

2002

CSR
management
systems and
process

corporate and social responsibility report

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Cadbury Schweppes

welcome

to our first corporate and social responsibility report

At Cadbury Schweppes, we have always believed that good values and good business go hand in hand.

It is part of our heritage and very much the way we do things today.

In the following pages you will find our statement of principles and policies, together with examples of how we are putting them into practice.

We hope you will find it an informative and interesting overview of our position on corporate and social responsibility.



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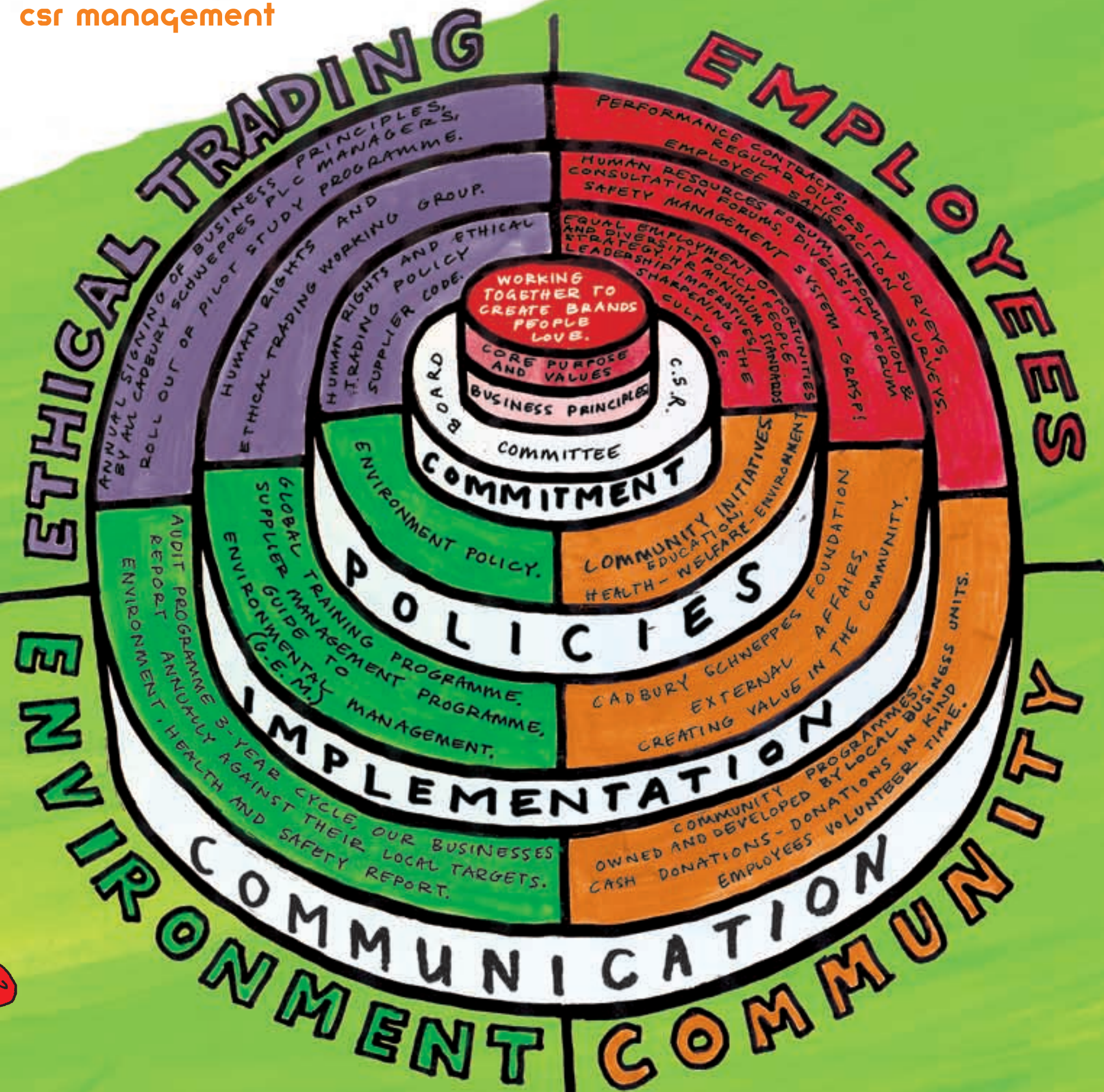
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FINANCIAL INVESTMENT					✓	✓	✓	✓	✓
CONSUMERS		✓	✓	✓		✓	✓		
SUPPLIERS AND RETAILERS		✓		✓		✓	✓	✓	
TRAINING AND DEVELOPMENT		✓			✓	✓		✓	
CONSULTATION		✓		✓	✓	✓	✓	✓	✓
DIVERSITY		✓		✓	✓	✓	✓		
BRANDS AND BUSINESSES			✓	✓	✓	✓	✓	✓	
PROCESSES AND PRACTICE		✓	✓		✓	✓	✓	✓	✓
POLICIES AND PRINCIPLES	✓	✓			✓	✓	✓	✓	✓



our commitment



Sustainable business success requires a clear sense of purpose and values. Ours is a business built upon strong values. Corporate and social responsibility (CSR) has always been, and remains today, a core part of our business philosophy.

Our consumers expect products which are not only delicious (and safe) but which have been produced fairly and ethically.

A creative and well managed corporate and social responsibility programme is in the best interests of all our stakeholders – not just our consumers – but also our shareowners, employees, customers, suppliers and other business partners who work together with us. We also have a clear commitment to the communities we live and work in and to the environment we all share.

Corporate and social responsibility is a Board level responsibility – our Board CSR Committee is chaired by a Non-Executive Director, Baroness Wilcox.

Our Purpose and Values and Our Business Principles set out our beliefs and the framework for behaviour throughout all Cadbury Schweppes companies.

It is a commitment that everyone in the company shares, and one that we aim to manage with the same professionalism as we do our day-to-day business performance.

Companies like ours play a key role in the development of society at local, national and global levels.

Our commitment to this belief, and our tradition of corporate and social responsibility, are clearly established and will continue to be key elements of the way we do business.

As we entered a new millennium, there were some significant milestones in our continuing journey to demonstrate highest standards of socially responsible performance in an ever changing business world.

