

SIRAN



Social Investment Forum



WestLB

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How shall the financial community take this seriously?



welcome to our corporate and social responsibility report 2006

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Chief Executive, Cadbury Schweppes plc

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Chair, Board CSR Committee

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This report covers the Cadbury Schweppes group of companies and focuses primarily on 2005. It has been developed with input from our functions and regions and its content has been reviewed and signed off by senior leaders in our business.

We welcome your feedback. Please see the back of this report for contact details.

01

our business

At Cadbury Schweppes we manufacture, market and sell confectionery and beverage products. We are the world's largest confectionery company, and have strong regional beverage businesses in North America and Australia. With origins stretching back over 200 years, today our products are enjoyed in almost every country around the world.



Our strategic goals are to deliver superior shareholder performance, profitably and significantly increase global confectionery share, profitably secure and grow regional beverage share, ensure our capabilities are the best in class and nurture the trust of colleagues and communities.

In 2005, we set financial goals to measure our annual business performance based on three key performance indicators – sales, margin and cash flow. For the 2004-2007 period we aim to grow revenue by 3-5% every year (excluding acquisitions and disposals), to improve margins by 50 to 75 base points each year and to generate free cash flow of £1.5 billion.

We have made changes to our business portfolio to ensure that capital is applied where we can generate the highest growth and returns. We have further focused our beverage business on more advantaged markets through exiting our beverage business in Europe, Syria and South Africa, and concentrating our beverage activities on the key markets of North America, Mexico and Australia, where we have strong brands and effective routes to market.

In beverages, we have strengthened our route to market in the US through a number of acquisitions. The most significant of these was the purchase, in the spring of 2005, of the 55% stake we did not already own in the largest independent bottler in the US, the Dr Pepper/Sweet Up Bottling Group (which we renamed Cadbury Schweppes Bottling Group).

In confectionery, we intend to sell a number of non-core brands and businesses in the UK and Canada to allow us to focus on our more profitable and advantaged brand portfolio. We have invested over £300 million in emerging markets to increase our existing holdings in businesses in Nigeria and Turkey, and to acquiring the leading chewing gum business in South Africa.

Following the changes to our business described above, we will update our stakeholders on our strategy and plans for 2007 and beyond at the end of October 2006.

