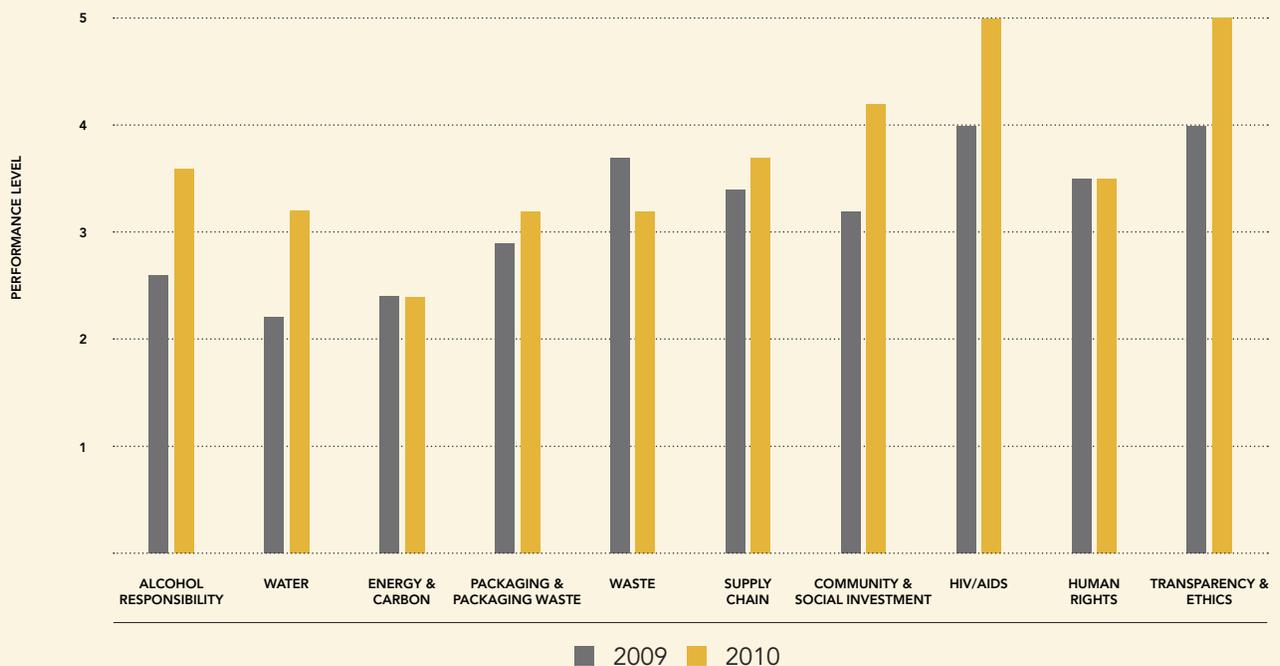


### Components of the Assessment

10% Responsible Drinking	10% Enterprise Development
10% Water	10% Communities
10% Energy & Carbon	10% HIV/AIDS
10% Packaging	10% Human Rights
10% Waste	10% Transparency & Ethics

We increased our scores for seven of the priorities; scores for two were unchanged, and only one score came in lower. Addition of the fifth level of SAM performance had a positive influence on the overall increase because our scores for Ethics and Transparency and for HIV/AIDS each rose from 4.0 (previously the highest score possible) to 5.0.

## SAM Comparison Scores





GREAT  
GREAT  
GREATEST.



“One of the keys to alcohol responsibility at MillerCoors is great partners in our community, distribution chain and alliances. They help us bring consistent, important messages to consumers to help prevent drunk driving.”

Kelly Mitchell

Field Activation

Marketing Specialist

At MillerCoors, we have established a detailed strategic plan for alcohol responsibility that includes training, marketing, advertising, sponsorships and partnerships. The plan addresses issues and opportunities for our consumers, employees, distributors and retailers. Our most visible programs encourage consumers to make smart choices. We deliver these messages publicly in various media and also partner with transportation providers to provide alternatives to driving after drinking. In addition, we work closely with our distribution partners and communities to help them prevent underage access to alcohol.



**1-800-TAXICAB**

To further the prevention of drunk driving, MillerCoors partners with 1-800-TAXICAB, a national taxi dispatch service, which automatically connects callers with local area taxi companies.

Visit [www.GreatBeerGreatResponsibility.com](http://www.GreatBeerGreatResponsibility.com) to learn more about MillerCoors alcohol responsibility initiatives.



# Alcohol Responsibility

## Responsible Enjoyment of Our Beers

Alcohol responsibility is essential to our sustainability as a company because of government regulation, societal expectation, and our own determination to grow our business the right way. The concerns of government and society relate primarily to driving under the influence of alcohol and drinking below the legal age. We share these concerns and have been part of a broad effort to reduce drunk driving and underage drinking in the United States.

According to statistics kept by the U.S. National Highway Traffic Safety Administration (NHTSA), drunk driving fatalities in the U.S. declined 49 percent from 1982 to 2009. Underage drinking is also declining on a long-term basis. The Centers for Disease Control found that underage drinking among high school students has decreased by 16.4 percent between 1999 and 2009, to the lowest level since tracking began in 1991. University of Michigan's 2010 Monitoring the Future study marked the lowest level of alcohol consumption among 12th graders since the study's inception in 1975. Studies by the National Survey on Drug Use and Health, conducted by the U.S. Substance Abuse and Mental Health Services Administration, show declines going back even further. These reductions came after collective action by government, national advocacy groups, and the alcohol beverage industry, and were supported by other factors such as seat belt laws, safer automobiles and improved road conditions.

While these actions are notable, we believe our society can reduce the irresponsible use of alcohol even further. According to statistics available from NHTSA when we prepared this Report, 10,839 people died in the U.S. in alcohol-impaired driving fatalities in 2009. According to studies by the U.S. Substance Abuse and Mental Health Services Administration, alcohol is a factor in the three leading causes of death in young people aged 12 to 20, and those who start drinking before age 15 are five times more likely to abuse alcohol as adults than those who start drinking at or after age 21. These facts are behind many of the restrictions on advertising and marketing that we voluntarily adhere to as a responsible company and as a member of the alcohol beverage industry.

At MillerCoors, we have established a detailed strategic plan for alcohol responsibility that includes training, marketing, advertising, sponsorships and partnerships. The plan addresses issues and opportunities for our consumers, employees, distributors and retailers. Our most visible programs encourage consumers to make smart choices, such as drinking moderately and safely without harming others and planning ahead for a safe ride home after enjoying alcohol. We deliver these messages publicly through various media outlets and also partner with transportation providers to offer alternatives to drunk driving. In addition, we work closely with our distribution partners and communities to help them limit underage access to alcohol.

**Progress Toward Goals.** Our 2015 goal for alcohol responsibility is to encourage six million people to plan ahead and pledge to take a safe ride, starting from the base year 2009. Since 2009, a total of 2,337,921 people have participated in our programs, keeping us on track to reach the goal. In 2010, we launched a company-wide training program called "Alcohol, Behavior and Communication" (ABC), a program providing employee training in alcohol principles, policies and positions. By the end of 2010, nearly 100 percent of our employees had completed ABC. MillerCoors also conducted a multi-stakeholder forum with media, government, nonprofits, and suppliers, to understand their views and explain the company's responsibility practices and programs. These successes are discussed within this chapter. They were among the factors that enabled us to increase our Sustainability Assessment Matrix (SAM) score for alcohol responsibility to 3.6 on the SAM five-point scale, a significant improvement compared to 2.6 at the end of the prior 12-month period.

### SAM Score: Alcohol

5. Leading Edge

4. Best Practice

3. Developing Leadership

2. Progressing

1. Minimum Standard

2009 2010

#### Components of the Assessment

35% Responsible Commercial Communication

35% Employee Behavior

30% Promoting Responsible Consumption

The launch of the "Alcohol, Behavior and Communication" training program helped increase our SAM score as employees were educated in MillerCoors alcohol principles, policies and positions. MillerCoors also conducted a multi-stakeholder forum with media, government, nonprofits, and suppliers, to understand their views and explain the company's responsibility practices and programs.

## Planning Ahead for Safe Alternative Transportation

We believe that drunk driving is completely preventable. We act on this belief by promoting transportation alternatives that enable people to get home safely, and by helping people take advantage of these safe alternatives with a combination of financial support, innovative promotions and targeted advertising.

**1-800-TAXICAB.** Our most popular alcohol responsibility program in 2010 was **1-800-TAXICAB**, which provides connections to taxi services across the country. We believe it is the largest transportation-related alcohol responsibility program in history, and we have been a partner in the program for more than a decade. During 2010, there were 599,258 calls to the toll-free number for taxi service; 1,132,143 visits to the website for taxi information; and 1,664 people used discounted cab vouchers provided by MillerCoors. We became the exclusive sponsor of 1-800-TAXICAB in 2010, and significantly expanded our marketing efforts. We incorporated 1-800-TAXICAB into more than 100 promotions during the year in a total of 21 geographic markets, working with our distributors to place thousands of vouchers and signs in retail locations. To find a discounted ride, consumers with iPhones can use our free Miller Lite Taxi Finder application and those with other smartphones can go to [www.MLtaxifinder.com](http://www.MLtaxifinder.com) or [www.CLtaxifinder.com](http://www.CLtaxifinder.com) to get one-touch dialing for a nearby taxi.

**Miller Lite Free Rides** was the preferred safe-ride alternative for 354,169 people in 2010. Through this program, we worked closely with transit authorities and other partners to sponsor free bus rides and taxis at major events such as the Kentucky Derby Festival. We promoted the program locally before and during the events, often in close cooperation with event organizers and sponsors. Our distributors also participate by placing point-of-sale information about the Free Rides program in retail locations near event venues.

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### TAXI FINDER



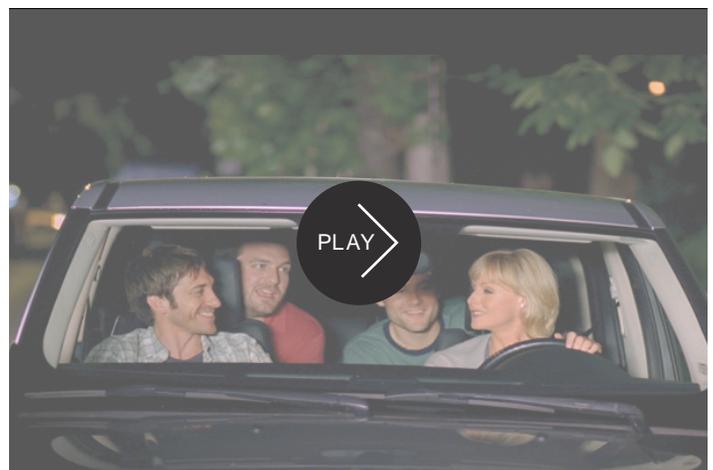
The 1-800-TAXICAB taxi hotline, sponsored by Miller Lite, has connected millions of people to taxis in communities all across the nation. Patrons can call "One Number Nationwide®" to reach a local taxi service. Taxi companies that are in the network include many of the most prestigious in the ground transportation industry.

During 2010, we brought **Miller Lite Free Rides** to new events in four different markets: Baltimore, Chicago, San Diego, and Valparaiso, Indiana. As in past years, we focused the program on holidays associated with public celebration such as Halloween and New Year's Eve. On New Year's Eve, for example, more than 240,000 people in six markets took a free ride thanks to Miller Lite and its program partners.

**Designated drivers** remain one of the most important contributors to drunk driving prevention. In 2010, we encouraged 222,778 people to take the designated driver pledge at sports and entertainment events and civic celebrations. The number of events exceeded 200 in 2010, and included new designated driver programs for minor league baseball, music festivals in Chicago and New Orleans, and the National Puerto Rican Day Parade in New York City. One of our most successful promotions of the year launched at a football game in Chicago at Soldier Field when we, along with the Chicago Bears football team, the National Football League, Illinois State Police, Chicago Police, and **TEAM Coalition**, encouraged fans to be designated drivers. 🍷 This program continued throughout the year, and 7,240 people pledged to be designated drivers during the 2010 Bears games. You can read about this event from the perspective of our responsibility partner, TEAM Coalition, on [www.RHIR.org](http://www.RHIR.org). Another effective promotion of designated driving was a Miller Lite television commercial called "**Brad's Plan**," which encouraged consumers to plan ahead to get home safely. It debuted during the World Cup on June 23, 2010 and aired on many Major League Baseball telecasts throughout the summer. It also aired on NFL football, Direct TV and ESPN from Thanksgiving through New Year's Eve, when drunk driving incidents and fatalities often increase. Consumer testing of the "Brad's Plan" spot showed that Miller Lite drinkers clearly understood the main message — to have a plan and designate a driver—and took away a message of responsible drinking.

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### BRAD'S PLAN



Planning is an important part of any memorable night out with friends. You plan when you're going out, where you're going and who's going. You also need to plan ahead to make sure you and your friends get home safely at the end of the night. Visit our Facebook page to see Brad's Plan, [www.facebook.com/millerlite](http://www.facebook.com/millerlite).

Plan ahead and pledge to take a safe ride.