The creation of the Corporate and Social Responsibility Committee, which I chair, has brought a sharper and clearer focus to our activities in this area. It demonstrates, I believe, just how much emphasis the company places on CSR. It's a strong team which has been given both independence and clout. It comprises the Chairman and two other Non-Executive colleagues, as well as the Group Chief Executive, the Chief Strategy Officer and the Chief HR Officer.

Other milestones include the update and reissue of Our Business Principles, the publication of our global Human Rights and Ethical Trading (HRET) Policy and a long-term programme of work with business partners and suppliers.

We take an inclusive approach as CSR touches so many aspects of our business, and is integral to our relationship with all our stakeholders. It's about doing the right thing within our businesses but, more broadly, across our value chain, from the acquisition of raw materials, through all levels of manufacturing, to distribution and the all important relationship with our consumers. Our long-standing belief in making a contribution to society led us to take an active role in the communities and wider markets in which we do business, a role which we continue to play.

The diagram opposite illustrates the way in which this commitment is implemented and brought to life through our policies, processes and communication.

Our good practice has been recognised by our inclusion in both the FTSE4Good and the Dow Jones Sustainability Group Index and in this report you will find examples of the many different ways in which we are living up to the growing and changing responsibilities good corporate citizenship demands.



John Sunderland
Chief Executive Officer



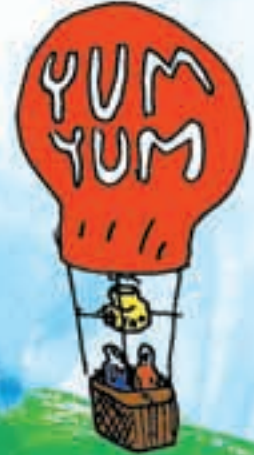
Baroness Wilcox
Non-Executive Director and Chair of the CSR Committee

who we are

We're one of the world's top 3 soft drinks and top 4 confectionery companies

Sales and profit 2001

Turnover up 21% to £5,519m
Underlying trading profit up 20% to £930m



we employ over 38,000 people

our products are available in over 200 countries



We are included in both the FTSE4Good and the Dow Jones Sustainability Group Index



Our UK factory lays 400 million Creme Eggs a year – which roll around the world

We own Poland's most recognised brand – Cadbury Wedel has a chunky 20% of the chocolate market

Czechs love tonic water – they drink more per head than anyone else in the world

Mott's makes over 13 million cases of applesauce and juice every year

New Yorkers knock back 15% of Snapple's worldwide sales – a Big Apple beverage born 'n' bred.

Dr Pepper is the oldest soft drink in America

Essence of Orangina

Oranges from Brazil

We are No2 in sugar free chewing gum in China

Cadbury is Australia's most loved brand icon after Australia itself

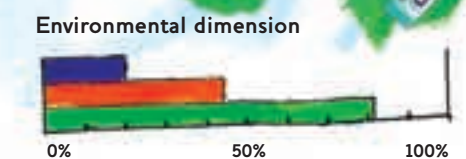
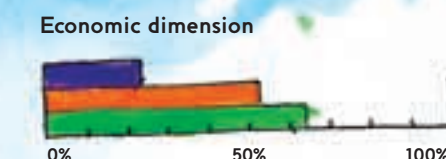
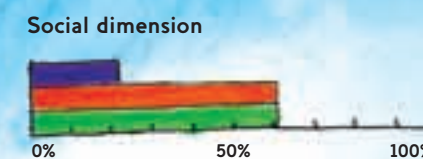
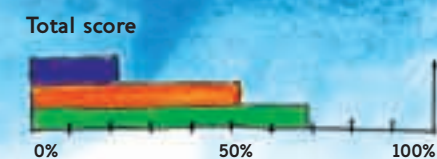
Over 50% of Choclairs are sold in Asia, India and the Middle East

Our Australian business sources cocoa locally from Indonesia

DJSI scores 2001

- Industry average on a global basis
- Cadbury Schweppes
- Best company on a global basis

We have nearly 100 factories worldwide



our value chain

WE HAVE INFLUENCE HERE

WE HAVE CONTROL HERE

WE HAVE INFLUENCE HERE



All kinds of raw materials go into our brands.

We have around 40,000 direct suppliers.

We employ over 38,000 people...

...who work together to create brands people love.

We build mutually beneficial relationships with our many business partners.

We serve all kinds of customers – from supermarket chains to small stores.

Millions of people around the world enjoy our brands.

employees

diversity and equal opportunities

We value diversity in our workforce and know that variety in our people makes for a richer, more vibrant company culture. Our group-wide Equal Employment Opportunities & Diversity Policy emphasises our commitment to attract, empower and promote a diverse and talented workforce. It covers race, colour, ethnic or national origin, gender, sexual orientation, age, religion, marital status and disability.

We have clear procedures to promote and monitor diversity. The Board receives regular reports on progress, and best practice is shared across the group. Individual business units use workshops, training, induction courses and, in some cases, Diversity Committees to ensure they celebrate diversity and foster an inclusive employment environment.

consultation and dialogue

We have a long tradition of encouraging our employees to participate fully in the business through consultation and dialogue. It's part of our culture, and one of the reasons for our success.

We respect our employees' right to join trades unions and over half are union members. We have locally-tailored ways for employees to contribute their energy and views. For example, our European Employee Information and Consultation Forums meet at least annually to discuss business performance and share ideas. They operate across the UK, Ireland, Spain, France, Germany, Italy, Portugal and the Netherlands and are jointly co-ordinated by an HR Manager and an employee representative, with the business's senior management giving a personal account of key projects, results and performance.

remuneration and rewards

We are committed to remunerating our employees fairly according to their skills and performance and in line with competitive industry and local conditions. We actively encourage share ownership among all our employees. Over half our employees have access to share options and reduced price purchase plans. Our UK ShareSave plan has been operating for over 20 years and is open to all employees, with take up in 2001 at 41%. This year we have also introduced a new Share Incentive Plan (SIP). Internationally we run share schemes in Ireland, France, Spain, Portugal, Belgium, the Netherlands, Australia, New Zealand, the US and Canada, with plans to gradually extend this to other countries where we have employees – Mexico, Poland and Egypt are next in line.

We expect our people to work only reasonable hours and have been introducing greater flexibility to provide our employees with choices so that they may better meet their own and their families' specific needs.

our people make all the difference

We wholeheartedly believe that it is our people who make all the difference to our success. We make a great effort to look after the Cadbury Schweppes team, encouraging active contribution and participation, and helping individuals realise their full potential.