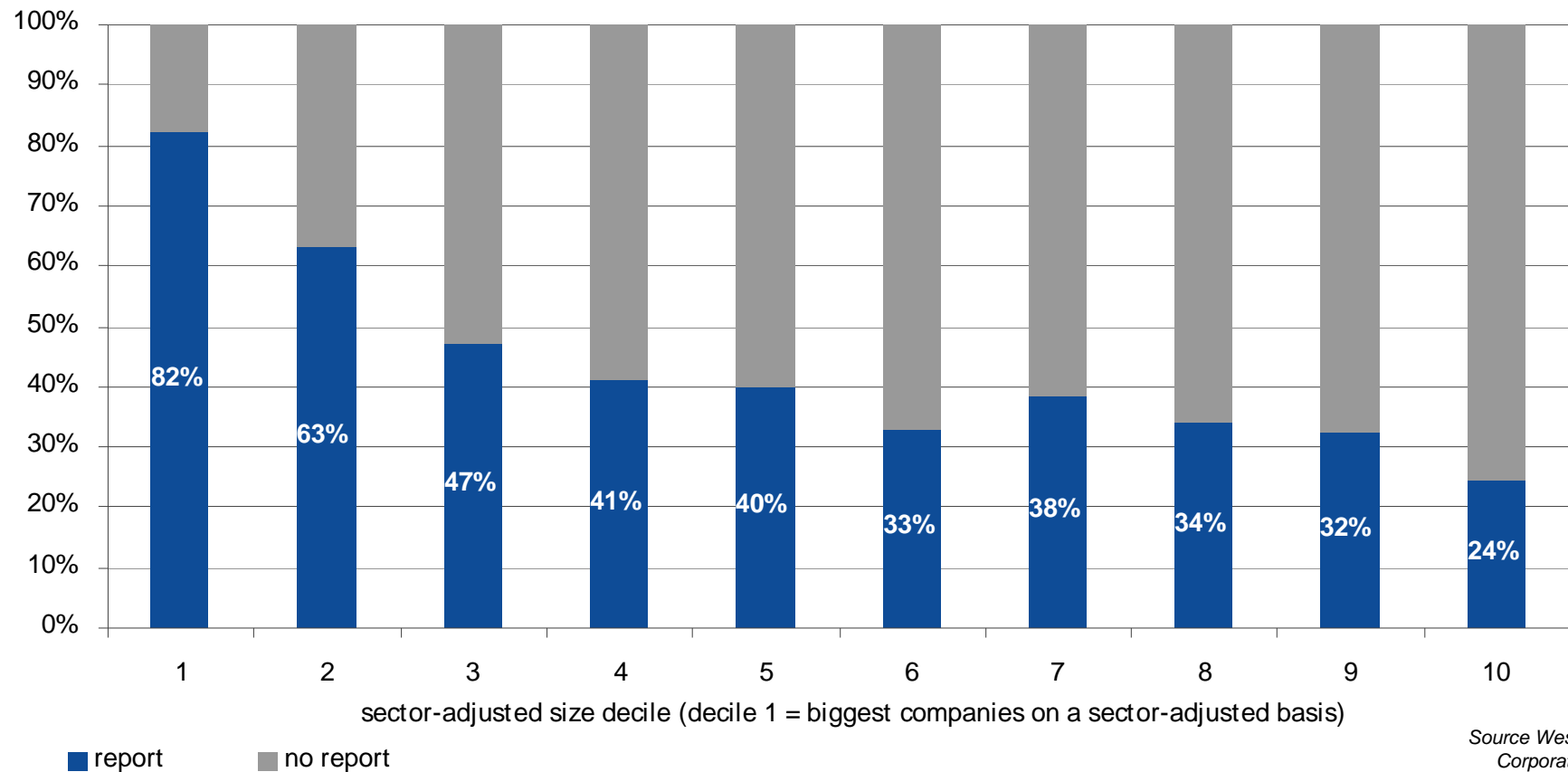
06

Note: Revenue, profit and employee numbers are as reported in Cadbury Schweppes Report & Accounts 2005, page D13. Dr Pepper/Sweet Up Bottling Group is not included in these figures.

Part I – the current state of CR reporting

Size effect – Propensity to report increases with the size of the company

(Percentage of ESG reports released between 1 April 2005 and 31 March 2007 according to size-decile)