2015  
GOAL

2009 Baseline

2010

2015 Goal

1.8 million

2.3 million

6 million



**2015 GOAL**

Our 2015 goal for alcohol responsibility is to encourage six million people to plan ahead and pledge to take a safe ride over the period from 2009 to 2015. Sharp's is a low alcohol beer.

## Responsible Advertising and Marketing

MillerCoors management approach to advertising and marketing our products responsibly is to go beyond compliance with federal laws and standards established by our industry and the broadcast media. Our Marketing Compliance Committee (MCC) drives the execution of this strategy. The cross-functional committee includes members from multiple departments within MillerCoors, including alcohol responsibility, marketing, communications and legal. Supported by a team of paralegals, the committee reviews every piece of “above-the-line” (mass audience) advertising, marketing and promotion related to our beers or brands. This activity requires a high level of diligence on a daily basis. MCC members are conversant with federal mandates, varying requirements by television networks (such as restrictions on ads that show or imply excessive consumption of alcohol), and guidelines established by the Beer Institute (such as a requirement that at least 71.6 percent of the broadcast audience for programs where alcohol advertising appears must be over age 21).

The MCC also makes responsible decisions according to MillerCoors own standards, such as not allowing the portrayal of risky or excessive drinking. In 2010, we completed a training program on our Marketing Compliance Code for our sales and marketing employees, and for the outside agencies that work with us, to develop and place advertising on radio and television or sales and marketing materials at retail points of sale. To learn more, visit [www.beerinstitute.org](http://www.beerinstitute.org) and select the [Advertising and Marketing Code](#) page. While we take full responsibility for our advertising and marketing practices, we do not pursue our strategy in isolation. Our stakeholder engagement process enables us to interact directly with individuals and organizations that may be concerned about our advertising and marketing activities, and we respond to their concerns with respect and consideration

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### PREVENTING UNDERAGE ACCESS TO ALCOHOL



and make adjustments if necessary. We handle formal consumer complaints about our advertising, if any, according to processes and protocols established by our industry. For example, the Beer Institute Compliance Review Board provides external third-party reviews of consumer complaints about advertising, and recommends appropriate action. In 2010, we did not receive any complaints that merited changes in our advertising or marketing.

We also cooperate with other organizations concerned with responsible advertising and marketing of alcohol. The Federal Trade Commission (FTC), for example, has oversight over all consumer advertising and periodically reviews the compliance of companies in our industry with the Beer Institute guidelines mentioned previously. The FTC recently announced it would conduct such a review beginning in 2011.

## Collective Action on Underage Drinking

Reducing underage drinking is a complex societal challenge because it involves a host of factors that interact with each other, often in unforeseen ways. Our strategy for helping reduce underage drinking is to carefully manage the factors that are within our control and work with others to address those that are not. The factors within our control include the ways we advertise and market our products, and our relationships with our distribution partners who provide point-of-sale materials to retailers. The factors outside our control are many and varied, so we select and support strong partners with proven track records for educating and informing young people and their parents.

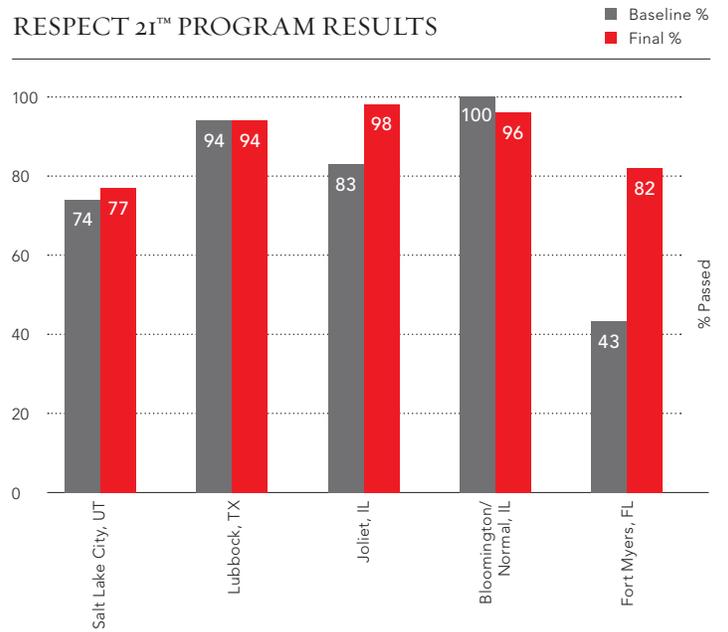
Distributors and retailers also represent important allies in the effort to help reduce underage drinking. We partner with distributors to educate retailers, inform consumers and bring solutions to communities. In 2010, we expanded our Respect 21™ Responsible Retailing Program to five new communities: Lubbock, Texas; Bloomington/Normal, Illinois; Joliet, Illinois; Salt Lake City, Utah; and Fort Myers, Florida. We developed the program with Brandeis University and the Responsible Retailing Forum to help communities raise awareness and guide retailers in improving practices to prevent underage access to alcohol. A typical Respect 21 program runs in a community for up to six months. Since its inception, more than 20 communities and 917 retailers around the U.S. have benefited from Respect 21.

The Respect 21 approach is based on recognition that underage drinking is a problem that can be managed, not “solved,” and that effective management combines the efforts of retailers, families and communities. We provide our distributors with point-of-sale materials and a guide to responsible retailing practices, which they place with retail accounts in Respect 21 communities. The retailers subsequently are visited by “mystery shoppers” who test the retailers’ effectiveness in limiting underage access to alcohol. Results of these visits are presented confidentially to the retailer. MillerCoors receives an aggregate report for each community at the conclusion of the program.

Since the inception of Respect 21, we have brought the program to over 20 communities, which include approximately 900 retailers. Sample results by community for 2010 and 2009 are shown to the right.

Parents are one of the first lines of defense to prevent underage drinking. We partner with the Search Institute to provide education and information specifically for parents. The Institute hosts a website called ParentFurther.com, which gives parents tools for empowering kids to make responsible decisions, including not drinking alcohol. The website is grounded in Search Institute’s 40 Developmental Assets™, a framework of positive characteristics that help youths thrive and avoid negative behaviors, such as underage drinking. The Search Institute is a resource for half a million parents each year and has become a trusted source of parenting information for more than 1,000 nonprofit and educational organizations that have linked to the site.

### RESPECT 21™ PROGRAM RESULTS



### RESPECT 21™



The Respect 21™ Responsible Retailing Program was developed to help communities raise awareness and guide retailers in improving practices to prevent underage access to alcohol.

## Enjoying Alcohol Beverages Legally and Responsibly

Ultimately, the key to alcohol responsibility lies with individuals who choose to enjoy alcohol beverages legally and responsibly. Unfortunately in some settings, personal responsibility can be hard to maintain. One of the most vulnerable groups is college-age women, who may be living away from home for the first time and facing many more situations in which alcohol is offered or expected. MillerCoors works with The W.I.N. Foundation to help empower women on college campuses through the Raise Your Standards Program. The goal of the program is to educate college-age women about the dangers of over-consumption and alcohol abuse, as well as safety and prevention. In 2010, this program was in place on ten college campuses and reached 4,400 students.

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### THE W.I.N. FOUNDATION



We partner with The W.I.N. Foundation, a nonprofit organization that specializes in personal empowerment for women on college campuses.

## Becoming Ambassadors for Alcohol Responsibility

At MillerCoors, alcohol responsibility begins with our own people. Our Employee Alcohol Policy sets significant consequences for irresponsible alcohol-related behavior, so that everyone can understand MillerCoors commitment as a company and as a responsible corporate citizen. In 2010, we enhanced the positive role our employees can play by launching a new company-wide employee training program called "Alcohol, Behavior and Communication." The goal of the training is to give our employees the information and understanding they need to be effective advocates of responsible consumption for MillerCoors and to understand and comply with our Employee Alcohol Policy. The training covers societal and personal issues associated with alcohol consumption, MillerCoors policies and programs related to alcohol responsibility, and positive ways that employees can communicate about these topics with others. The training was adapted from a program originally developed by SABMiller plc, and was delivered through our MillerCoors University in classroom settings and in an online version. The mandatory training launched in the second half of 2010, and 98 percent of our employees completed it by the end of the year.

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### ALCOHOL, BEHAVIOR AND COMMUNICATION



Through the "Alcohol, Behavior and Communication" training program, employees are provided information they need to be effective advocates of responsible consumption for MillerCoors.

# TEAM Coalition

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TEAM Coalition cares about the entire fan experience at sporting and entertainment events—from sending responsibility messages to fans before they arrive at the event, to promoting responsibility with every interaction fans have with employees at the facility and helping to ensure fans arrive safely at home. We know that this starts with alcohol management training for stadium and arena employees and continues with messages to fans about the importance of always having a designated driver. We teach managers at these venues how to train their employees (over 40,000 in 2010), so that the front-line people are equally well prepared to engage with ticket-holders. The training includes preventing underage drinking by checking identification, recognizing signs of rapid drinking or impairment, and watching out for fans who purchase more than one beer and give the second to a friend who looks to be underage.

In all cases, our message is simple: “We want every fan to be here for the whole event.” We don’t want anyone to miss the exciting moments they came to enjoy because they violated policies and put themselves or others at risk. So we empower facility employees to enforce facility policies while respecting fans and helping them modify their behavior to ensure everyone remembers the event for all the right reasons.

To succeed we rely on our corporate partners for access to resources and their existing relationships. One of our most successful programs in 2010 began with MillerCoors and the Chicago Bears football team. We were able to bring together the National Football League along with Soldier Field stadium management, the facility’s concessions company, local and state law enforcement, the local beer distributor and national agencies including Mothers Against Drunk Driving, for the launch of a unique responsibility program for Chicago Bears fans. Together we created a game night event at the stadium where fans signed their designated driver pledge on a giant football. The event was such a success for all the parties involved that it was continued for all home games in Chicago. It also led to similar collaborations with other teams and venues across the country.

This is a good example of how a small organization like ours can have a large impact. We need our corporate partners to put their brand to work for us, not just give us money and put a logo on what we’re already doing. MillerCoors understands this. They spread the word about TEAM Coalition, which helps us have a presence at high-profile events, such as the Super Bowl. And through the support of MillerCoors, new member organizations—such as NASCAR—are paying attention to TEAM Coalition. Together, MillerCoors and TEAM Coalition develop year-long plans. That’s huge for a very small staff that’s working on a never-ending season of multi-league and multi-sport efforts to change fan behavior with regard to alcohol responsibility.



Jill Pepper  
Executive Director  
TEAM Coalition, Inc.



“Water is already shaping up as the next big environmental issue along with climate change. Being sustainable means understanding our water situation today and knowing the steps we can take to maintain it or even improve it for tomorrow.”

Jack Jackson  
Vice President  
and Plant Manager  
Fort Worth Brewery

Water efficiency is a top priority for MillerCoors because of the impact it has in how we run our business. It is vital that we manage water efficiently for local supply issues and to realize our overall sustainable development goals as a company. Our strategy for water stewardship includes five components: increasing our water efficiency; minimizing environmental impacts from our breweries and wastewater effluent; assessing the watersheds for our breweries around the U.S.; understanding how, when and where we use water in our business and supply chain; and implementing a community social investment strategy that emphasizes water stewardship.



## ALTERNATIVE ENERGY

MillerCoors environmental sustainability embraces water, energy, packaging, and waste. At our Texas brewery, Darrell Dangerfield, Manager of Engineering Services, oversees the anaerobic treatment process that pre-treats wastewater and produces biogas as an energy source.

Visit [www.GreatBeerGreatResponsibility.com/EnvironmentalSustainability.aspx](http://www.GreatBeerGreatResponsibility.com/EnvironmentalSustainability.aspx) for further discussion of MillerCoors environmental sustainability initiatives.



# Environmental Sustainability

The essential ingredients in beer are rooted in agriculture and produced with water. Putting beer in the hands of consumers requires packaging made from natural resources. These essential characteristics of our products keep the environment at the center of our sustainable development model and drive our priorities for environmental sustainability: water stewardship, energy efficiency, sustainable packaging, and waste reduction. We pursue continuous improvement in these areas, discussed in this chapter, as part of our World Class Manufacturing (WCM) approach to beer production. WCM is a comprehensive initiative focused on engaging our people to drive continuous improvement by investing them in the delivery of our business objectives for safety, quality and cost savings.

One of the core elements of our environmental sustainability strategy is to listen to, learn from and collaborate with others. We partner with regional and national environmental organizations, participate in beverage industry forums such as the [Beverage Industry Environmental Roundtable](#), work with industry consultants to help find opportunities and engineer solutions, and encourage our employees to be active in local environmental activities. Employees are engaged so that they may help find ways to improve our environmental performance, and we share best practices across our company. We believe that active collaboration with others—internally and externally—is the most effective way to drive change in our company, our industry and our society.

Another core element of our environmental strategy is to establish a detailed environment, health and safety (EHS) management system that is integrated with our overall corporate governance system. In 2010, we developed an EHS Commitment that was approved by top management and distributed across the enterprise. The EHS Commitment document is supported by detailed standards and procedures. We completed more than 60 percent of the development work on these standards and procedures by the end 2010, including the overall architecture, standards for our core governance processes, and standards for operational controls. In 2011, we will be completing all the standards and implementing the key processes.

