

UN Global Compact – Communication on Progress

Cadbury Schweppes - October 2007

Background

Cadbury Schweppes is proud to be a signatory to the UN Global Compact. Each year, since 2003, we have communicated our progress against the 10 Principles. We publish a full CSR Report every two years and provide regular updates on our progress in corporate responsibility and sustainability via our corporate website.

In 2007, Cadbury Schweppes participated in the UN Global Compact Leaders Summit in Geneva and also in a separate conference on Communication on Progress. We are an active member of the UK local chapter of the Compact.

We believe that it is our responsibility to uphold the UN Global Compact and its 10 Principles. For our long term future and that of our stakeholders, it is in our mutual interests that we have created a world in which our business will grow and thrive.

Overview of CSR/Sustainability at Cadbury Schweppes

In terms of our own management of CSR/Sustainability, we published our Sustainability Commitments in September 2006 and strengthened our environmental commitments through our 'Purple Goes Green' climate change vision in July 2007. Our CSR/Sustainability Commitments continue to be included in our overall business strategy and this year, for the first time, in our regional business Contracts.

Our Board CSR Committee oversees our CSR strategy and reviews progress we are making. In May 2007, Lord Chris Patten, one of our non-executive directors became the new Chair of this Committee, replacing Baroness Judith Wilcox who stepped down as Chair – a role she has held since the inception of the Committee in 2001.

We continue to benchmark our progress internally and also externally through recognised indices including: FTSE4Good, DJSI World, Carbon Disclosure Project Climate Leadership Index, and BiTC's CR Index. In addition, we have extended our independent verification and assurance programme to include more CSR activities and in 2007 we undertook private assurance with Deloitte & Touche's Sustainability Team to help us understand what we can do to further improve our CSR performance. In 2008, when we publish our next full CSR Report, we will again seek public assurance (as we did in 2006).

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

Our Human Rights & Ethical Trade (HRET) policy and Ethical Sourcing Standards have been in place for a number of years and are used by both our suppliers and within our own operations. Our HRET policy is in line with International Labour Organisation conventions and the Universal Declaration of Human Rights. We plan to review our policy in 2008.

Our community investment strategy includes aligning our efforts to help address the UN Millennium Development Goals. One way we do this is to forge partnerships with various NGOs. For example, in 2007 our Canadian business entered a three year partnership with UNICEF Canada to support and promote the Schools for Africa programme, a joint initiative between UNICEF and the Nelson Mandela Foundation. In another example, our CS Asia Pacific business has been partnering with the NGO, Sri Aurobindo Rural Village Action Movement (SARVAM) since 2006, on a community regeneration project within two villages in Tamil Nadu, India.

Principle 2: Business should ensure that they are not complicit in human rights abuses.

In 2007, we appointed regional Ethical Sourcing Managers to focus on and drive the implementation of our Ethical Sourcing Strategy and Programme across our business with our suppliers. Actions include: re-communication with suppliers on our Human Rights & Ethical Trade policy and Ethical Sourcing Standards, asking our suppliers to sign-up to SEDEX (Supplier Ethical Data Exchange) and self-assess against Ethical Sourcing Standards via SEDEX; conducting independent 3rd party site audits, and developing remediation plans with suppliers if needed. These activities support our sustainability commitment to maintain ethical sourcing standards.

Labour Rights

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Our business has undergone a great deal of organisational change across the world including in some cases, changes to terms and conditions of employment and redundancies. We have worked closely with employee consultation forums and trade unions. In 2006 and to date in 2007, we have experienced no labour disputes. Our various local businesses continue to win awards and recognition as Best Places to Work - examples include: India, Greece, UK, and Mexico.

Principle 4: Business should support the elimination of all forms of forced and compulsory labour.

Our HRET policy and Ethical Sourcing Standards are in line with ILO Conventions and the Universal Declaration of Human Rights which support the elimination of all forms of forced and compulsory labour. Assessments and audits of supplier and our own company sites include testing that forced and compulsory labour are not taking place.

Principle 5: Business should support the effective abolition of child labour.

Cadbury continues to be an active leader in the International Cocoa Initiative (IICI), a multi-stakeholder group whose role it is to drive the elimination of the worst forms of child labour in the cocoa supply chain. In addition, we undertake a number of activities in Ghana where we source most of our cocoa beans.

Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.

Our Human Resources function continues to lead our Diversity, Inclusiveness and Equal Employment Opportunities (EEO) strategy. In 2007, we refreshed our diversity communications across the business. We have had a global Diversity & Equal Employment Opportunities policy since the early 1990's. We conduct an annual survey on Diversity and EEO across our business to assess how we are doing in this area. Results from the survey are used to influence our human resources planning and are reported up to our Board and Board CSR Committee. Survey results are particularly useful as we have a 2010 commitment that 25% of our executive management be female.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges.

Our environmental management programme continues to include process improvements and independent site audits with action plans for improvement that are reviewed on a regular basis. We have had this programme in place for 15 years and continue to build on it. In

2007, we established a global Quality, Environment Health & Safety Senior Steering Group to further drive performance in these areas.

Principle 8: Business should undertake initiatives to promote greater environmental responsibility.

In July 2007, we launched 'Purple Goes Green', which sets out our 2020 vision to tackle climate change. We intend to shrink our global environmental footprint by cutting our energy use, reducing excess packaging and managing our water use. We are adopting absolute rather than relative carbon reduction emissions, recognised as a first for the UK food manufacturing industry. Our targets include a 50% reduction of net absolute carbon emissions by 2020. We also have targets to reduce packaging and use more biodegradable and recyclable packaging, to ensure that all of our 'water scarce' sites have reduction programmes in place, and to pursue a 'campaign for change' and demonstrate our commitment by working with shops, suppliers, other food companies, and governments to make a difference. See our Purple Goes Green press release on our corporate website: www.cadburyschweppes.com/EN/EnvironmentSociety/Environment/

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

As part of our 'Purple Goes Green' climate change strategy, we have started working more closely with other parties to develop and promote environmentally friendlier means of obtaining energy. The following public statement has been made: "Cadbury hopes to unite the industry, joining forces with peers and partners throughout the supply chain, to reduce the carbon footprint of the food manufacturing sector." We will be seeking and using technologies to help reduce our carbon footprint.

Corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

Our CSR/Sustainability strategy is underpinned by Our Business Principles which highlights our responsibility to promote ethical business practices. In 2007, (as a complement to our Audit Committee) we established a Global Risk & Compliance Committee to oversee our broad non-financial risk and compliance agenda. Our internal audit team as well as our senior security leader continue to work closely with our businesses to see that corruption and other related risk and security activities do not occur. Across our business, we have re-communicated to employees, the existence of our confidential employee helpline (Speaking Up Helpline) as a means of reporting potential issues and concerns. We also continue to hold active membership with organisations such as the Institute of Business Ethics in the UK.

For more information about our progress in CSR/sustainability, please see our corporate website: www.cadburyschweppes.com

On behalf of Cadbury Schweppes, I am pleased to submit our Communication on Progress reflecting our continued commitment to the UN Global Compact and its 10 Principles.



Neil Makin, Group External Affairs Director