

Corporate Governance Statements

Directors Reports



Corporate Governance Code

The Molson Coors Corporate Governance Code is applied across the entire enterprise, and is available at <https://www.molsoncoors.com/about/governance-and-ethics>. Molson Coors Brewing Company (UK) Limited – recently re-branded as Molson Coors Beverage Company - is no exception to this, and has not departed from this code over the course of 2019. Readers will note that a wide variety of issues are covered on a global basis, but certain UK-specific items apply also, which are again available at the above URL.

Promoting the Success of the Business

The directors, and leadership generally, of the Molson Coors UK group of companies (of which Molson Coors Brewing Company (UK) Limited ("MCBCUK") is the main trading company) are aware of their responsibilities as prescribed by the Companies Act 2006. These duties, alongside Molson Coors' corporate governance code and employee values are the guiding principles in how the business is managed.

As at writing, the UK business forms part of a wider 'Western Europe' business unit, currently encompassing activities in the UK, Republic of Ireland, Italy and Spain, and is led by a Regional Leadership team accountable for the success of each of these businesses. For a large part of 2019, the UK and Republic of Ireland businesses were managed by a Country Leadership Team. In both cases, this team is composed of a mix of statutory directors, but also non-statutory business function directors. In all cases, the personnel who fulfilled these positions were and are aware of their duties pursuant to the Companies Act 2006.

This section in particular addresses the material actions and decisions which the leadership took in discharging their duties pursuant to section 172 of the Companies Act 2006; namely, the duty to consider the interests of various stakeholders in the success of the business.

Product Categories

MCBCUK has historically performed, and continues to perform, strongly in the standard and standard-premium beer category with brands such as Carling and Coors Light. These brands continue to perform but given the growing consumer trend towards premium and above-premium products and occasions, the business has been carefully expanding its portfolio to grow share in those categories also. The acquisition of Aspell Cider, buyback of the UK distribution rights to Staropramen and acquisition of the distribution rights to Rekorderlig ciders were key strategic plays and those brands continued to receive focus as key components of the strategy not only to premium product categories, but also in diversifying Molson Coors' portfolio. The Molson Coors enterprise leadership in the US has stated publicly in changing the group's name to 'Molson Coors Beverage Company' that there is an intent to grow beyond beer, and this is again reflected in the considerations which the UK leadership have taken into account in managing the business.

People

MCBCUK is committed to ensuring that its pension company is properly funded. 2019 presented no risks.

Additionally, in 2019, MCBCUK was awarded Silver from mental health charity, MIND, in its annual Workplace Wellbeing Index, and earlier this year, secured a Gold accreditation, achieving excellence in successfully embedding mental health policies and practices and demonstrating a long-term, in-depth commitment to staff mental health and achieving change within our workplace. In 2019 the business implemented its "Moments that Matter" programme, including its innovative Life Leave policy, offering staff up to two weeks extra paid leave for the significant moments in life, whether moving house, studying for exams or the days leading up to a wedding. The principle of this is that things come up in everyday life, good, bad or otherwise where staff might need to take annual leave to cover time they would need away from work. This initiative changed that principle, offering up to two weeks of leave for those life events on the basis that employees' annual leave should be for proper rest and relaxation.

Alongside very positive relationships with its unions, MCBCUK also operates an employee forum, which includes a number of employee-elected representatives and the senior leadership, which is designed to provide not only a direct 'temperature check' of what these representatives are observing in the business, but also a vector by which staff can make thoughts or concerns known, on an anonymous basis if desired, about decisions the company has made. The leadership considers this a vital forum, knowing well that it is possible to become disconnected from the true views of the workforce if there is not an opportunity to enter into a dialogue. The opportunity to hear these views, and either clarify, course-correct or explain decisions made is vital to workforce engagement, and the leadership is strongly of the view that this is a key factor in the success of any business.

The company also continues to offer a competitive set of benefits such as private healthcare and product allowance.

Key Customers, Suppliers and Partnerships

2019 saw several new and renewed contracts. Highlights included:

- Deepening relationships with a number of key suppliers, which resulted in mutually beneficial extensions and, in some cases, price reductions.
- A number of agreements with key customers in both the on and off trade, where MCBCUK invested sums in return for product stocking and/or volume commitments on key brands (particularly the mainstream brands and key growth brands as referenced above).
- A new and simplified offer to the trade in conjunction with Sky, which is built off a well established and mutually beneficial partnership going back a number of years.
- Entering into strategic sale and leaseback arrangements to deliver immediate cash into the business.
- Each of these provides mutual benefit in the short, medium and long term.