## Preserving Our Most Essential Ingredient

Beer begins and ends with water, from the preparation of the barley malt to the creation of the mash that becomes the basis for our beers. Barley is steeped in water to begin the germination process; the malted barley is cooked in water to convert its starch to sugars; the sugars are boiled in water with hops to make beer. Water is also an essential part of the heating, cooling, cleaning, and packaging processes in breweries. For all these reasons, we say that water is the lifeblood of beer.

Our strategy for water stewardship includes five components:

- Increasing our water efficiency, as measured by the amount of water required to produce a barrel of beer.
- Implementing strong environmental management systems (as part of the EHS process described previously) and minimizing the environmental impacts from our breweries, container manufacturing plants and wastewater effluent.
- Assessing the watersheds for our breweries and container manufacturing plants around the U.S.
- Understanding our full water “footprint”—how, when and where we use water in our business and supply chain and working with suppliers to reduce our impact.
- Directing and supporting community investment efforts and building active partnerships with others toward water stewardship.

**Water Efficiency: Using Less, Reusing More.** Water efficiency is a top priority because it is vital that we manage water efficiently for local supply issues and to realize our overall sustainable development goals as a company. This is of particular importance at three of our eight major breweries because they are located in areas that meet international definitions of water-scarce (500-1000 cubic meters of available fresh water per person per year) or water-stressed (1000-1700 m<sup>3</sup>/person/year).

We set a 2015 goal to achieve a water efficiency ratio of 3.5 barrels of water to 1 barrel of beer. This is equivalent to a 15 percent reduction in water use from our 2008 baseline ratio of 4.1 to 1. We track our water usage against units of production, to allow performance comparisons across our breweries and with other brewers. We have to use less water at the same level of beer production in order to reduce the ratio, or we have to make

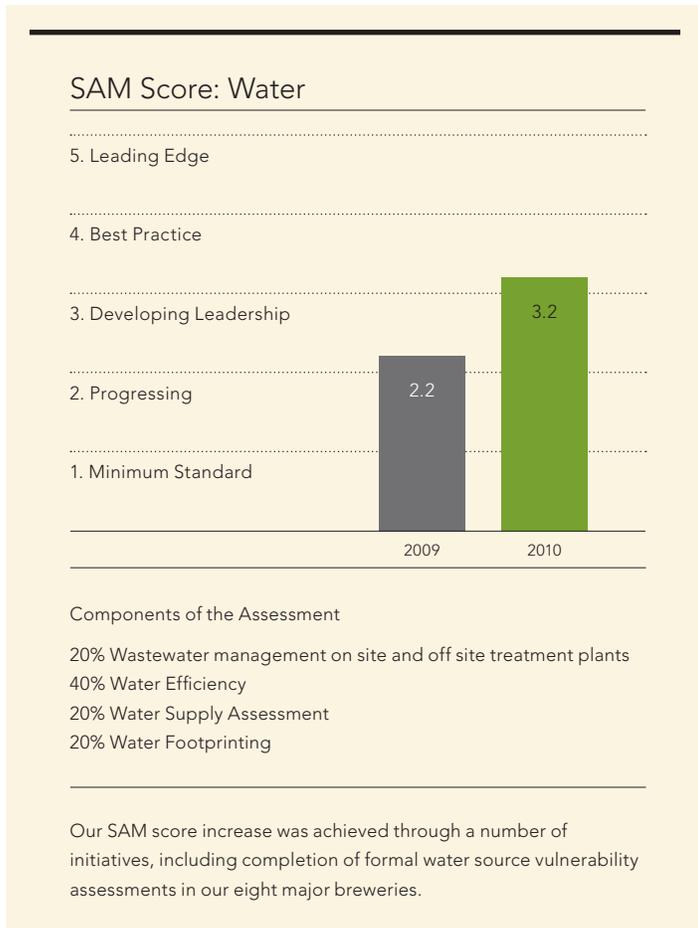
## WATER EFFICIENCY



With three of our eight major breweries located in water-scarce or water-stressed regions, water efficiency is a top priority at MillerCoors.

more beer without using more water. In 2010, we used less water (approximately 250 million gallons less water than 2009), including reductions at our Texas and California breweries, which are in water-stressed and water-scarce regions. This positive influence on our water efficiency ratio was offset by a significant reduction in beer production at our largest brewery. As a result, our water efficiency ratio came in just above the baseline, at 4.1 to 1. We were encouraged, however, that three of our breweries approached or met the target ratio of 3.5 to 1 in 2010. We continue to apply best practices to all our breweries and remain committed to reaching our 2015 goal.

Our SAM score at the end of the 12-month period ending March 31, 2011 was 3.2, a full level higher than the 2.2 in the prior 12-month period. We achieved this through a number of initiatives, including completion of formal water source vulnerability assessments in our eight major breweries.



**Reusing Process Water.** One of the most effective strategies for increasing water efficiency is to capture and reuse water rather than discharge it as wastewater. At MillerCoors, we are now taking a fresh look at reusing water as a potential source rather than using fresh water in non-product applications. For example, in the Milwaukee brewery, water is currently not reused for pasteurization. Work is underway to install equipment to cool and reuse this water for can and bottle pasteurization. The projected annual saving for

the Milwaukee brewery is 150 million to 200 million gallons of water. This project is scheduled for completion in 2011. We do not reuse water as an ingredient in our beer or in any area where it would come into contact with our products.

**Reducing the Need for Water.** Another primary strategy for increasing water efficiency is to upgrade our infrastructure with equipment that needs less water to accomplish the same work. Installation of a water-efficient pasteurizer at the Jacob Leinenkugel Brewing Company in Chippewa Falls helped reduce water use 25 percent in 2010 compared to 2009, a sustainable savings of approximately 20-25 million gallons per year. Another trial, currently underway at the Georgia brewery, involves use of new cleaning technology offering enhanced sanitization and effective cleaning with less water in our draft beer filling areas. Our search for water savings extends to the grounds around our buildings. In California, the brewery planned a turf replacement project for 2011 that is expected to reduce irrigation needs by 11 million gallons annually.

**Replacing Water-Based Processes.** Our Georgia brewery began a trial of ionic air rinsing technology for cleaning new aluminum cans prior to filling them with beer. Ionic rinsers save water by using ionized air rather than water to neutralize the charge on the cans as they pass through the rinser, which in turn allows any dust particles to drop off. We estimate that ionic air rinsing can reduce overall water use by as much as four million gallons per filling line per year. The trial will be completed in the summer of 2011. At that time, we will evaluate potential roll-out to other lines and breweries.

In 2010, we continued executing our three-year plan for expanding our use of non-water lubricant on our packaging lines. Conventional lines inject water at various places along the conveyor belt so that the wet bottles and cans will slide more easily in their upright position. Our Dry Lube Ltd. supplier provides an alternative: lubricants that are water-soluble, but which use no water to lubricate the packaging line. In 2010, we partially converted two breweries to dry lubrication and we plan to begin conversions at three others in 2011. Our Virginia brewery has been running with dry lubrication for four years. These conversions are expected to reduce our need for water by 60 million gallons annually.

**Treating Wastewater.** When we do discharge wastewater, we do so carefully in compliance with all applicable laws and regulations to minimize effects on the environment. Our Virginia brewery provided a notable example of our commitment to compliance in 2010. The brewery is located on the banks of the Shenandoah River, which flows into Chesapeake Bay. The U.S. Environmental Protection Agency (EPA) has launched a historic program to restore water quality in the Bay, and MillerCoors is doing its part. In 2010, we completed the installation of a \$10 million membrane bioreactor (MBR) treatment process that combines filtration with a biologically active environment to take phosphorus and nitrogen out of the brewery's wastewater. MBR provides treatment at the limits of current technology for nutrient reduction and thus is a proactive and appropriate solution for treating water that is discharged into environmentally sensitive areas such as coastal estuaries and their tributaries.

Reduce water usage by 15% to achieve a 3.5:1.0 water-to-beer ratio.



2008 Baseline

4.1:1.0

2010

4.1:1.0

2015 GOAL

3.5:1.0



**2015 GOAL**

Our 2015 goal for water efficiency is a water-to-beer ratio of 3.5 to 1. This is equivalent to a 15 percent reduction in water use from our baseline ratio of 4.1 to 1.

MillerCoors is now operating one of the largest industrial installations of MBR technology in the U.S., providing a model for other companies in the region.

**Understanding is the Basis for Action.** The availability of water and how we use it are complex issues. In 2010, we established the MillerCoors Water Advisory Board: a cross-functional, multi-disciplined advisory team that will provide direction and exercise governance over the safety and quality of the water used by our people and our production processes. We also launched a Water Source Vulnerability Assessment project. The project's activities include:

- Completing baseline assessments of watershed risks at each brewery over the next ten years;
- Identifying potential actions to mitigate risks; and
- Aggregating knowledge regarding the various watersheds into a system-wide process for analyzing risks and identifying mitigation opportunities for future planning.

The baseline supply assessments for our eight major breweries were completed in 2010, and we expect to report further on this issue in the years ahead. We initiated a study of water-related supply risks in our agricultural supply chain, which is discussed in [Sustainable Supply Chain](#), page 55. And, through the Beverage Industry Environmental Roundtable (BIER), we worked with beverage industry partners to create an industry approach for water footprinting. The water footprint maps usage and related risks associated with water from the beginning of our supply chain to the end of our distribution chain. We expect to begin assembling our water footprint in 2011 to help us identify opportunities to improve water efficiency and further demonstrate our commitment to water stewardship.

The BIER methodology mentioned above is intended to be complementary to other water footprinting methodologies, not competing. BIER is currently seeking review and comment from selected external stakeholders as the Sector Perspective is finalized. The draft document was distributed to the International Organization for Standardization, The Nature Conservancy, Pacific Institute, UNEP/SETAC, Water Footprint Network, World Business Council for Sustainable Development and World Wildlife Fund. Feedback and comments received were discussed in May 2011 at the semi-annual BIER meeting in Cognac, France. Final publication of the Sector Perspective is expected later in 2011. For more information visit <http://bierroundtable.com/water-footprinting.html>.

**Water Stewardship Beyond Our Breweries.** Most people consider water as something constant that nature provided long ago. The reality is that water is more like a product that the earth manufactures. The quality and quantity vary depending on inputs and demands, and if you want to ensure a steady supply at high quality, you have to plan ahead. That's the approach that Sand County Foundation is taking with Water As A Crop™, a long-term project to demonstrate how human decisions can positively influence the quantity and quality of water available for human use. The Foundation is named after one of America's early environmentalists, Aldo Leopold, author of "A Sand County Almanac."

## WATERSHED



Through Water As A Crop, MillerCoors provides financial support to landowners who plant native vegetation that keeps water in the ground, which helps prevent run-off that erodes river banks.

MillerCoors is the principal corporate sponsor of the first demonstration site for Water As A Crop. That site is in Texas, on the Trinity River, which supplies water for our Texas brewery. The Trinity River basin is prone to flash floods that strip soil from the ground. This degrades the land for agriculture and cattle ranching, and also introduces turbidity into the water. Water As A Crop has brought together local landowners who collectively hold 1,000 contiguous acres along the River, and is giving them incentives to adopt land-use practices that will keep riverbanks intact and slow erosion from grazing and flooding. These include controlling intensive grazing by using cross fencing for cattle, replanting indigenous prairie grass, and protecting tributary creeks that feed the river. One of the project's most ambitious and potentially ground-breaking goals is to scientifically measure changes in water quality and quantity that result from these practices. This will enable landowners and water conservationists across the country to believe in the results and replicate them locally.

In addition to the examples provided, we also support water stewardship in our communities and by our employees. For more information, see [People and Community Investment](#), page 63.

## Reducing Energy and Emissions

Having a long history in the beer business is usually an advantage for MillerCoors. Yet, it also means that about two-thirds of our major utility equipment is more than 30 years old and may be less energy-efficient than more modern equipment. We are therefore employing two strategies simultaneously to reduce our fuel use and emissions, and increase our use of renewable energy. One is capital spending for equipment upgrades and engineering retrofits that can improve both our environmental and operating efficiency. The other is finding new ways to work with our existing infrastructure, primarily by changing our behaviors and standard operating procedures. We believe that a combination of more energy-

Reduce total energy use by 15%.