Our HR Minimum Standards and HR People Strategy apply to all our businesses, everywhere

Chief Human Resources Officer sits on the Board

Our HRET Policy covers

core labour rights and dignity at work

health and safety

fair remuneration

diversity and respect for differences

opportunity for development

See the back of this report for more details

working together to create

a better business

In the UK, a careful blend of consultation and dialogue with employees helped us to manage successfully the challenge of restructuring for growth by creating a new single business unit out of two companies with very different cultures.

Two years ago, we decided to combine the UK's No1 chocolate confectionery business, Cadbury, with the No1 sugar confectionery business, Trebor Bassett, to create an even bigger and better business: Cadbury Trebor Bassett (CTB).

The aim was to give our customers a single business capable of understanding and meeting all their confectionery needs more quickly and effectively. It was a massive change with a large number of employees who either had to relocate, change or take on additional responsibilities. Tackling something new is not always easy, but we used both formal and informal consultation to engage support and successfully manage change.

Dialogue was required to manage the changes to our sales and marketing functions. We created a new CTB Commercial and Strategic Centre at Maple Cross, requiring people to move to take up a new job in a new place – a new life. A substantial relocation and support package was introduced, tailored to individual needs. A great deal of consultation, briefings, support and training went into making these moves as smooth as possible.

Formal negotiations and consultations with trades unions in our chocolate making factories allowed us to reach collective agreements around a new single set of employment principles. This also included lengthy briefing sessions with all 3,000 employees in parts of manufacturing, followed by a ballot to apply the new working agreement. The new agreement 'Clearly The Best' – a partnership between CTB, the Transport and General Workers Union and the Amalgamated Engineering and Electrical Union – has been hailed by leaders of both trades unions as a breakthrough in industrial relations, and is now being modelled in other parts of industry.

CTB was launched to customers in June 2001. So just how successful has the change been? As an illustration: the combined sales force has increased to meet the growing needs of CTB's customers. After the introduction of new teams and a new systems and support infrastructure, the business is going from strength to strength.

development and training

We continue to invest heavily in developing the skills and capabilities of our people. Our Leadership Imperatives and Sharpening The Culture training and development programmes apply to all employees, everywhere, and our aim is to deliver a leading-edge employment experience which also enhances the capabilities of individuals and the company as a whole. We have group-wide guidelines and each business unit has their own training and development programme tailored to their cultural and commercial aims.

health and safety

We aim to ensure that employees, contractors and visitors to our sites can be confident of entering and working in an environment which is both safe and healthy. We reaffirmed our Health and Safety strategy in January 2000 and the Chief Executive Officer's Statement of Intent for Health and Safety now forms the basis of our group-wide safety management system.

Our Group Risk Management Department has developed a self-audit programme to assess each business unit. This is supported with a comprehensive set of guidelines to assist local managers. Every business unit aims to achieve three tick status. Where this standard is not achieved, the programme highlights what activities need to be implemented ahead of the next three-yearly audit.

As a first priority, we continue to expect all our business units to have Health and Safety programmes in place which meet their local legislative requirements and reflect any legislative updates. We are also working to ensure that local programmes across the globe develop to meet our own internal best practice guidelines where they are more demanding than the local regulatory requirements. This is part of our ongoing determination to minimise Health and Safety risks still further.

You can download the latest Environment, Health & Safety Report from our website at www.cadburyschweppes.com





my biography. by jane KARUKU

“Since joining Cadbury Schweppes about seven years ago, I think what I’ve enjoyed most is that I’ve been given big responsibilities as I go along, encouraged to stretch myself and to put ideas into action. You feel you belong, the challenges are enormous and when you achieve them you celebrate.

I was born in Kenya in 1962. I’d always been interested in food and after my BSc in Food Science Technology at the University of Nairobi, I worked for a local dairy processor as a Production Supervisor. Later, I went to California to study an MBA in Marketing but came back home to work in Kenya.

I joined Cadbury in 1995 as a Brand Manager – a job which offered me a lot more in terms of exposure and **personal growth**. I was taking care of Bournvita and drinking chocolate and it was very satisfying – I was reporting directly to the Managing Director and had responsibility for making day-to-day decisions. Then, in 1997, my boss asked me to go over to the production side to run the factory. It was a **big leap** – I was responsible for maintenance, quality and production, and for managing about 150 people. First and foremost it was about people skills – understanding how other people see things in order to help them understand how you see things.

The secret is communication – not only down but also up and across the organisation, so that everybody is in sync and moves in the same direction. I also used the company’s Sharpening The Culture training programme – **a very useful tool**. Everybody had a chance to participate, so we had a common vocabulary and set of references that made communication a lot easier.

In January 2001 I became Operations Director. **Again it was more responsibility** including buying and distribution in the East African region – the total supply chain. Then a year later I became Managing Director. Somebody told me it’s a club called The Buck Stops Here!

The biggest challenge is **leadership** – bringing people together to create a winning team so that we can all move forward. I have regular meetings with my management team every Monday. We ask ourselves: What could we do better? What can change around the organisation? What are the priorities? It’s a very democratic way of generating ideas. The more we communicate as a team and **challenge each other** the better our ideas will be. It’s about getting the managers to discuss these things openly and to involve their people as well. To bring the organisation together and for everybody to own their destiny – to feel **‘I’m part of that, it matters to me, so I’ll make it happen’**.

Once we decide what we are going to do, then the next step is less democratic! We must do it. Earlier this year, we got all the sales team in one room and spent three days going through Sharpening The Culture. Together we defined the vision of the sales group, and worked out the success criteria for achieving that vision. Then we got down to what each person needed to do to meet those criteria – on a monthly basis, on a daily basis, on an hourly basis if necessary. It gave everyone very clear responsibilities to sign up to and very clear and practical ‘hows’ to follow and measure against.

Over the years the company has allowed me to grow and I hope I’m doing the same for the people I’m managing. There’s not a lot of bureaucracy here and you tend to interact with people who are way ahead of you. I remember when I was a very young Brand Manager, I got to present a marketing strategy to the group’s CEO, John Sunderland – that gives you a very deep sense of belonging and it’s something which works for everyone in the company.”