The Community and the Environment

Dovetailing with the employee 'Wellbeing' agenda is a focus on mental health in the wider community. Work began in 2019 with C.A.L.M (the Campaign Against Living Miserably), a charity focussed on suicide prevention, with a particular acknowledgment that suicide is the biggest killer of males under 45 in the UK. It was a natural connection, given MCBCUK's reach with this category of people, who represent a large subsection of Molson Coors' consumers. The corporate charity partnership was launched in 2019, and early in 2020 during lockdown, Carling launched a social media campaign in partnership with CALM to help spread awareness of the support CALM offers and help to breakdown the barriers that exist for some men when talking about mental health.

The CALM partnership forms part of the Collectively Crafted pillar or Our Beer Print 2025 goals, this year renamed as Our Imprint reflecting our journey as a business beyond beer. Our Imprint embodies our commitment to leave a positive imprint on the communities and environments where we live, work, make and sell our products. Three pillars reflect this commitment to sustainability, responsibility and community initiatives - Sustainably Brewing, Responsibly Refreshing and Collectively Crafted.

This is our third year reporting our progress toward achieving Our Imprint 2025 goals and we are proud to share our progress-to-date and key highlights across our three focus areas:

- Responsibly Refreshing: Together with other alcohol producers, we've increased our focus on reducing global underage drinking and accelerating work in the digital space to restrict access to underage audiences. We're also growing our portfolio of low and no-alcohol choices as we continue to expand beyond the beer aisle, offering our consumers more moderate options.

- Sustainably Brewing: We take a comprehensive approach to tackling climate change and producing and selling our products sustainably. Our sustainability goals include science-based emission reduction targets, which align with the Paris Climate Agreement and have been verified by the [Science Based Targets initiative](#).

Science-based targets offer a roadmap for companies to reduce their greenhouse gas (GHG) emissions to a level of decarbonization required to limit global temperature increase to well-below 2 degrees Celsius compared to pre-industrial temperatures. Molson Coors' 2025 goal to lower absolute emissions by 50% within its direct operations was determined as ambitious enough to meet the requirements of the 1.5°C pathway – the latest and most aggressive recommendations set forth by the recent [report by the Intergovernmental Panel on Climate Change \(IPCC\)](#).

In our latest Our Imprint 2019 report, we have made the following progress globally:

- o Water: Reduced water use in our direct operations by 4.75%, achieving a water-to-beer ratio of 3.41 hl/hl.

- o Carbon Emissions: 21% reduction in absolute carbon emissions from direct operations, and 18% reduction in our value chain.

- o Packaging: Over 99% of our packaging is reusable, recyclable or compostable. We are making strong progress against our packaging goals in the UK & Ireland, which were launched last year. Our new packaging targets include a commitment to make 100% of our packaging reusable, recyclable or compostable, to incorporate at least 30% recycled content in our plastics packaging by 2025, and to improve recycling infrastructure and support a better recycling system by partnering with communities, government, and other industries where we operate. In the UK & Ireland we're well on our way on that journey – committing to remove single-use plastic from our Carling and Coors Light brands, which we're doing in two phases. In April 2020 we moved our large multipacks from single-use plastic film wrap into recyclable cardboard, and then in April 2021 we'll come out of single-use plastic rings into fully enclosed recyclable cartonboard. Molson Coors has also signed on to the [New Plastics Economy Global Commitment](#), which is a worldwide initiative led by the [Ellen MacArthur Foundation](#) in collaboration with UN Environment that addresses plastic pollution and waste at its source by applying circular economy principles. In addition, our Sharp's Brewery in Rock, Cornwall, has a longstanding partnership supporting Surfers Against Sewage.

o Zero Waste to Landfill: Achieved zero waste to landfill at 18 of our 29 major brewing and manufacturing facilities. This includes our largest manufacturing sites in the UK, Burton and Tadcaster, and our Franciscan Well Brewery in Ireland.

o Sustainable Agriculture: Achieved 10% reduction in water use (m3) per metric ton of barley produced; 99% of barley farmers grow, produce and deliver in a manner that recognizes and embraces our sustainability standards. In the UK we have our Molson Coors Growers Group, which includes more than 140 Red Tractor approved farmers across the UK committed to water stewardship and soil health.

o Collectively Crafted: Our commitment to people starts with our employees, who are the heart and soul our company. As we work to strengthen our culture and live up to our values, we remain deeply committed to diversity and inclusion within our company and in our communities.

Ethics, Compliance and Business Conduct

In addition to its enterprise-wide Corporate Governance principles at <https://www.molsoncoors.com/about/governance-and-ethics>, MCBCUK is committed to compliance with applicable laws, with in house Corporate Affairs and Legal functions to assist in the management of these matters.

Shareholders

MCBCUK and the other members of the UK subsection of the enterprise are ultimately wholly owned by Molson Coors Brewing Company in the United States. As a result, the purpose and direction of the business, as well as any dialogue with both the Molson and Coors families but also external investors, are held at the global enterprise level. The key deliverables of the various business units are cascaded and agreed down to the divisional, and ultimately, business unit level. In 2019, MCBCUK formed a part of the European business unit and as a result took its direction in this manner from a European leadership team.