2015  
GOAL

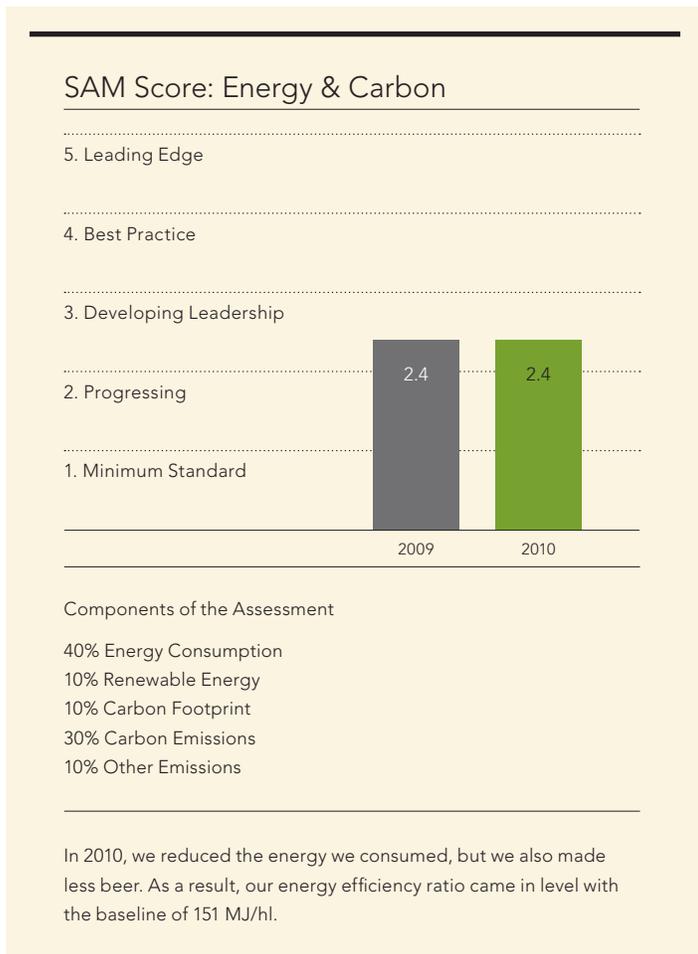


#### 2015 GOAL

Our 2015 goal for energy use is 128 MJ/hl. Reaching the goal requires a 15 percent reduction in energy use from our baseline ratio of 151 MJ/hl. In 2010, we reduced the energy we consumed, but we also made less beer. As a result, our energy efficiency ratio came in level with the baseline of 151 MJ/hl.

efficient infrastructure and more intelligent use of energy will enable us to achieve our energy efficiency goals in both the short term and long term. Note that while these strategies apply across all our facilities, individual facilities have different infrastructure needs and circumstances and may be implementing different projects and plans. A number of facility-specific examples are provided in the following sections.

**Energy Goals for 2015.** We measure our energy efficiency in terms of megajoules of energy used per hectoliter of beer we produce (MJ/hl). Our 2015 goal is 128 MJ/hl. Reaching the goal requires a 15 percent reduction in energy use from our 2008 baseline ratio of 151 MJ/hl. We track our use of energy against units of production to allow performance comparisons across our breweries and with other brewers. To achieve our goal we have to use less energy at the same level of production, or we have to increase our beer production faster than we increase our energy consumption. In 2010, we reduced the energy we consumed, but we also made less beer as previously mentioned. As a result, our energy efficiency ratio came in level with the baseline at 151 MJ/hl. For the same reasons, our SAM score for energy and carbon at the end of the 12-month period ending March 31, 2011 was 2.4, unchanged compared to the end of the prior 12-month period.



**Reducing Energy Consumption.** Our Ohio brewery offers a good example of reducing energy use through the World Class Manufacturing approach mentioned earlier. By improving its supply chain operations and communication between its boiler and brewing operators, the brewery is now able to operate using one boiler rather than two. This achieved a 10 percent reduction in energy per barrel of beer compared to 2009, and saved approximately \$600,000 in fuel costs. In Milwaukee, we finished replacing 25 individual heaters for the brewery’s loading docks with one shared heating system. We project that this upgrade will save more than \$133,000 per year in energy costs while reducing our CO<sub>2</sub> and other greenhouse gas emissions.

We launched, continued, or completed many other energy-related projects during 2010, including:

- Upgrading air compressors with new technology;
- Replacing heating equipment and refrigeration systems;
- Replacing wort cooling with a heat recovery system;
- Shifting to lower-energy lighting;
- Solar-coating roofs to reflect heat in summer, using meters and monitoring to eliminate unnecessary energy consumption; and
- Completing in-depth energy and water audits on six breweries (last two will be completed in 2011).

**Reducing Emissions.** One of the consequences of burning fossil fuels is generating emissions of greenhouse gases. The Greenhouse Gas Protocol developed by the World Resources Institute describes three “scopes” of emissions sources for measurement and reporting purposes. Scope 1 sources are those that come directly from a company’s production processes. Scope 2 emissions come from other sources that support production processes, such as purchased electricity. Scope 3 emissions arise from a wide range of other sources in the corporate value chain, such as the activities of suppliers and commuting by employees. MillerCoors intends to reduce its Scope 1 and 2 emissions substantially over the next decade as measured in kilograms of carbon dioxide equivalents (CO<sub>2</sub>e kg/hl). Carbon dioxide equivalents (CO<sub>2</sub>e) is a standard metric for greenhouse gas emissions. Our goal for 2015, which we set as a participant in the Climate Leaders program of the EPA, is an 8 percent reduction from our baseline of 1,815,780 kg in 2008. As the EPA transitions the Climate Leaders program in 2011, we will remain committed to this public goal, and look for new approaches and partners to help us advance our commitment to climate leadership.

**Renewable Energy.** As part of our capital expenditure program, we are exploring options for cost-effective renewable energy that can reduce our emissions profile. In 2010, we started a project to install an engine that would use biogas from the anaerobic treatment of wastewater for the generation of electricity at our Virginia brewery. Operation of this system is planned for early 2012. Future installations of biogas-fuel electric generators are under consideration as part of our capital planning process.

Reduce all packaging throughout the supply chain by 2%.

2015  
GOAL

2008 Baseline

2010

2015 Goal

0.5%

2%



#### 2015 GOAL

Our 2015 goal is to reduce the overall annual weight of all of our packaging throughout the supply chain by 2 percent. Since 2009, we've reduced the weight of our packaging materials by 0.5 percent.

## A Lighter Profile in Packaging

Most people know the good feeling of holding a cold bottle or can of their favorite beverage. Few people calculate what it means for the planet. At MillerCoors, we see our containers as opportunities to deliver a great consumer experience with a lighter impact on the earth. That's why we set a goal to reduce the weight of the packaging we use, and why our Sustainability Assessment Matrix includes specific weights for containers, cases, and cardboard "baskets"—the handy six-pack carriers for 12-ounce bottles. The fact is that packaging can account for more than 40 percent of the carbon footprint of a packaged product because of the materials that go into it and the distances it travels to and from our breweries. We have gathered life-cycle carbon footprint data for 15 products (SKUs) and continue to refine it with information from our suppliers. Our ultimate goal is to identify the best opportunities for reducing the carbon footprint of our packaging.

Our 2015 goal is to reduce all packaging throughout the supply chain by 2 percent from our 2008 baseline. We remained on track toward this goal in 2010, with a reduction of approximately 6.5 million tons. Since 2008, we have reduced the weight of our packaging materials by 0.5 percent. In 2010, the great majority of this reduction came from reducing the thickness of cardboard used for 24-pack cases for 12-ounce cans across all our brands.

### SAM Score: Packaging & Packaging Waste

5. Leading Edge

4. Best Practice

3. Developing Leadership

2. Progressing

1. Minimum Standard



#### Components of the Assessment

- 25% Recycled Content of Packaging Substrate
- 25% Packaging Elimination & Light Weighting
- 15% Presence of Heavy Metals
- 20% Packaging Loss & Post Consumer Recycling
- 15% Environmental Impact Analysis

The slight increase in score is partly due to changes in the measurement criteria, which were made by SABMiller plc following its review of industry benchmarks and assessment of achievable performance.

Another important opportunity for reducing retail packaging comes in a can—a lightweight aluminum can, that is. Aluminum is lighter, has a lower carbon footprint, and also has the most recycled content of any beverage container at approximately 68 percent. We released two of our craft beers, Blue Moon Belgian White and Leinenkugel's Summer Shandy, in cans for the first time in 2010.

Our SAM score for packaging at the end of the 12-month period ending March 31, 2011 was 3.2, an increase from 2.9 at the end of the prior 12-month period. The increase is due partly to changes in the measurement criteria, which were made by SABMiller plc following its review of industry benchmarks and assessment of achievable performance.

### REDUCING PACKAGING



At MillerCoors, we reduce waste by increasing our packaging efficiencies and reducing the weight of our products.

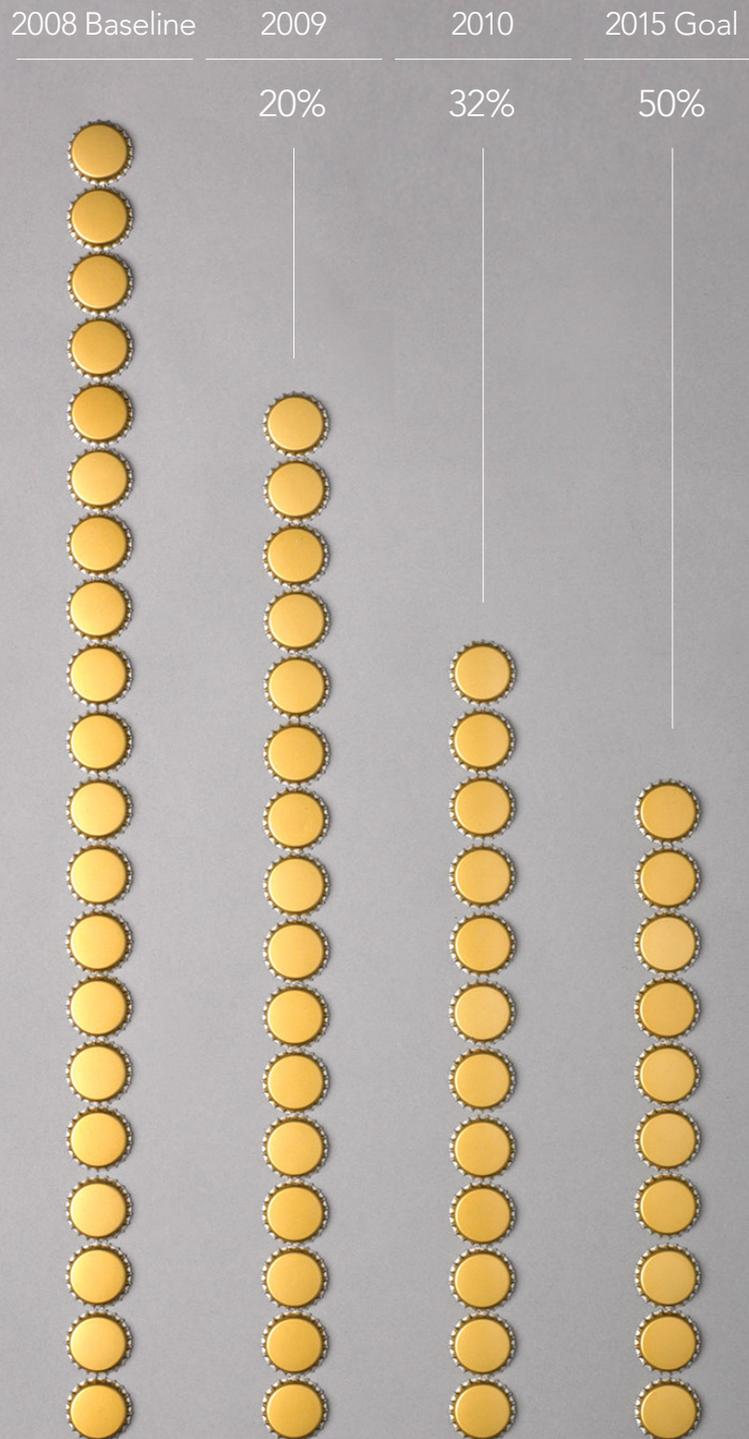
## Eliminating Waste to Landfill

More than 50 years ago, Bill Coors offered consumers a penny per can to induce them to recycle their beer cans. Today, we carry on that spirit in our waste reduction and recycling efforts. Three years ago, we set a goal to reduce waste 15 percent by 2015 from a 2008 baseline. By the end of 2010, we achieved an overall reduction of more than 30 percent and four of our major breweries went all the way: none of their waste goes to landfill. These breweries include Ohio and Virginia, beginning in 2009, and California and North Carolina, beginning in 2010. So before the end of 2010, we decided to set a new goal for 2015: a 50 percent reduction in waste to landfill compared to 2008.

Our SAM score for waste reduction at the end of the 12-month period ending March 31, 2011 was 3.2, compared to 3.7 at the end of the prior 12-month period. This decline is due to our own determination that we need better verification of regulatory inspections examining the environmental integrity of a small number of municipal landfills utilized by MillerCoors.

Reduce waste to landfill by 50%.