Jane Karuku
Managing Director
Cadbury Kenya



sharpening our culture around the world

Our Sharpening The Culture training programme is designed to boost the skills and capabilities of our people. It focuses on helping individuals and teams apply what we call our 3As – behaviours which underpin our way of working. All managers take part in the programme and since 1999 we have also been rolling it out to non managers.

Accountable – Owns and communicates agenda. Measures by results. Clear about responsibilities. Open and non-defensive.

Aggressive – Pursues opportunities with total determination. Acts in energetic and urgent manner. Courageous and tough-minded in face of obstacles. Resilient and tenacious. Really wants to win. Sets and expects high standards. Doesn’t let fear of failure stand in the way.

Adaptable – Deals with the unpredictable. Positively embraces change. Promotes best practice and new ideas. Innovative in seeking new solutions.

creating value through diversity

As part of a broad range of initiatives designed to create value through diversity, Dr Pepper/Seven Up (DPSU) runs a structured Minority Mentoring Program in the US.

Terri Harrell, DPSU’s Diversity Manager, coordinates the programme which pairs recently hired recruits from minority groups with an experienced colleague dedicated to helping them thrive in their first six months in the job. The pair meet at least twice a month and receive training and support to help ensure the success of the relationship. Andrea Jones who joined DPSU in 2001 said: “It was like having an instant friend who tried to help me feel at home. Plus I felt reassured that the company was obviously serious about my success here and was ready to invest time in my future career development”.

The scheme is part of DPSU’s programme to create value through diversity, which focuses on the workplace. This includes action to encourage applications from minority candidates – ranging from focused recruitment to the development of an intern programme directed at minority community college students – and a Diversity Committee and diversity training for all employees.



ethical trading

Respecting human rights and trading ethically is fundamental to the way we work, not just within our owned and operated businesses but also in how we interact with our wider value chain:



The tens of thousands of suppliers who both directly and indirectly provide us with all types of goods and services – from raw materials to machinery and packaging.



Our business partners – everyone from bottlers to cake and ice cream makers.



Our customers – from large supermarket chains to small independent stores.



The countless consumers who love our local and international brands.



Wider society.

* cocoa is a good parent (it looks after you)

Ghana is home to around 60% of all the cocoa beans we use. The Cadbury Brothers helped launch Ghana's cocoa growing industry back in 1908. They included investment in the farmers' economic, social and agricultural development in their planning. Since then, the country's cocoa production has grown from 8,000 tonnes to 400,000 tonnes a year and our early and ongoing investment has helped in the creation of the world's finest cocoa bean. So good is the quality of Ghanaian cocoa, it commands a substantial premium over all other cocoa traded on the world market. A premium we're happy to pay, not least because the higher quality beans help give our chocolate its distinctly delicious flavour and texture.

Today our primary business partner is the Ghanaian Cocoa Board (COCOBOD), through which the vast majority of small cocoa farms sell their crop for a guaranteed price. We've sought to establish a positive and long-term relationship with the Cocoa Board. We are also working

on initiatives to directly support cocoa farming communities – from programmes on sustainable tree crop management to a drinking water well-building project in partnership with the charitable trust of the farmers' co-operative, Kuapa Kokoo. So far, over a dozen wells have been completed with a further 20 under construction.

Our Ghana pilot study looked at all aspects of our HRET Policy. It involved substantial desk research plus a country visit to consult with the Ghanaian Government, the Agricultural Workers Union, COCOBOD, international agencies such as Unicef, Kuapa Kokoo, a number of cocoa farms, a farmers' co-operative and villagers in the forest belt. The view was that the nature of the cocoa farming process (small family-run farms and little intensive cultivation) means that harmful child labour is unlikely to occur in the cocoa sector. Nevertheless we are keeping local issues under review.

trading ethically within our businesses

We've always believed in ethical trading. In 2000 we translated it into our global Human Rights and Ethical Trading (HRET) Policy which covers core labour rights and dignity at work; health and safety in the workplace; fair remuneration; diversity and respect for differences; and opportunity for development.

The policy measures up to the highest international standards, including the Universal Declaration of Human Rights and the conventions of the International Labour Organisation. It applies to all our business units, and we have a rolling programme to secure it within our businesses, managed by the HRET Working Group with representation from Human Resources, Group Procurement, Group Audit and Risk Management, Legal and External Affairs. We have extended and reissued Our Business Principles, providing a coherent framework and making clear the values and behaviours expected of every employee, everywhere (see the back of this report and our website for details www.cadburyschweppes.com).

sourcing supplies

From mangoes to maintenance – we source a huge number of raw materials, goods and services from around 40,000 suppliers around the world, many of whom are themselves only one part of a much longer chain which brings raw materials from the field to our factory doors.

Working to ensure our suppliers share our principles is a complex and continuous process, so we have developed a new global Supplier Code and a three-pronged strategy to focus our efforts and impact:

first An active programme of detailed pilot studies examining areas of particular importance in our supply chain. The programme includes visits and is based on consulting and engaging with individual suppliers, governments and non-governmental organisations. During 2001, we visited Ghana and Turkey (described further in this report), as well as discussing issues with our key commodities suppliers. Visits to China and Indonesia are scheduled for 2002.

second Meetings with our top 100-250 suppliers (based on an assessment of potential risk and importance to us) to discuss our HRET Policy and assess its implications for them.

third Broad communication of the policy to all suppliers.

industry-wide action

As well as looking at issues within our own supply chain, our commitment extends to industry-wide initiatives. For example, last year we started working with other confectionery companies, the US, UK and Côte d'Ivoire governments, UNICEF and non-governmental organisations to develop a Global Industry Protocol to address working conditions in cocoa farms. Described as "a model for other products and countries... a breakthrough in the global fight against slavery" (Kevin Bales, Executive Director, Free The Slaves), it has funded independent surveys and is establishing monitoring and certification processes.

We are also working with all stakeholders to boost the economic livelihood of cocoa farmers and workers. Initiatives include helping farmers form groups to market their produce as the best way for them to receive an improved price for their crops.

We are also investing in work to ensure cocoa is grown in a sustainable and ethical way. For example, we are helping small farmers create a sustainable, biologically diverse agricultural system that generates better yields, more consistent crops and respects the environment.



turkish delight

In recent years, our trade with Turkey has grown rapidly. We currently source around 95% of our hazelnuts and some 50% of our raisins and sultanas from the country. You could say, a little bit of Turkish delight goes into every Cadbury Dairy Fruit and Nut bar.

Our pilot study included visits to Istanbul, Ankara, the nut-growing regions along the northern coast, and the raisin-growing region around Izmir. During the course of the study we undertook wide-ranging discussions not only with business partners, but also international agencies, non-governmental organisations and others. We found that most of the farms are family-run, with little casual labour, and that when children do work on them they usually do so at holiday times and out of school hours. The fruit and nut processing plants we visited are well run businesses with a passion for product quality and their own clear commitment to key areas of our HRET Policy such as core labour rights.

The general view of all those consulted was that our trade with Turkey has helped to raise standards in production and grow a trade that brings real economic benefits to the rural economy. Since our visit, we've purchased a 51% interest in Kent, Turkey's leading sugar confectionery company, and look forward to playing a growing role in the country's economy.

Earning consumer trust Our core purpose is to work together to create brands people love. Part of that is living up to the trust which millions of consumers place in us.

Working with business partners We are working closely with our business partners to brief them on our HRET Policy, to learn how they manage these issues, and to share best practice. This is part of our ongoing commitment to build mutually beneficial relationships with our partners that live out our principles and

standards. In particular, the nature of our beverages business (where, for example, we sell our concentrate to bottlers who add the fizz and manage the distribution) means we've invested in deep and long-term partnerships to deliver the beverages people love, based on consistent shared values.

We are committed to providing a range of high quality, wholesome products which not only provide small moments of pleasure, but are also marketed truthfully, labelled clearly, and meet the highest food safety standards. We make honesty, integrity and openness the bedrock of all our advertising, promotions and other public communications. We take special care to avoid any suggestion of exploiting the inexperience of children or undermining the responsibility or judgement of parents or other carers.

training traders in qwa qwa

Since 1992, Cadbury South Africa has sponsored a Trader Training Program to help traders up and down the country. In its early stages the programme revolved around face-to-face workshops on the basics of retailing. Traders with no formal training would go along to their local community, school or church hall to learn how to work out margins, plan stock purchases and display products effectively and safely. Workshops were held as far afield as a community hall in the mountains of Qwa Qwa, in the Free State.

The workshops ran for five years and trained over 7,000 traders. Then in 1997, a radio phone-in programme took over. The Cadbury Small Business Advice Program ran once a fortnight on three community radio stations. Not only did it open up the advice to a wider audience, it also broadened the scope of the help on offer to cover all topics affecting small businesses.



variety is the spice of life We know that no matter how big we get, we should never underestimate the strength of the local brands which people have grown up with. People in different places tend to have different tastes. By respecting each business's unique culture and allowing local managers to take control and accountability, we are better equipped to understand and meet local consumer demands. So, as well as international brands such as Cadbury Dairy Milk and Schweppes Tonic, we make a very wide

range of brands rooted in local traditions and unique to particular areas – from Bim Bim in Egypt to Wedel in Poland, from Beldent in Argentina to Tom Tom in Nigeria. Large and small, international and local – we nurture a diverse family of brands people love.

delighting our consumers

Our largest business unit, Dr Pepper/Seven Up (DPSU) has won two significant endorsements for its passion for consumers.

In 2001, for the fourth year running it was rated top in the Beverages-Soft Drinks section of the ACSI (American Consumer Satisfaction Index). This prestigious index, sponsored by the University of Michigan Business School and American Society for Quality, interviews over 70,000 randomly selected respondents annually to gather its results.

DPSU has also received an A rating for consumer services and been placed in the top ten companies by PlanetFeedback, the online consumer feedback service. "DPSU now joins a select list of companies that work overtime to delight and satisfy our users", said PlanetFeedback founder, Peter Blackshaw.

serving our customers As with our business partners, we strive for mutual benefit with our customers. We work with both large and small retailers to make sure our

products are what consumers want, and that they're in tip-top condition, in a range of formats and presented effectively. Not only do our marketing and sales teams receive training and

adhere to Our Business Principles, but we also invest in building long-term relationships with shops. Cadbury India, for example, invested in a new cooler cabinet system for retailers to ensure the confectionery didn't warp and wilt in the heat.



community

contributing to communities around the world.

We believe in doing everything we can to create prosperous, educated and socially inclusive communities – it's part of our heritage, it's the right thing to do, and it can only serve to strengthen the success of our business.

Our community contribution takes many forms – from straight cash grants and sponsorship to donations in-kind and the considerable time and effort our people put into the communities they live and work in.

Individual business units drive their own locally managed programmes responding to stakeholder needs. They are underpinned by a group-wide strategy of 'Creating Value in the Community' focusing on creating community partnerships which generate real sustainable added value in education and enterprise; health and welfare; and the environment.

-  EIRIS (the Ethical Investment Research Service) survey 2002 commended our very clear systems for promoting community involvement
-  We actively encourage employee volunteering, including directly linking some activities with our HR practice and people development programmes
-  We have a registered charity, the Cadbury Schweppes Foundation, which channels cash donations in the UK, as well as providing funding for significant seedcorn initiatives internationally
-  We are a member of the Business in the Community PerCent Club – and in the UK alone our community contribution was around 2% of UK pre-tax profits
-  Our businesses give in-kind – from work experience to meeting rooms, from surplus equipment to products



dr dokun and hector's house

Established in 1999, our Chairman's Award for Employee Community Involvement honours and supports the outstanding work of Cadbury Schweppes employees in communities around the world – and backs up that recognition with cash donations to their charities.

The 2002 Awards resulted in almost 100 entries from all our businesses. The overall winner was Dr Dokun Adedeji, Cadbury Nigeria's medical adviser. For nearly ten years, he has led a community team that has successfully rehabilitated nearly 300 drug addicts. Cadbury Schweppes Chairman, Derek Bonham, said judges were particularly impressed by how "his passion and commitment have really made a difference". On the 24th July 2002, Dokun will be taking a short break from his community work – he's coming to the UK, at the invitation of Cadbury Trebor Bassett, to carry the Baton in the Queen's Jubilee Baton Relay which opens the 2002 Commonwealth Games.

Hector Leiva, who works in our chewing gum factory in Argentina, won the Chairman's Distinction. He and his wife are volunteers for a network called 'Plan de Vida' (Life Plan) which provides cereals and milk to families in need. For the last four years, every Monday to Saturday, a milk truck has turned up at Hector's house in the early hours of the morning. Hector unloads the milk and from 8am to 10am local families come to his home to receive much needed daily provisions. The morning's good deeds done, Hector heads off to work.