2015  
GOAL

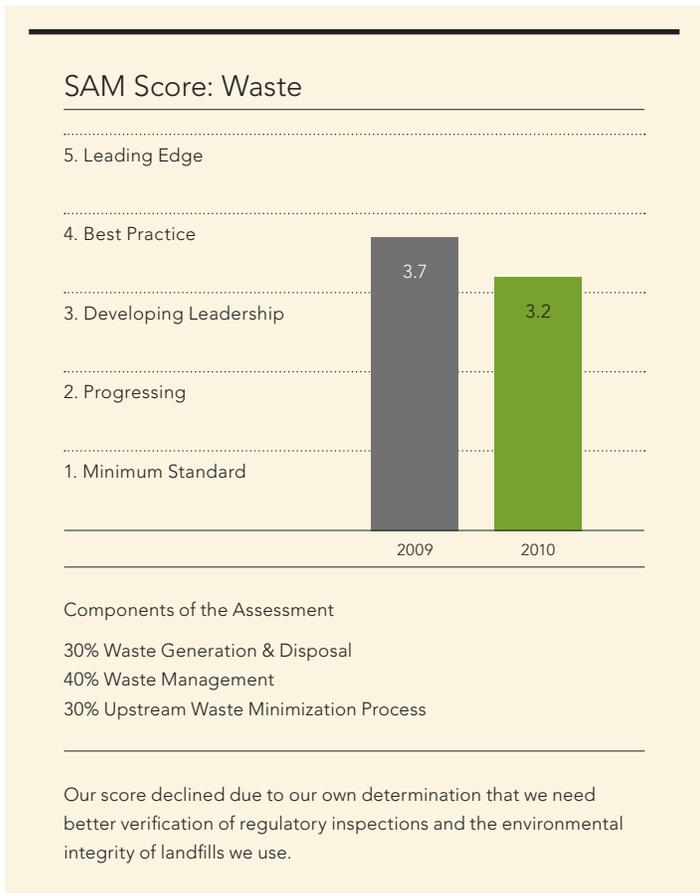


**2015 GOAL**

Our original 2015 goal for waste reduction was a 15 percent decrease from a 2008 baseline. By the end of 2010, we achieved an overall reduction of 32 percent and four of our major breweries went all the way: none of their waste went to landfill. Before the year was over, we decided to set a new goal for 2015: a 50 percent reduction compared to 2008.

**Reusing and Recycling.** We reuse or recycle more than 99 percent of our brewery waste, from the protein-rich residual brewer’s grain and spent yeast to glass cullet, aluminum, plastic, wood, and other materials. We turn “waste” into energy, compost and soil conditioner for our own use, and send remaining by-products of our breweries to companies that use them for many other beneficial purposes. In addition to recycling and reusing more than 99 percent of the waste it generates, the Golden brewery manufactures pure ethanol from waste beer. When mixed with gasoline, ethanol acts as an oxygenator that reduces greenhouse gases released by internal combustion engines such as those in automobiles.

When it comes time to recycle large volumes of packaging and production materials, we make the process efficient for our breweries and our recyclers. For example, in 2010 we invested in machines for baling cardboard, crushing glass, and bricking aluminum so that industrial recyclers will pay us to take them away in volume at our Milwaukee brewery. We estimate that this investment will reduce waste to landfill by nearly 200 tons per year and result in cost savings of more than \$100,000 annually depending on landfill costs and the prices of recyclable materials. Furthermore, by replacing older compacting methods we expect to save nearly 10,000 gallons of water per year.



**Eliminating Sources of Waste.** In other cases, we find ways to avoid waste altogether. More than ten years ago, we began using plastic pallets rather than wood pallets for case goods. Unlike the wood variety, which begins to show damage within a year or less, plastic pallets are durable and last for up to eight years. When the plastic pallets need to be replaced, they go back to our supplier to be recycled into new pallets. Furthermore, the plastic pallets weigh less than wood ones, which contributes to a reduction in energy and emissions during transportation. In 2010, after two years of design and development work, we began using plastic pallets for our straight wall kegs and expect to acquire nearly 40,000 plastic pallets a year until we have replaced our existing wood keg pallets. More information about the supplier of our plastic pallets is provided in [Sustainable Supply Chain](#), page 58.

**Compliance Topics in 2010**

Our policy is to meet or exceed all applicable laws and regulations governing environmental matters. Our facilities are inspected regularly by our own employees and by regulatory agencies at the local, state and national levels, and we submit required data and reports as part of applying for, receiving and maintaining operating permits such as those related to air quality and water quality. In 2010, we incurred four penalties related to environmental issues. Three were minor, including a missed step in an emissions inspection, a required correction in a spill safety plan, and an off-gassing event at a wastewater treatment plant that was otherwise in compliance. The remaining instance was the release of higher than acceptable visible emissions of particular matter at our Rocky Mountain Metal Container manufacturing facility due to under-performing thermal oxidizers. We conducted abatement activities, including improved pre-filtration media.

**REDUCING WASTE**



We reduce or resuse more than 99 percent of our brewery waste.

# Beverage Industry Environmental Roundtable

The Beverage Industry Environmental Roundtable (BIER) is the only organization that is focused on advancing environmental stewardship across the entire beverage sector (excluding dairy products). BIER is principally focused on driving continuous improvement in the areas of water conservation and resource protection, energy efficiency and climate change mitigation. This gives us a unique perspective on the opportunities and challenges that are common to the various sub-sectors of our industry. It also gives us broad standing to weigh in on public policy issues and the formation of global standards.

Member companies are expected to contribute in key areas. These include making meaningful progress against BIER's six principles for world-class water stewardship, contributing to best practice sharing dialogue, and participating in the development and piloting of new methodologies as a first step toward standardizing practices across the sector. MillerCoors is recognized as a class leader in water stewardship due to its conservation practices and multi-faceted engagements with external stakeholders through partnerships and community involvement.

Like most of our members, MillerCoors has the opportunity to bring the same level of commitment and engagement to environmental issues in its supply chain—moving beyond activities and projects to a more systematic or programmatic approach with measurable results. The company has shown that when it commits to an issue, it is strong and steadfast in following through. Given the state of the environment and climate change issues, we believe that our industry leaders have an opportunity to demonstrate and define leadership in driving meaningful change across the value chain and within the communities they operate.

As with all BIER members, MillerCoors can play a larger role in continuing to help raise the standing of the beverage industry among policy-makers and other NGOs through effective communication. At a time when major stakeholder groups are coming together to set standards and define best practices for environmental sustainability, we are looking to have the beverage industry, because of our demonstrated leadership behavior, invited to the table to provide technical insight and share experiences. We need our members with strong communication and stakeholder engagement skills to enhance their efforts.



Tod Christenson  
Partner, Global Consultancy  
Beverage Industry  
Environmental Roundtable,  
BIER

HIGH LIFE  
ON TA



“Increasing the diversity of our supply chain helps MillerCoors achieve multiple goals at once. We are contributing to local enterprise development, enriching our multicultural communities, and discovering new sources of energy and ideas to help us reach both environmental and business goals.”

Eva Milko

Director, Procurement

We are committed to increasing the sustainability of our supply chain, because our suppliers can play an important role in helping us achieve our sustainable development goals and ensuring a more vibrant, sustainable economy for our people and communities. Our supply chain includes thousands of businesses providing a wide range of products and services, from small farms to national vendors of sophisticated point-of-sale marketing solutions. Our community of minority and women-owned suppliers keeps growing. Work with all our suppliers is based on our Responsible Sourcing Principles and a shared commitment to the environment.



## SUSTAINABLE AGRICULTURE

Sue and Gary Price are among landowners along the Trinity River in Texas who are participating in a pioneering water stewardship project sponsored by MillerCoors, called "Water As A Crop"™.



# Sustainable Supply Chain

The MillerCoors supply chain is thousands of businesses providing barley, hops, malt, water, transportation, containers, packaging, advertising and marketing, wholesaler services, retail outlets, and more. We are committed to increasing the sustainability of our supply chain for two reasons. First, our suppliers can play an important role in helping us achieve our own sustainable development goals. Second, we want to ensure a more vibrant, sustainable economy for our employees and communities. We believe that our size and scale as one of America's biggest beer companies gives us an opportunity to lead in this area and we find that our suppliers are eager to engage with us regarding sustainable development. In this section of our Sustainable Development Report, we discuss our Responsible Sourcing Principles, our contribution to local enterprise development through procurement with small and diverse suppliers, activities in our agricultural supply chain, and our work with suppliers to reduce energy and emissions.

## Ensuring Responsible Sourcing

MillerCoors includes Responsible Sourcing Principles in its Code of Business Conduct and we also embed them in our procurement contracts. The principles provide guidance regarding business conduct, working conditions, employment, child labor, wages, diversity, freedom of association, and environmental issues. This is the foundation of our relationship with suppliers, and we are building on that foundation in a number of ways. Our top 100 suppliers by spend represent 80 percent of our overall procurement spend each year, and we engage with these suppliers actively regarding their adherence to our Responsible Sourcing Principles. Among other things, we monitor their spending with small and diverse suppliers and look for opportunities to work together on projects related to environmental objectives.

One of our key relationships with a top 100 supplier is our multi-year contract with Madden Communications. They provide MillerCoors with tailored in-store marketing and point-of-sale (POS) materials that we sell to our distributors. We have multiple opportunities for this relationship to help us achieve our sustainable development goals. The company executes various "green" best practices and exceeds all EPA minimum requirements for the printing industry. We work closely with Madden in a number of areas, such as minimizing costly over-production and waste through more precise procurement specifications. The company also ships to us via a transportation supplier that incorporates an increasing proportion of low-emission railroad transport into its delivery network.

One of the major opportunities we see across the industry is to create a more robust and standardized environment for companies to share information about their sustainability practices. Just as we report on our sustainability goals and progress so that others can evaluate our sustainability, we benefit from credible data about the sustainable development of our current and potential suppliers.

Among other things, this information enables us to select suppliers that are aligned with our values and also to support their sustainability efforts with our purchasing power.

In 2010, we laid the groundwork for joining the Supplier Ethical Data Exchange (Sedex). This nonprofit membership organization enables companies to prepare and share a standardized profile of their sustainability practices. The profile is based on ethical and responsible practices promoted by the International Labour Organization, ISO 14001, and other internationally recognized protocols. Member companies voluntarily provide Sedex with detailed data and control who is able to access it. For example, MillerCoors could prepare a profile and make it available to major retail chains that buy our products, and our suppliers could make their profiles available to us. In 2009, Sedex released a new software system with significantly improved capabilities and, in 2010, we tested the new tool with Cargill Corn Milling North America, one of our top ingredients suppliers. Following a second test early in 2011 with Ball Corp., a major supplier of containers for our canned beer products, we joined Sedex. We expect to begin bringing our top 100 suppliers into Sedex in 2011.

## Local Enterprise Development

MillerCoors has a history of supporting small and diverse (minority-owned and women-owned) businesses. The markets where we do business are becoming increasingly multicultural, multilingual, and multifaceted. Our supply base needs to be as diverse as our customer base, and our procurement spend in the minority communities where we live and do business demonstrates our commitment to these communities. We are the founding members of minority supplier development councils and continue to support local enterprise development. We engage with national organizations including (in alphabetical order):

- The Conference Board (Supplier Diversity Leadership Council)
- Hispanic Association on Corporate Responsibility
- National Black Economic Development Coalition
- National Minority Supplier Development Council
- Women's Business Enterprise Council

Our target is to cumulatively spend more than \$2.5 billion with diverse suppliers by 2015. In 2010, we continued progressing toward the goal. We increased the portion of our total addressable spend with diverse businesses to 7.9 percent, bringing the total spent with these businesses to \$834 million since the baseline year of 2009. We contracted with 684 diverse businesses that provided products or services all along the supply chain: from barley, to production and packaging, to the marketing and advertising campaigns of our brands. Ultimately, we believe we will direct more than 10 percent of our addressable spend to diverse suppliers in the years ahead as part of achieving our 2015 goal.

In 2010, we extended our relationship with Agile 1, an African American woman-owned enterprise that provides MillerCoors with temporary contract workers. Our relationship with Agile 1 dates back to 2003 when Coors sought a diverse service provider to broker its contingent labor spend. At the time, Coors was an early adopter of managed services programs for contract workers. Since then, this flagship program has undergone many changes, adapting and aligning with the changes so common in business today. With the MillerCoors joint venture, Agile 1 was challenged to provide a companywide enterprise solution, which called for high level service, not just at corporate offices, but at the individual plant level. Agile 1 has doubled its business with MillerCoors and our relationship has delivered millions of dollars in cost savings along with standardized processes and state-of-the-art data analytic tools. The tools are used to track performance of our staffing processes (by job, by plant, by project), such as the time it takes to fill a requisition or number of requisitions.

Our supplier diversity program does not stop at the first tier or prime level. We pride ourselves on the maturity of our second tier program. The second tier program serves as an enhancement to, and not as a replacement for, existing efforts aimed at increasing opportunities for minority and women-owned businesses to participate as first tier suppliers.

The second tier program is a process through which our large, prime suppliers engage minority and women-owned businesses in direct support to their own contracts or projects.

It is a requirement for many of our top 100 suppliers to report all second tier activity supporting goods and services rendered to MillerCoors. As a result of our efforts in the second tier supplier initiative, many of our prime suppliers have embraced supplier diversity as a business imperative. Among our largest suppliers, 65 report their diversity spend to MillerCoors on a quarterly basis.

Our efforts in developing a strong supplier diversity program do not go unnoticed. In 2010, we were nominated for Company of the Year by the Rocky Mountain Council and won the Corporation of the Year from Metropolitan Milwaukee Association of Commerce (MMAC) in Wisconsin. Our program director, Eva Milko, was awarded the "Soaring Heights" award from the Texas Business Alliance. The Soaring Heights award is given to individuals who demonstrate dedication to supplier diversity programs.