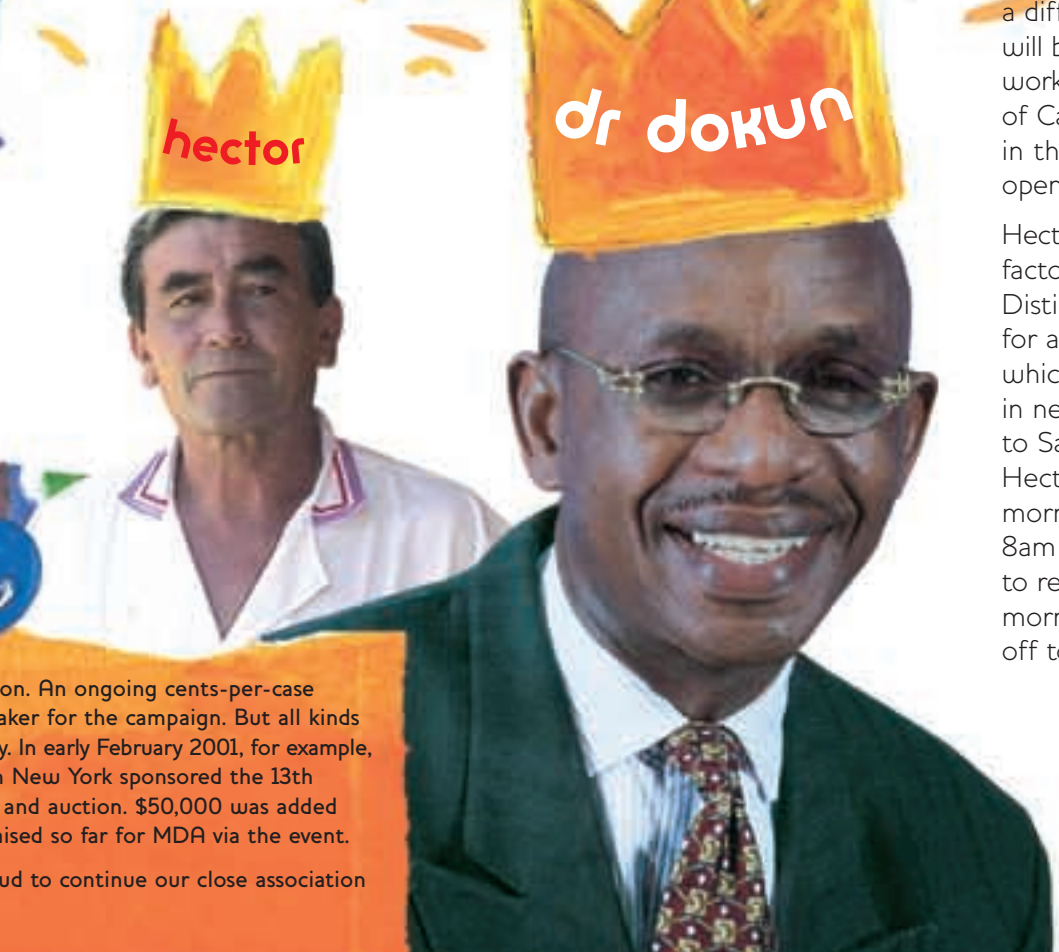
an affair of the heart

In 1975, Jerry Lewis donned a Seven Up sales uniform to play a part in a commercial promoting his second Labor Day Muscular Dystrophy Association (MDA) telethon. It marked the beginning of a corporate-cause partnership that continues to go from strength to strength to this day.

Since 1994, the Seven Up campaign has raised some \$2 million a year for MDA. The money goes to helping more than a million Americans affected by the 40 neuromuscular diseases MDA is fighting. Funds are generated through a variety of initiatives and events undertaken by Seven Up bottlers and our Dr Pepper/Seven Up business unit. The annual

highlight is Jerry's national telethon. An ongoing cents-per-case programme is also a key moneymaker for the campaign. But all kinds of local initiatives also figure heavily. In early February 2001, for example, the Seven Up bottlers of Western New York sponsored the 13th annual Affair of the Heart dinner and auction. \$50,000 was added to the grand total of \$500,000 raised so far for MDA via the event.

Twenty-seven years on, we're proud to continue our close association with MDA's cause.



Nutrition, Education, Security and Love

Cadbury India has a large factory in Malanpur, one of the most under developed districts in Central India. In 1999, we launched the Cadbury Community Initiative Programme under the banner: Nutrition, Education, Security and Love.

In setting up the programme, our local Corporate Affairs Manager, Narender Katoch, initiated a long-term dialogue with local stakeholders to engage them in helping us identify what community support we should be providing.

As a result, we focused on healthcare and education in the nearby village of Gurikha. A nursery school was started and key improvements were made to the primary school. The consultation and a bit of lateral thinking led to some real social improvements: fresh drinking water from a new village pump, a doctor's clinic, vet services for milk-producing animals and fruit trees for each household to plant during the rainy season. They also helped to increase school attendance levels.

Last year, the education programme supported the Indian Government's Year of Women Empowerment. Special focus was given to the rights and contribution of girls and to the counteraction of female infanticide through a variety of initiatives, including awareness generation and gender sensitisation programmes leading to the formation of women self-help groups.



Since 1972, millions of school children across Asia have tested and improved their knowledge by tuning in to the Bournvita Quiz Contest. Sponsored by Cadbury India, it is the longest running and possibly the biggest on air quiz show in the world.

Educating around 200 students a year through 5th grade, providing athletics, tutoring and literacy programmes to children and adults alike, acting as the local distribution point for over 250 Meals on Wheels a day – the St Philip's School & Community Center is a hive of good work in an impoverished area of south Dallas. For over 16 years, Dr Pepper/Seven Up has provided financial support and donations in-kind to the Center.

Since opening our factory in Chudovo, Russia, six years ago, we have been helping to improve the health, education and day-to-day life of children in the local orphanage. Our contribution ranges from sponsoring health improvement programmes to supplying books for the library. We are also working closely with the Chudovo community to combat drug abuse.

Whether it's Cadbury Trebor Basset's Managing Director mentoring a head teacher on culture change or one of our R&D experts running a Design Your Own Chocolate Bar project for young students – working closely with local schools is a big part of our community activity in the UK. Our focus on Enterprise in Schools has led to our sponsorship of the Young Enterprise Primary Programme delivering citizenship and key skills to over 7,000 pupils, and The Prince's Trust's xl club programme.

For the last three years, Schweppes, S.A has been participating in a project to build schools in rural areas of Ecuador. The money raised in 2001 paved the way for six new school rooms in the Cayambe area, adding to the five built in 2000.

In Tehuacán, where Cadbury Schweppes Bebidas Mexico has its main plant, we work closely with the local community on a number of initiatives – from funding firemen's suits and breathing equipment for the local fire service to supporting the Special Education Héctor Lezama School.

Working in partnership with the French Union Nationale Sports Scolaires, Orangina sponsors a contest for schools. Called Orangina secoue ton AS (Shake up your sports club). It awards bursaries to pupil-led ideas for original and audacious sports events that also involve the wider community.

In Nigeria, we set up the Bournvita Teachers Awards to promote and celebrate excellence in teaching. The winners receive a cash prize, six months' supply of Bournvita, an award certificate, sponsorship of a self-improvement course as well as books.

The Snapple Twisted Cap Tricks Tour visits Starlight Foundation hospitals across the US and culminates in a £100,000 award to pay for a Snapple Nintendo Video Centre for their children's ward.

So far, over 500,000 young soccer players have taken part in our Chappies Little League. Beginning in South Africa in the mid 80s, it now also covers Botswana and Swaziland. Open to all boys and girls under the age of 12, it's one of a number of grassroots sports initiatives sponsored by Chappies.

Since 1995, Cadbury Ireland has been running a Business Education Links Programme to help local schools prepare their students for the world of work. It ranges from a two-day course for students to learn about every aspect of our business to a two-week placement for teachers undertaking career guidance.

Since 1997, the Maison Orangina has been opening its doors to French community associations, schools and youth groups so they can make free use of the multimedia equipment and expertise on offer. Around 400 associations visit the Maison each month.

Cadbury India has set up the Bournvita Nutrition Centre to advise on healthy eating for children.

Mott's is working with Save the Children to help improve the health and education of underprivileged children in the US, Canada and Mexico. Other initiatives being explored include opportunities for Mott's volunteers to sponsor a child or become a mentor.

For their collective work supporting the victims of September 11, the people of Snapple received the inaugural American Red Cross Community of Heroes Award.

Cadbury Schweppes South Africa is supplying seed-funding and organisational help for a school development programme designed to upgrade and re-furnish clusters of existing schools. Three clusters of ten schools will benefit from the programme.

In Australia and New Zealand, we donate all our excess seasonal product to the Variety Club so they can pass it on to disadvantaged people.

Cadbury Asia Pacific has been participating in a Student Scholarship Program since 1992. So far, the business has sponsored 13 students in Japan, Malaysia and Thailand.

Cadbury South Africa provides ongoing support to the Nelson Mandela Children's Fund. Around November every year, company representatives travel with the great man to visit pre-primary schools in disadvantaged communities – the sweets and other donations in-kind go down a treat.

Each year, Dr Pepper/Seven Up sponsors the Imagination Celebration Festival. The largest free children's arts extravaganza in north Texas, it creates a weekend of arts events, performances, workshops and more for children to take part in and enjoy.

What's good for the environment

we are committed to sound and responsible environmental management in everything we do. this is a natural extension of the importance we place on protecting the world in which we live – in our own interests and in the interests of generations to come. it is also an integral part of achieving our objective to grow shareholder value over the long term. when you take into account the long term, you invariably find that what's good for the environment is also good for consumers and good for business.

is good for our business



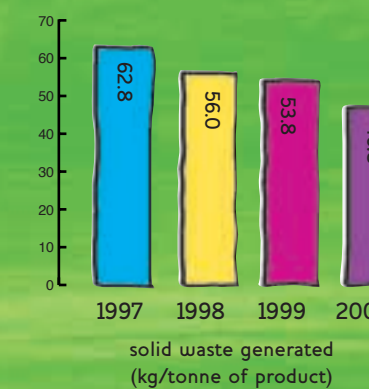
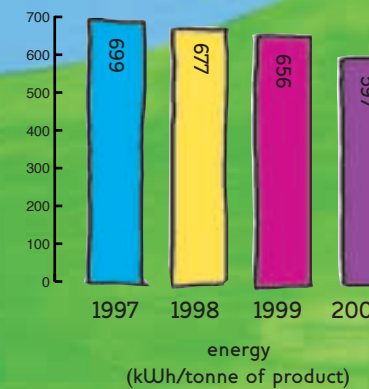
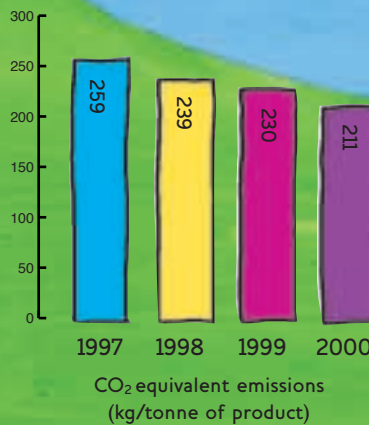
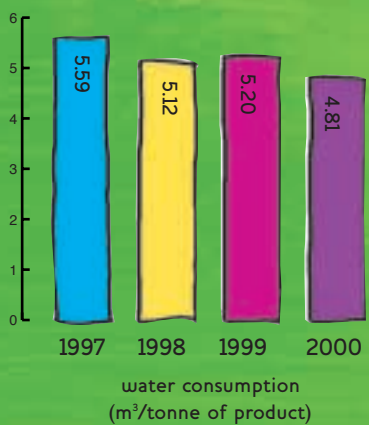
Innovest ranked us 1st in the beverage and tobacco sector in June 2001 for our environmental programme.

Eight sites have ISO14001 or the EU's Eco-Management and Audit Scheme (EMAS) certification.

Dow Jones rated us above average in the food and beverages sector, as part of the STOXX-European Index for Corporate Sustainability.

Business in the Environment survey 2001 ranked us 2nd in our sector and 30th overall out of 200 participating companies. We have significantly improved our performance since the survey began with our score increasing from 50% in 1997 to 91% in 2001.