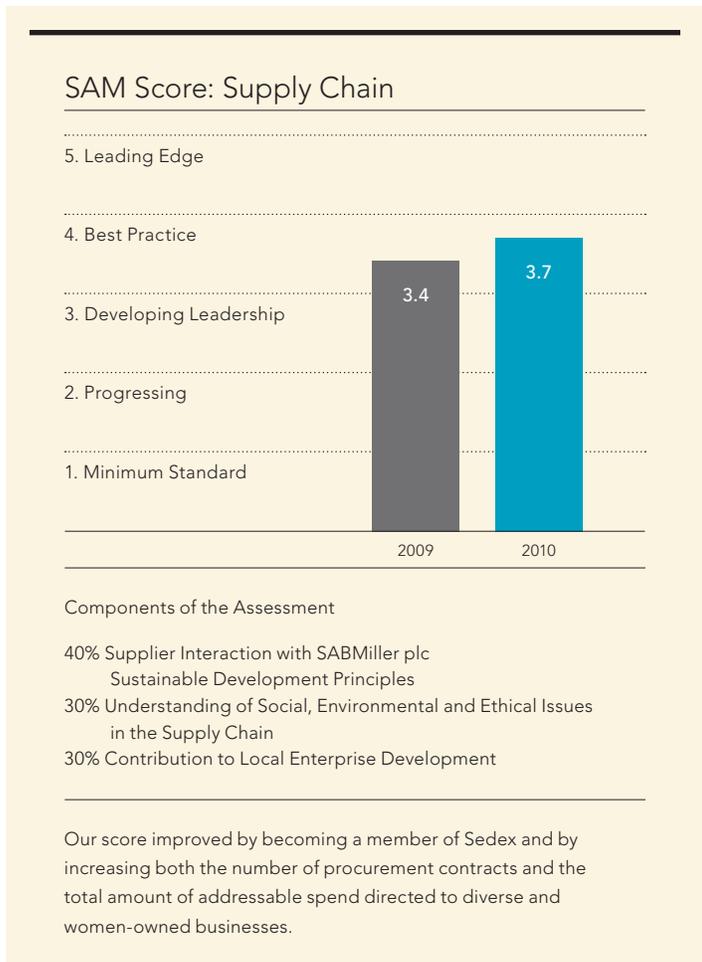
Our SAM score for supply chain was 3.7 at the end of the 12-month period ending March 31, 2011, up from 3.4 at the end of the prior 12-month period. We improved our score by becoming a member of Sedex as previously noted, and by increasing both the number of procurement contracts and the total amount of addressable spend directed to diverse and women-owned businesses.

### Sustainable Agriculture in the Supply Chain

MillerCoors recognizes its roots in agriculture. Without a strong supply of high-quality barley and hops, we could not continue to make beer according to our time-tested recipes. Even after decades of careful, natural breeding of high-yielding, great-tasting barley varieties, we have learned that there is only a small part of the United States where barley grows at the quality level we require. This in turn puts a natural limit on the amount of grain available to us, and to our malt suppliers, who buy their barley from the same regions of the country. Our sustainability strategy in this part of our supply chain is to help good farmers get what they need to succeed, including knowledge of land use and water use practices that can help ensure their own sustainability. One of the most fundamental issues for our growers is water, and we are increasing our knowledge and technical capabilities regarding the water resources our growers require.

The centerpiece of our agricultural supply chain is our Grower Direct Program. The 800 barley growers in the program already understand and manage issues that are fundamental to sustaining an agricultural business, such as conserving energy and water, managing the use of crop protection chemicals, and treating workers fairly. MillerCoors helps them become even more successful by:

- Providing them with specially bred Moravian barley varieties that grow well and deliver high-quality grain;
- Keeping a team of agronomists in the field to answer growers' questions, share best practices, and anticipate challenges before they arise; and
- Receiving the harvested barley quickly and paying for it promptly.
- In other words, we seek to provide growers with a strong, secure equation that reduces their risks and helps ensure that they can continue to supply to us. Some of our barley growers have been in our supply chain for generations and we want them to succeed sustainably with us for generations to come.



Cumulatively spend more than \$2.5 billion with diverse suppliers.

2015  
GOAL



2015 Goal

\$2.5 billion

2010

\$834 million

2009 Baseline

\$353 million

**2015 GOAL**

Our 2015 goal for cumulative spend with diverse suppliers is \$2.5 billion. In 2010, we stayed on track toward achieving the goal, committing 7.9 percent of our addressable spend to diverse (minority and women-owned) businesses.

This long-term commitment inspired us to collaborate with RTI International, a scientific research institute, on a pilot study for assessing water risks related to barley growing. We began work on the study in late 2010. It was conducted in the Snake River Valley in Idaho because that state is a leading producer of malting barley and its barley production is concentrated in the Snake River watershed. Barley requires a significant amount of water to develop the high quality for brewing purposes, and we intend to use the information we gather in this study for a number of important activities:

- Engaging with the farmers in our Grower Direct Program more strategically about their water future;
- Working more effectively with local stakeholders on water issues;
- Determining which areas may be more vulnerable regarding water availability; and
- Identifying priorities for developing new sources of malt barley.

**A Sustainable Model for Growers.** 🌱 We are already putting some of our knowledge of water and barley growing to use in the Silver Creek Valley of southern central Idaho. [The Nature Conservancy](#) manages a large preserve surrounding the headwaters of Silver Creek in southern central Idaho, and has been restoring the riparian habitat and conserving water to protect the creek's renowned trout population. Because some of our barley comes from this area, it was a natural fit for us to participate along with our growers. With our financial support, The Nature Conservancy purchased equipment for monitoring stream flows and water temperatures, which are fundamental measures of a waterway's ability to support fish and other forms of life. The monitoring data will also help us measure the effects of our watershed stewardship efforts.

We also collaborated on a water efficient irrigation method that has initially reduced water usage by nearly 20 percent and it is also expected to result in energy savings. The success of this project led us to collaborate on an exciting new project in 2011: implementing multiple water conservation practices at a representative "showcase" farm where other growers can visit and learn.

## Working with Suppliers on Environmental Sustainability

MillerCoors focuses on making and selling beer and relies on other companies for non-core services such as transportation of goods and materials to our breweries, and delivery of finished products to distributors and retailers. We recognize, however, that we have an opportunity to influence the energy and emissions efficiency of our suppliers, which in turn helps reduce our own Scope 3 (supplier-based) emissions inventory as defined by the Greenhouse Gas Protocol. We have pledged to include Scope 3 emissions from transportation services in measuring progress toward our Climate Leaders goal (described in Environmental Sustainability). We are always looking for ways to help our transportation suppliers operate more efficiently.

Joint efforts range across a broad spectrum, like switching to lighter materials for our pallets and bulkhead spacers. One 2010 project with our supplier Fabri-Form replaced wooden bulkhead spacers with plastic alternatives that are lighter and more reusable. The supplier estimated that the project will enable MillerCoors

to eliminate more than 6,800 tons of solid waste each year and avoid generating nearly 5,000 tons of greenhouse gases annually. A longer-term project involving plastic pallets is described below.

One of our most successful efforts has been encouraging our transportation suppliers to join EPA's SmartWay™ program, which is reducing fuel consumption and emissions impacts in the U.S. freight industry. In 2010, the miles traveled with SmartWay carriers increased to 80 percent compared to 46 percent in 2008.

We don't limit our opportunities to trucks and beer. Shifting delivery of case goods from trucks to rail reduces energy consumption and emissions, so we have become much more adept at configuring shipments for maximum efficiency in railcars. Working with our waste-hauling supplier Waste Management, we installed balers for corrugated boxes at two of our breweries in 2010. The balers compact the cartons much more tightly, so it took 180 fewer truckloads to deliver them to recyclers. The estimated annual saving from this project is nearly 35 tons of CO<sub>2</sub>. In 2011, our glass supplier Owens Illinois will begin delivering 22 ounce and 24 ounce bottles in bulk rather than in cases because it will take fewer truckloads to deliver the same amount of inbound glass.

**Working with Suppliers on Sustainability: A Case Study.** In 2010, we launched the final phase of a successful, long-term supply chain project that began in 1999. That year, Miller Brewing Company purchased 14,000 plastic pallets for shipping cases of beer. The company had always used high-quality pallets made of wood, but a small U.S. company called Greystone was offering to produce plastic pallets for us in the large quantities we would require.

The potential advantages of plastic pallets were clear. They would be safer and more durable, which would help us prevent injuries and buy pallets less often. And because they are lighter, they could reduce shipping weights and fuel consumption for our transportation suppliers. The key would be a successful supply chain relationship that benefited both parties. After a successful test, we purchased 151,000 pallets from Greystone in 2000. More importantly, we committed to large-scale purchases that would help make the cost of plastic pallets economically competitive with wood—and help Greystone grow and prosper.

We soon discovered more benefits to using plastic pallets. For example, they are uniform in size, strength and weight, so they help us operate more efficiently in our warehouses and loading docks. This was particularly important when we began automating the racking of product in the warehouses at some of our breweries. We also found that because there are no exposed nails, bolts or splinters on a plastic pallet, there is less damage to our products in transit. Last but not least, most of the plastic in the Greystone pallets is recycled—another benefit to the environment.

By 2008, our Miller breweries had all converted to plastic pallets. So after MillerCoors was born, the Coors breweries began converting, too. Our Golden brewery was the last to begin the conversion, starting in 2010. In 2011, all domestic beer shipments for MillerCoors will travel on recycled plastic pallets. As pallets get damaged, we return them to Greystone to be recycled into new pallets.

And that's still not the end of the story. We worked with Greystone for two years to develop a plastic pallet for transporting our kegs of draft beer, and began introducing it into our operations in 2010. Soon all our straight-wall beer kegs will travel on light, strong and durable plastic pallets, just like their counterparts in cases.

# The Nature Conservancy

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The Nature Conservancy works with corporations in four ways. Philanthropy generates financial support for conservation projects. Marketing relationships leverage a company's brands and resources to reach new audiences. We address corporate practices to help integrate conservation into a company's business strategies and operations. And, we engage with companies to influence policy at national and international levels. Ideally, we seek long-term relationships with companies that share our urgency about protecting natural resources and can work with us in multiple ways. MillerCoors is a good example of the kind of partners we seek: leaders who act on their beliefs.

One of our biggest challenges at The Nature Conservancy is scaling up our work. As a society, we need to address the fact that agriculture dominates freshwater use, and many agricultural practices are not aligned with water conservation. So it's no longer enough for us to do demonstration projects. We need to change whole patterns of thinking. Our partnership with MillerCoors in the Silver Creek watershed in Idaho demonstrates how this can work.

It began with a precision irrigation project aimed at showing how grain growers could take less water from Silver Creek without reducing their yields. That project led to a "showcase barley farm" that will demonstrate a number of conservation practices. Because MillerCoors has cultivated long-term direct relationships with hundreds of barley growers, we can turn this local example into a model for many other farmers to follow. It's a great example of how a company can make its supply chain relationships a force for change that benefits suppliers and the environment at the same time.



Richard Rosengren  
Senior Associate Director  
Corporate Engagement  
The Nature Conservancy



“Truly successful businesses stand for something more than their financial results. MillerCoors stands for strong multicultural communities where people can find opportunities for education and economic empowerment.”

José Ruano

Manager

Multicultural Relations

MillerCoors has strong values for education, entrepreneurship and leadership development. We combine these with our commitment to multicultural diversity when we invest in community economic empowerment. MillerCoors promotes education with support for nationally recognized organizations providing college scholarships, rewards urban entrepreneurs with grants and business opportunities with MillerCoors, and recognizes community leaders with grants to their nonprofit organizations. We celebrate diversity throughout the year with our sponsorships of major cultural and sporting events.

Achieve recognition as FORTUNE 100 Best Companies to Work For®.

2015  
GOAL

1 of 100



**2015 GOAL**

Our 2015 workplace goal is to win recognition as one of the FORTUNE 100 Best Companies to Work For. We submitted our application for the second time in 2010, and, while we were not selected, we continue to learn more about the criteria and our performance as an employer.

# People and Community Investment



Our sustainable development strategies for people and community investment are critical to delivering our business strategy. In the workplace, we treat our people with respect for their skills, abilities and diversity, and strive to provide them with a safe working environment and opportunities to develop themselves professionally. In our communities, we promote alcohol responsibility, environmental stewardship and economic empowerment. We are also a strong supporter of the United Way, both locally and nationally. The bridge that connects our company and people to our communities and marketplace is our strong determination to increase our diversity and inclusion. To develop sustainably as a business, MillerCoors must continue to increase engagement with diverse communities, suppliers, consumers and potential employees.

## Creating a Great Place to Work

Our ambition is to create a workplace that employees embrace and other companies view as a model worth following. That's why we set a 2015 goal to earn recognition as one of the FORTUNE 100 Best Companies to Work For. We submitted our application for the second time in 2010, and, while we were not selected, we continue to learn more about the criteria and our performance as an employer.

Another important tool for creating a great place to work is our annual employee engagement survey. We conducted the 2010 survey in November and December and provided summary results to our employees in December. Our senior leadership team discussed the results in December, and then prepared action plans and incorporated the plans into functional goals. The participation rate for the survey in 2010 was 78 percent (6,683 employees), an increase of three percentage points compared to 2009. Overall employee engagement was 70 percent favorable. Within the overall engagement result, 81 percent of respondents indicated that they would choose to still be working for MillerCoors in 12 months.

The percentage of respondents with awareness of our sustainable development activities increased from 59 percent in 2009 to 61 percent in 2010. Furthermore, some of the most favorable results in the survey concerned sustainable development issues:

- 81 percent of respondents indicated that MillerCoors is taking the right steps to encourage alcohol responsibility.
- 75 percent of respondents indicated that they know how to raise concerns about ethics and responsibility.
- 69 percent believe MillerCoors makes a significant contribution to the development and well-being of the community.
- 69 percent believe MillerCoors is creating a positive effect on the environment.

Diversity and inclusion remained an area for improvement:

- 70 percent of those taking the survey responded favorably regarding their own manager's support for diversity in the workplace, while 60 percent responded favorably regarding senior management promoting a diverse and inclusive workplace.
- 55 percent of respondents indicated that MillerCoors has made progress in becoming a more diverse and inclusive organization.
- 62 percent of respondents responded favorably to the statement that "MillerCoors is a company that encourages and promotes diversity of backgrounds, talents and perspectives."
- 53 percent of respondents responded favorably to the statement that "Everyone has a fair chance to have a successful career at MillerCoors, regardless of their differences or background."

For four of these five indicators, results for 2010 were slightly lower than in 2009. Our survey vendor, Valtera, provided industry benchmarks for the latter two indicators, and our results were below them. These findings further fueled our determination to advance diversity and inclusion efforts.

**Success Starts with Safety.** At MillerCoors, our investment in our people starts with building a world-class safety culture. In 2010, our Ohio, North Carolina and Golden breweries launched grassroots teams that worked in partnership with management to change the safety culture in their plants. The Milwaukee, California and Virginia breweries, along with our support manufacturing operations, implemented new projects and safety protocols. In October, we brought together 140 union and hourly employees and management team members from all manufacturing locations for a safety culture summit, to report on their progress and enhance their skills.

In 2010, our DART rate (days away, restricted or transferred to another position due to injury) was 1.47 percent, close to our threshold of 1.46 percent. Our North Carolina brewery and the Rocky Mountain Bottle Company both hit a milestone of 1 million hours without a lost-time injury. Coors Distributing Company became the nation's first beer distributor to be recognized for its health and safety programs by the prestigious Voluntary Protection Program (VPP) of the U.S. Occupational Safety and Health Administration (OSHA). The facility was designated a "Merit" site, which means it has health and safety management systems strong enough to eventually reach VPP's highest level, a "Star" designation. Coors Distributing Company involved employees at all levels to implement best practices including:

- Safety in motion (SIM) training to reduce ergonomic injuries;

- A dedicated trainer for defensive driving techniques;
- Supervisor-supported “stop work” authority for front-line employees who spot a safety hazard; and
- Safety discussions at the beginning of every company or departmental meeting.

VPP has previously designated five other MillerCoors facilities as “Star” sites: our brewery in Virginia, our end manufacturing plant in Golden, and our grain elevators in Colorado, Idaho and Wyoming.

During 2010, our Golden brewery experienced a significant release of anhydrous ammonia. No one was seriously injured in the release, and we fully cooperated with OSHA regarding the incident. OSHA inspections resulted in penalties for three other safety issues during the year. The most serious of these required modification of electrical safety procedures at the Golden brewery to prevent flash arc accidents. The others required adjustments in stairs, ladder clearances and egress in a support manufacturing facility and steps to ensure proper functioning of self-contained breathing apparatus kept for emergency purposes in our California brewery. We conducted the necessary abatement activities in all three instances.

**Strong Support for Professional Development.** MillerCoors invests in the professional development of its employees by providing training and financial support for continuing education. Our MillerCoors University, which offers classroom and online training in business and leadership, hosted more than 7,000 students in 2010 for approximately 173,000 training hours. Our commitment to training led to development of a new, state-of-the-art learning

facility for MillerCoors University. The new facility, which opened in Milwaukee in 2010, includes classrooms and breakout rooms designed to host a range of leadership and business courses. Additional satellite facilities are in Chicago and Golden.

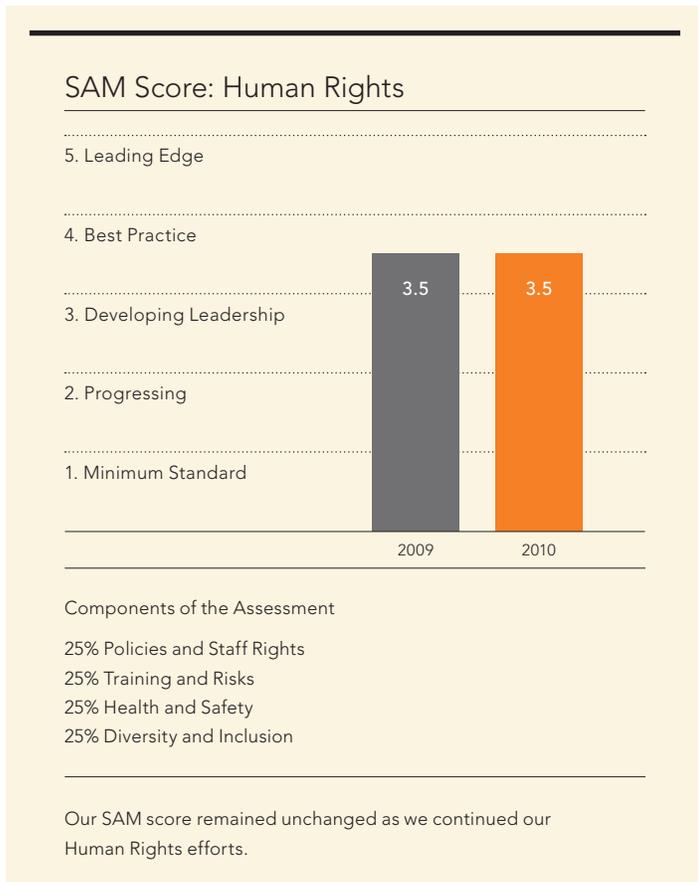
We provided more than \$630,000 in tuition reimbursement to more than 200 employees during the year. To help our employees determine which professional development opportunities are right for them, we created a guide called “The Best of You: A Meaningful Development Guide.” Numerous managers participated in the creation of the guide, which offers suggestions regarding MillerCoors University offerings, hands-on experiences and recommended reading.

Our SAM score for human rights for the 12-month period ending March 31, 2011 was 3.5, unchanged from the prior 12-month period.

### Workplace & Marketplace: Diversity and Inclusion at MillerCoors

MillerCoors is a young company building its corporate reputation. We have strong foundations from our two legacy companies and inspiration from both of our parent companies. As we develop our own corporate identity, diversity and inclusion rises to the top of the list of defining qualities we strive to enhance. Our marketplace is changing, the U.S. economy is changing, and the consumer population of the country is changing. All of them are becoming more diverse. MillerCoors is also becoming more diverse. Our people work, live and volunteer in both rural and urban communities. Many identify countries outside of the U.S. as their home. Some are members of the lesbian, gay, bisexual, and transgender (LGBT) community. Some are war veterans. They all represent MillerCoors.

Yet having a diverse group of employees and managers is not enough. Our goal is to ensure that every employee can confidently contribute their best. That includes their viewpoints and experiences. When employees leverage their work, community and life



experiences to provide business solutions, everyone wins. To achieve our growth goals as a business, MillerCoors must both reflect and authentically connect with the marketplace.

Our Workplace & Marketplace mission draws a clear connection between our own organization and the world around us (see graphic on page 64). We must develop and include the best of all our people internally in order to develop a reputation that supports our vision externally: creating America's best beer company. Each of these perspectives—internal and external—is discussed in the following copy.

**Building a Winning Culture.** In 2010, our senior leadership was actively engaged in developing our diversity and inclusion strategy. We established a committee comprised of department and employee leaders led by Tom Long, our newly appointed CEO who was President of MillerCoors during the year. In addition to developing a diversity and inclusion strategy, the committee is responsible for:

- Developing policies, guidelines and best practices for executing the strategy;
- Enhancing diversity and inclusion education and training opportunities;
- Supporting and strengthening our employee affinity groups; and
- Evaluating and monitoring progress against the strategy.

Management commitment remained strong throughout the year. Our annual management meeting of the company's top 150 leaders included a half-day diversity and inclusion experience, and attendance at our annual "Diversity Summit" doubled compared to 2009. We celebrated our second annual Diversity and Inclusion Week as a company in October.

Employee affinity groups (EAGs) have always been active in our efforts to advance diversity and inclusion, and that continued in 2010. For example, EAG members drew on their professional networks and hosted Talent on Tap mixers to attract diverse talent to our business. During the year we also piloted a new kind of affinity group for our Chicago headquarters. The new EAG has an umbrella structure that includes all affinities in one group. The Chicago EAG developed a Breakfast with SLT program that invites members of the senior leadership team to meet with its members.

More broadly, through three mentoring programs, employees were able to build powerful relationships and critical skills necessary for their personal and professional success.

- The MillerCoors Mentoring Program pairs emerging management talent with senior leaders of the company. The goal is to provide tomorrow's diverse leaders with one-on-one learning opportunities that help prepare them for professional success.
- The Women Mentoring Circles pilot offers women across our sales organization an opportunity to build relationships among themselves, network with senior leaders and share best practices for life and work.
- Our Open Mentoring Program continues to allow employees to connect virtually and learn how to grow their careers at MillerCoors.

**A New Era of Multicultural Engagement.** For more than 25 years, MillerCoors and its legacy companies have engaged in close partnerships with the Hispanic Association on Corporate Responsibility (HACR) and the National Black Economic Development Coalition (NBEDC). These organizations helped us set meaningful diversity and inclusion goals for our company and win recognition from third-party observers such as Diversity MBA magazine, which has named MillerCoors one of its "50 Out Front for Diversity Leadership: Best Places for Diverse Managers to Work" in each of the three years since our company was formed. Our partnerships with HACR and NBEDC also have helped us engage with Hispanic and African American communities more effectively. For example, Coors was the first company in the country to create economic development pacts aimed at increasing opportunities for Hispanic and African-American businesses and investment in Hispanic and African-American communities. These relationships remained strong in 2010 and were critical to building our diversity and inclusion foundation. MillerCoors is committed to continuing the work and reaching the goals established by these groups in the years ahead.

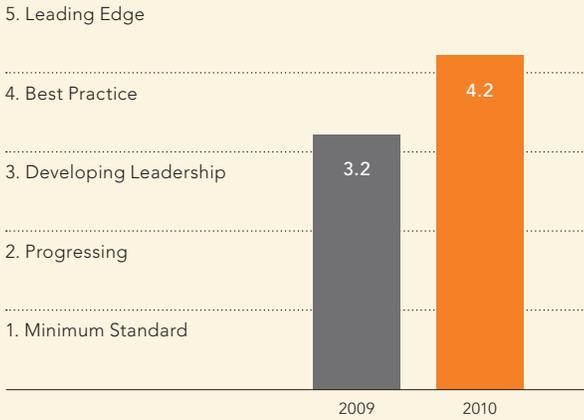
In 2011, as we begin communicating our new strategy focused on leadership, talent and relationships, we will continue to build upon the steps taken in 2010. We know that our reach must visibly stretch to touch the broad diversity within the marketplace. We also know that our work to promote alcohol responsibility, a sustainable supply chain, diverse suppliers, and volunteerism must be integrated and must authentically resonate with our consumers and community partners. We aspire to have a workplace that reflects the marketplace and we are keenly focused on building an inclusive work environment that inspires innovative solutions, business results and lasting relationships with our people.

## Community Investment Aligned with Business Strategy

MillerCoors focuses its community investment in areas that directly align with its business strategy. We support multicultural economic empowerment because we need strong communities to reach our goals for business growth and profitability as well as diversity and inclusion. We support water stewardship because water is essential to our business as well as to the environmental health of our communities. In monetary terms, our total community investment was \$10.9 million in 2010, up from \$10.6 million in 2009. Our employees contributed \$883,000 to the United Way, which the company matched, and employees across the enterprise donated a total of 35,363 hours of their time volunteering in their communities.

Our SAM score for community and social investment for the 12-month period ending March 31, 2011, was 4.2, up a level from 3.2 at the end of the prior 12-month period. We improved our score for this priority by developing and launching a new three-year strategy for community and social investment (CSI), and by improving how we measure and evaluate CSI projects.

## SAM Score: Community & Social Investment



### Components of the Assessment

- 50% CSI Strategy
- 30% Management, Monitoring & Reporting of CSI Projects
- 20% Measuring Value of CSI as a Reputation Driver

We improved our score by developing and launching a new three-year strategy for community and social investment (CSI) and by improving how we measure and evaluate CSI projects.