EIRIS (the Ethical Investment Research Service) survey 2002 noted our environmental policy, commitment and management systems, and said we were making significant improvement in environmental impact, particularly in the areas of water consumption and waste.



a group-wide policy since 1993

We adopted our corporate Environmental Policy in 1993. In 2000, in line with our undertaking to review and update the policy on a regular basis, we extended it to cover every aspect of our business – not only our manufacturing processes and the distribution, sale and consumption of our products, but also our raw materials and the ecosystems that provide them.

a set of targets to beat

Working to a group-wide Environmental Management System, we actively manage environmental issues and set detailed performance targets with a factory audit programme based on a three-year cycle.

We regularly measure ourselves against our performance targets and look for continuous improvement, particularly in the key areas of air emissions; water, energy and materials conservation; wastewater treatment; solid waste and packaging management; and soil and groundwater protection.

a part for everyone to play

Accountability for our environmental performance cascades down from the Board (who annually review our environmental performance), through individual business units to every individual. Each and every employee is responsible for some aspect of environmental performance – from the Principal Environmental Officer who reports directly to the Board's Chief Operating Officer, to the factory worker charged with turning the lights off at the end of the shift.

a road map for everyone to follow

Our Guide to Environmental Management (GEM) is one of the most important tools for ensuring consistent implementation of our Environmental Management System throughout the group. Ranging from the nomination of a Site Environmental Steward to a regularly updated set of Best Practice Guidelines, it acts as an invaluable road map for us all to follow in continuously improving our environmental performance.

You can download the latest Environment, Health & Safety Report from our website at www.cadburyschweppes.com

going green in ireland

For the past few years the plant management team at Cadbury Ireland's Rathmore Crumb Factory has been focusing on reducing the energy needed to make the chocolate crumb that goes into many of our brands. The more energy they save, the more money they save – what's good for the environment is also good for the business.

As a first step they commissioned a comprehensive energy audit of the site. They then set about implementing the ideas generated by the report.

"One of the most interesting opportunities we found concerned our air compressor which could only provide compressed air at a constant pressure", says Frank Hickey, Site Environmental Steward. "So we replaced it with a digitally controlled, speed-regulated machine which supplies exactly the pressure the system needs. As a result we have been able to run the system at a lower pressure and reduce its electricity consumption by 29%."

"Our focus on energy consumption has also led us to review some of our day-to-day practices. We have reduced space heating times and temperatures, restricted unnecessary use of the cooling tower and revised the sequence in which the refrigeration units operate. All in all, since 1992 we have reduced the electricity needed to make each tonne of product by 22%, and the boiler energy required by 18%. And we haven't finished yet!"

As well as cutting down on energy use, the team has also improved environmental standards in other areas: reducing factory waste by 39% and effluent discharge strength by 91% per tonne of crumb over the last nine years.



making light work in the USA

We are constantly looking for opportunities to reduce the environmental impacts of our packaging without compromising on safety or consumer satisfaction. One of the ways we do this is to make the packaging lighter but still just as good at protecting the product.

At our Mott's plant in Williamson, New York, we make applesauce and juice as well as other fruit products. Many of our products are sold in 36-ounce and 64-ounce recyclable plastic bottles. In the past two years, we have reduced the amount of corrugated cardboard needed to package these bottles by 75%. What's the secret of all this weight loss? A clever combination of a cardboard tray with a shrink-wrap cover.

"By moving to 'tray-and-shrink', we have been able to reduce the overall weight of packaging leaving the factory during a typical year by almost 3,000 tonnes", says Tom Freeman, Site Environmental Steward. "Both the card and the plastic wrap can be recycled after use. We also sell applesauce in a single-serve plastic cup sealed with a foil lid. We have recently reduced the weight of the foil used on each cup by 25%. These changes not only conserve resources, they also reduce the impact from transporting the packages because they weigh less – and, of course, they save us money."

watching water in russia

Water is one of our most important raw materials. It's the main ingredient in our soft drinks and is used extensively in our manufacturing processes. Cooling and heating systems, washing, and canteen and office facilities – our plants depend on reliable, high quality water supplies. As you can see, making brands people love can be thirsty work.

We know the world's water resources are facing increasing pressure from over-consumption, which is why we place great emphasis on conserving water and using it as efficiently as we possibly can.

At Cadbury Russia's plant in Chudovo, for example, we have been driving down water consumption. Water meters were installed at various points throughout the production process so that consumption could be closely monitored. Having a clear idea of just how much water was being used, and where, allowed the site to identify significant opportunities to use less. Processes were improved and awareness among employees was raised. As a result, the plant reduced water consumption per tonne of production by 8% between 1998 and 1999.



22

23

we continue to build on our tradition of corporate and

responsibility

social

Our commitment remains to improve our ethical, social and environmental performance in the interests of all our stakeholders – so that everyone involved with our company benefits from the relationship. As we grow and change around the world, new issues will arise. Guided above all by our core Purpose and Values and Our Business Principles, we will tackle these issues professionally and sensitively, and in the spirit of good corporate citizenship.

We want to keep you informed of our progress in corporate and social responsibility. If you have any questions or would like to find out more about our work in this area, please contact External Affairs, Cadbury Schweppes, 25 Berkeley Square, London W1J 6HB or go to www.cadburyschweppes.com

our business principles

our purpose & values



Our Human Rights and Ethical Trading Policy

As a responsible corporate citizen, Cadbury Schweppes aims to act in a socially responsible manner at all times by:

1. Respecting the economic, social, cultural, political and civil rights of those involved in our operations
2. Complying with all local human rights legislation
3. Implementing programmes across our global operations and with our supply chain partners

Core labour rights and dignity at work

- Preclude the use of forced labour
- Respect the rights of employees to join legally recognised labour unions
- Ensure that children are employed only under circumstances that protect them from physical risks and do not disrupt their education
- Not tolerate any form of harassment in the workplace

Health and safety in the workplace

- Create a healthy and safe work environment for each employee

Fair remuneration

- Ensure that working hours and remuneration are reasonable and comparable to those offered by similar companies

Diversity and respect for differences

- Manage diversity to promote and capitalise on cultural and individual differences to create competitive advantage through new perspectives and local market sensitivity

Opportunity for development

- Recognise the value that employees create and reward them with opportunities for personal and career development
- Provide employees with equal opportunities regardless of their gender, age, marital status, sexual orientation, disability, race, religion or national origin