**Economic Empowerment.** MillerCoors has strong values for education, entrepreneurship and leadership development. We combine these with our commitment to multicultural diversity when we invest in community economic empowerment.

**Education.** MillerCoors is a founding sponsor of Thurgood Marshall College Fund (TMCf). We have supported the organization since its founding in 1987, helping it raise more than \$100 million in scholarships and programmatic support for historically black public colleges and universities. Our total support for TMCf in 2010 was \$318,000, including annual scholarship programs and special promotions and donations. One annual program provides ten \$5,000 scholarships to students designated by TMCf as MillerCoors scholars. Special donations included \$25,000 to establish a scholarship fund to benefit Jackson State University students. The new fund was announced during the Annual TMCf Leadership Institute and is named for Louis Bullard, a long-time employee of MillerCoors who passed away in 2010 after battling cancer. Mr. Bullard played professional football after graduating from Jackson State University, a member school of TMCf. Special promotions in 2010 included a national African-American retail initiative by our Miller Lite brand. The campaign, "Inspired Greatness," combined social networking, traditional media and retailers to educate consumers about TMCf and inspire them to contribute. The promotion raised \$50,000, which will be included in our 2011 support for the organization.

The ¡Adelante! U. S. Education Leadership Fund is a nonprofit organization that provides Hispanic college students scholarships, internships, and leadership development training. MillerCoors is the founding sponsor of the fund, contributing \$200,000 annually. In 2010, we named 20 recipients of ¡Adelante! scholarships. In addition to receiving a \$3,000 scholarship, each recipient also attended the ¡Adelante! Leadership Institute in San Antonio, Texas.

For more than 20 years, we have contributed to scholarship programs of the International Korean Grocers and Licensed Beverage Association (KAGRO), which has 29 chapters in North America representing 27,000 store owners. In 2010, MillerCoors and KAGRO created the MillerCoors Scholarship Program to develop key community leaders through education and provide scholarships to college students in KAGRO communities.

**Entrepreneurship.** We created the MillerCoors Urban Entrepreneurs Series (MUES) (formerly named, Miller Urban Entrepreneurs Series) in 1999 as a means to advance entrepreneurship and urban economic empowerment throughout the country. MUES invites multicultural entrepreneurs to participate in an annual business plan competition. The winning entrepreneurs receive grants of \$100,000 and \$25,000 to advance their business. Since its inception, MUES has awarded more than \$1.4 million in grants to entrepreneurs. For our 10th anniversary, we awarded a \$100,000 grant to Hi-tek POS, a web-based point-of-sale software company that services the restaurant and retail industries. Our most recent top MUES recipient is Back to the Roots, a sustainable company that has developed a kit to grow gourmet mushrooms out of recycled coffee grounds. They've discovered that gourmet mushrooms can also be harvested from spent grains, such as those we recycle out of our beer production processes. More information can be found at [www.GreatBeerGreatResponsibility.com](http://www.GreatBeerGreatResponsibility.com).

**Leadership.** Each year MillerCoors recognizes 12 Hispanic leaders who are helping to advance Latino communities across the country. One of these leaders is chosen through an online public voting campaign as the MillerCoors Líder of the Year and receives a \$25,000 grant for a community leadership project. The 2010 winner was Raul Magdaleno, a volunteer for Parents Step Ahead/Padres un Paso Adelante in Dallas, Texas.

In addition to fostering education, entrepreneurship and leadership in multicultural communities, we celebrate diversity throughout the year with our sponsorships of events and competitions. Notable examples in 2010 included New York City's National Puerto Rican Day Parade, "Classics" football games played among historically black colleges and universities, and the Essence Festival in New Orleans.

**Support for United Way.** Our United Way employee giving campaign took strong steps forward in 2010. Donations from 1,922 employees and matching funds from MillerCoors totaled nearly \$1.7 million for United Way agencies during the year. Both these figures represent increases compared to 2009: 2.5 percent for employee participation and 6 percent for total donation. MillerCoors matching funds accounted for 47.6 percent of the total for the year, including matches for employee monetary donations

Exceed \$2 million annually in United Way contributions.

2015  
GOAL



2015 Goal

\$2 million

2010

\$1.7 million

2009 Baseline

\$1.6 million

**2015 GOAL**

Our 2015 goal is to generate \$2 million in annual United Way donations by 2015. In 2010, donations from 1,922 employees and matching funds from MillerCoors totaled nearly \$1.7 million for United Way agencies during the year.

and contribution of two dollars for each volunteer hour logged by employees. Our 2015 goal is to generate \$2 million in annual United Way donations, and we are on track to reach this goal.

**Rapid Response for Disaster Relief.** In response to the earthquake that struck Haiti in early 2010, our employees donated more than \$43,000 to a designated MillerCoors disaster relief fund with Project C.U.R.E. We nearly doubled that amount with \$40,000 from MillerCoors Aid in Emergency Fund, which enabled the purchase of enough medical supplies to fill four cargo containers. MillerCoors employees took part in three volunteer days to help sort and pack the medical supplies so they could be sent to Haiti. In all, more than 120 volunteers logged over 250 hours at these events. In addition, all MillerCoors brewery locations and our headquarters office in Chicago collected and donated urgently needed medical supplies and sent them to regional Project C.U.R.E. warehouses.

The Aid in Emergency Fund enables MillerCoors to respond rapidly to a range of human and natural disasters. Our employees and Employee Affinity Groups are often an important voice in determining where and how we respond. We have an ongoing relationship with the American Red Cross in support of its work both domestically and internationally, donating \$35,000 to the organization in 2010. We also provided 3,400 cases (two truckloads) of bottled water to the city of Nashville, Tenn. after it was hit by devastating floods in the spring. In 2011, we are formalizing our disaster response processes after providing matching grants to the American Red Cross for earthquake relief efforts in Japan and tornado and flood recovery efforts in the Midwest and Southeast regions of the United States.

**Environmental Stewardship.** Three of our eight major breweries are located in water-scarce or water-stressed areas of the U.S., which means that communities in those areas share our concerns about water availability and quality. Water stewardship is therefore a natural strategic focus for our community investment related to the environment. We provide financial support, grant funding, shared community outreach and other resources to a range of organizations involved in local water stewardship activities.✿

**River Network.** We continued our partnership with [River Network](#), a national nonprofit organization focused on water quality and watershed protection. To encourage local efforts, we donated \$75,000 so that River Network can make grants to nonprofit organizations that protect and restore local water resources through agricultural means. After applicants around the country submitted their projects for 2010, River Network selected eight finalists and conducted an online voting competition. The organization receiving the most votes, Thornapple River Watershed Council in Caledonia, Michigan, received a \$25,000 grant to complete its proposed project. The two closest runners-up received grants of \$15,000 and \$5,000 and the remaining finalists each received \$1,000.

**Innovation Lab.** During 2010, one of our major community investments of 2009 came to fruition at [Discovery World](#) in Milwaukee. Discovery World is a 120,000 square foot facility that includes interactive science, technology and freshwater exhibits, learning labs, theaters, television and audio studios, and fresh and saltwater aquariums. In 2009, we donated \$500,000 to

create the interactive MillerCoors THIRST Freshwater Innovation Lab, which focuses on water chemistry, microbiology and organisms, properties of water and water-based business and technology opportunities.

**Bradford Beach.** We continued to fulfill our pledge to support the revitalization of Bradford Beach on Lake Michigan. Revitalization efforts began in 2008, and we pledged \$500,000 in donations spread over five years. In 2009, the beach won “Blue Wave” certification from the National Clean Beaches Council as being one of the cleanest beaches in the country.

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## BRADFORD BEACH



In 2008, we pledged \$500,000 to be spread over the next five years in support of Bradford Beach’s revitalization efforts.

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**Water Stewardship Volunteer Month.** [Water Stewardship Volunteer Month](#) is our signature employee volunteer program, and it was a strong success in 2010. Eleven MillerCoors locations organized activities in the watersheds and waterways around our breweries and corporate offices, and in the Puerto Rico sales region. In total, 576 employees volunteered nearly 1,800 hours to plant native vegetation, conduct water quality testing, build fencing to restore watersheds, and clean riverbanks. Employee participation increased 9.1 percent compared to 2009, well above our target increase of 5 percent for the year. Hours donated increased 8 percent compared to 2009. More information on the activities conducted in each geographic area is available at [www.GreatBeerGreatResponsibility.com](http://www.GreatBeerGreatResponsibility.com).

**Volunteer Hours Climb.** We believe that the key to community engagement is personal engagement. Through our volunteer programs we engage employees to become passionate ambassadors of our company. One way we encourage employees to take on leadership roles in the community is by serving on nonprofit boards. Hundreds of nonprofit organizations, such as Boys and Girls Clubs and Habitat for Humanity, have benefited from MillerCoors employee volunteerism. In 2010, we significantly raised our level of engagement with a 75 percent increase in employee volunteer hours, to 35,363 for the year, and a 94 percent increase in the number of employees participating.

# Thurgood Marshall College Fund

TMCF provides merit scholarships and other forms of support to 47 public Historically Black Colleges and Universities (HBCUs) and Predominately Black Institutions (PBIs). We are the only organization with this focus, and we continue to play an important role in guaranteeing our country a robust and diverse pipeline of talented workers and future leaders. The organization is named after Thurgood Marshall, who proved to the Supreme Court in 1954 that the nation's "separate but equal" policy for African Americans should not apply to education. That was a major turning point for civil rights in the United States.

The challenge for us today is to help our member colleges and universities and their students make their way in a very difficult economy. We need our partners and sponsors to step up. And, as our founding corporate sponsor, MillerCoors has done just that. They believe in what we're doing and they want to be involved—not just as a donor but as a partner in meeting challenges with creative solutions.

Along with financial support, the most important need we have is to create greater awareness of our organization and our programs. When people are aware of what we're doing, everything else falls into place. MillerCoors brings us their expertise in raising awareness through advertising, retail activations, events and social networking. Whenever we work with MillerCoors to raise scholarship funds, they are quick to partner on effective marketing solutions that reach their consumers and help us raise money.

We see the relationship as a two-way street. We bring MillerCoors a large community of potential candidates from 47 colleges and universities with diverse and unique backgrounds. The reality is that the Historically Black Colleges and Universities and Predominately Black Institutions that Thurgood Marshall College Fund supports are not just for black students anymore. These schools are diverse. For MillerCoors, having diverse employees and workforce are critical to success. It is this common interest in promoting diversity that has resulted in a successful, 24-year partnership in support of educational opportunities for young adults.



Jamaal Bailey  
Senior Director  
Conferences & Special Events  
Thurgood Marshall  
College Fund

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\* The Chair of the MillerCoors Board of Directors is not a MillerCoors executive officer.

\*\* MillerCoors is a privately-held company with no independent directors or minority shareholders. For more information on our Board of Directors, visit [www.millercoors.com/who-we-are/leadership/board-of-directors.aspx](http://www.millercoors.com/who-we-are/leadership/board-of-directors.aspx).

\*\*\* We utilize EthicsPoint, which operates our Helpline and acts as a mechanism for raising issues directly to the Ethics, Compliance, and Corporate Responsibility Committee of the MillerCoors Board, which oversees our responsibility efforts across all functions, including sustainability.

We invite readers to send comments or questions regarding this Report to:

MillerCoors  
Attention:  
Kim Marotta, Vice President, Corporate Social Responsibility  
3939 W. Highland Blvd.  
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# 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 its 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	DESCRIPTION OF OUR COMMITMENT	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 have two parent companies committed to ensuring that human rights are respected while conducting business on a global scale.	15, 25, 55-56, 63-65
Ensure that they are not complicit in human rights abuses.	Our Code of Business Conduct and 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.	25, 55, 56
Uphold the freedom of association and the effective recognition of the right to collective bargaining.	Our Code of Business 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."	25, 55
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."	25, 55
Support the effective abolition of child labor.	Our Responsible Sourcing Principles include the statement: "in accordance with relevant International Labour Organization 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.	25, 55
Support the elimination of discrimination in respect of employment and occupation.	MillerCoors established a committee and developed a comprehensive strategy to enhance diversity and inclusion. While we actively recruit talent through The National Association of Black MBAs, The National Society of Hispanic MBAs, and The National Hispanic Corporate Council, employee affinity groups work to promote the recognition and respect for diverse employees within the company.	25, 55-56, 63-65
Support a precautionary approach to environmental challenges.	Our sustainable development strategy includes environmental sustainability commitments to ensure a secure future through water stewardship, reduce our energy and carbon footprint, drive packaging sustainability, and move towards zero waste operations in our breweries.	41-51, 55, 56-59
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. Through corporate social investment and employee volunteerism, MillerCoors supports local water stewardship projects and initiatives.	41-51, 55-59, 68
Encourage the development and diffusion of environmentally friendly technologies.	We have implemented a number of environmentally friendly technologies, including installing a state-of-the-art membrane bioreactor at our Virginia brewery and capital improvements at many other breweries, to help reduce water and energy usage.	41-50
Work against corruption in all its forms, including extortion and bribery.	We do not tolerate any form of bribery or corruption. At MillerCoors we honor our legal and moral obligations, protect our standing as regards integrity and credibility, and are a leader in the best practices of corporate governance.	25, 55



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