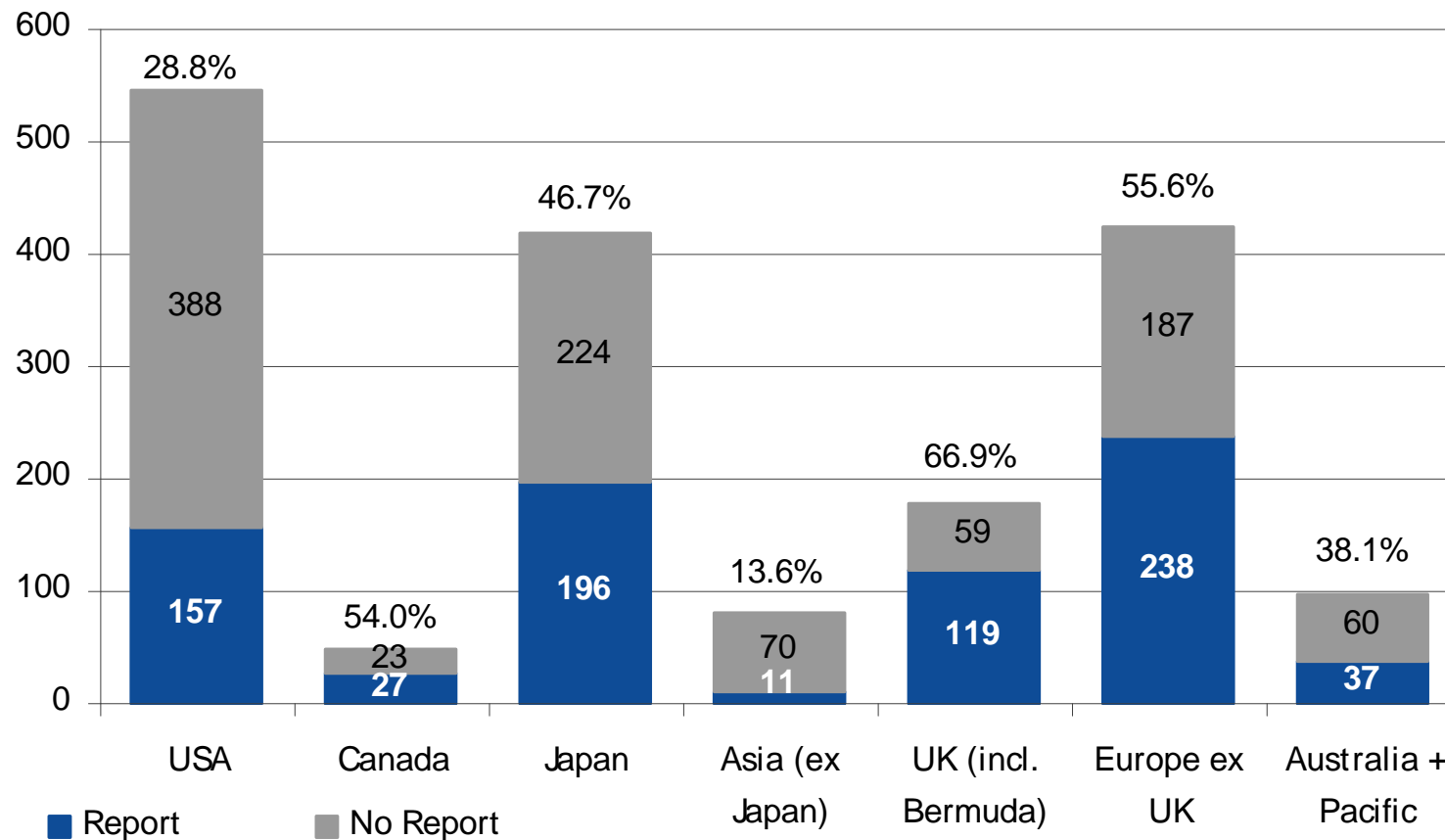


Source WestLB Research,
CorporateRegister.com

Part I – the current state of CR reporting

Reporting propensity according to regional/national provenance of companies

(number of companies and reporting rate)



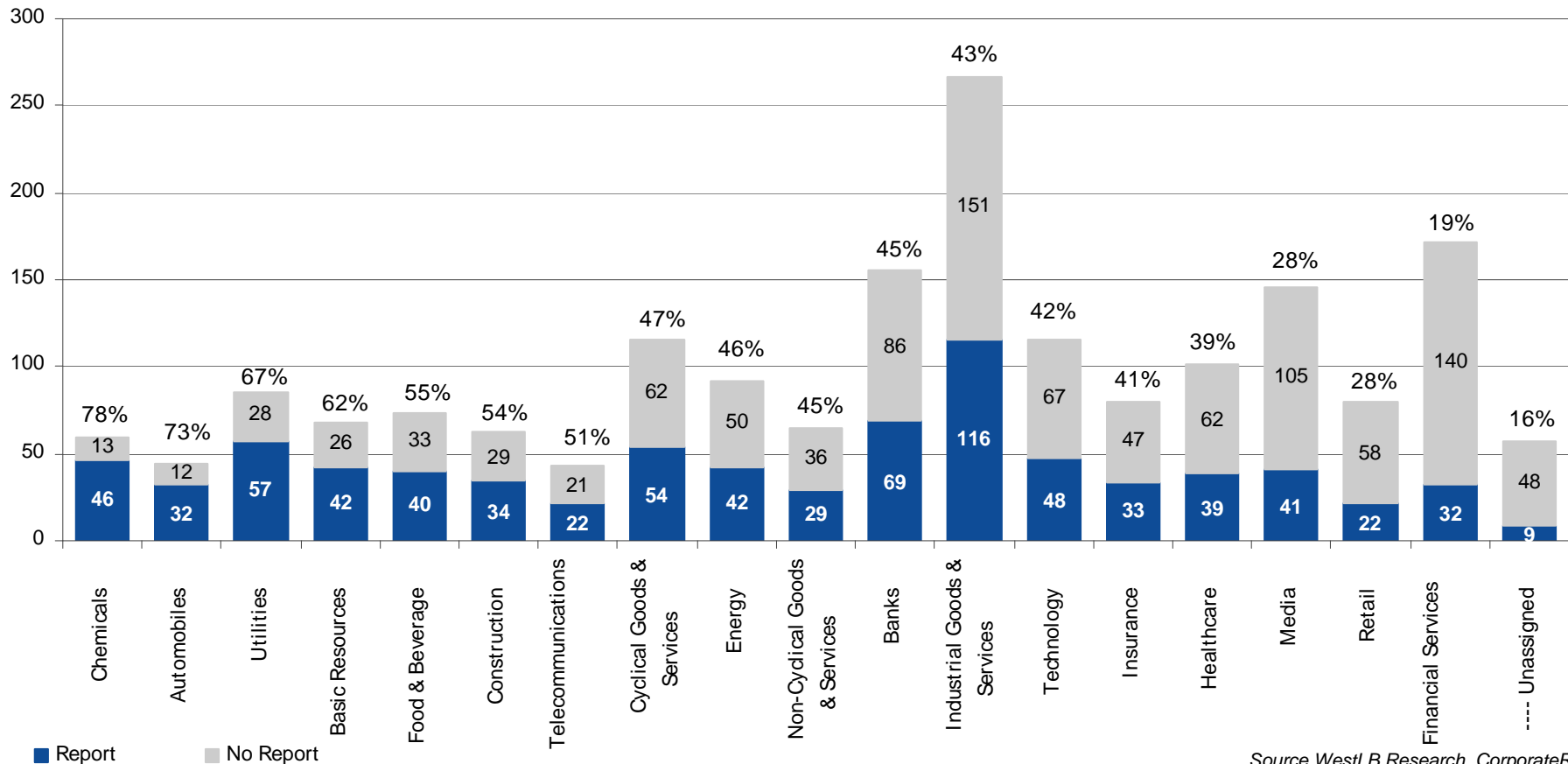
Source WestLB Research,
CorporateRegister.com

Part I – the current state of CR reporting

Sector breakdown by DJ STOXX sector level 2

(number of companies and reporting rate - sorted by reporting rate)

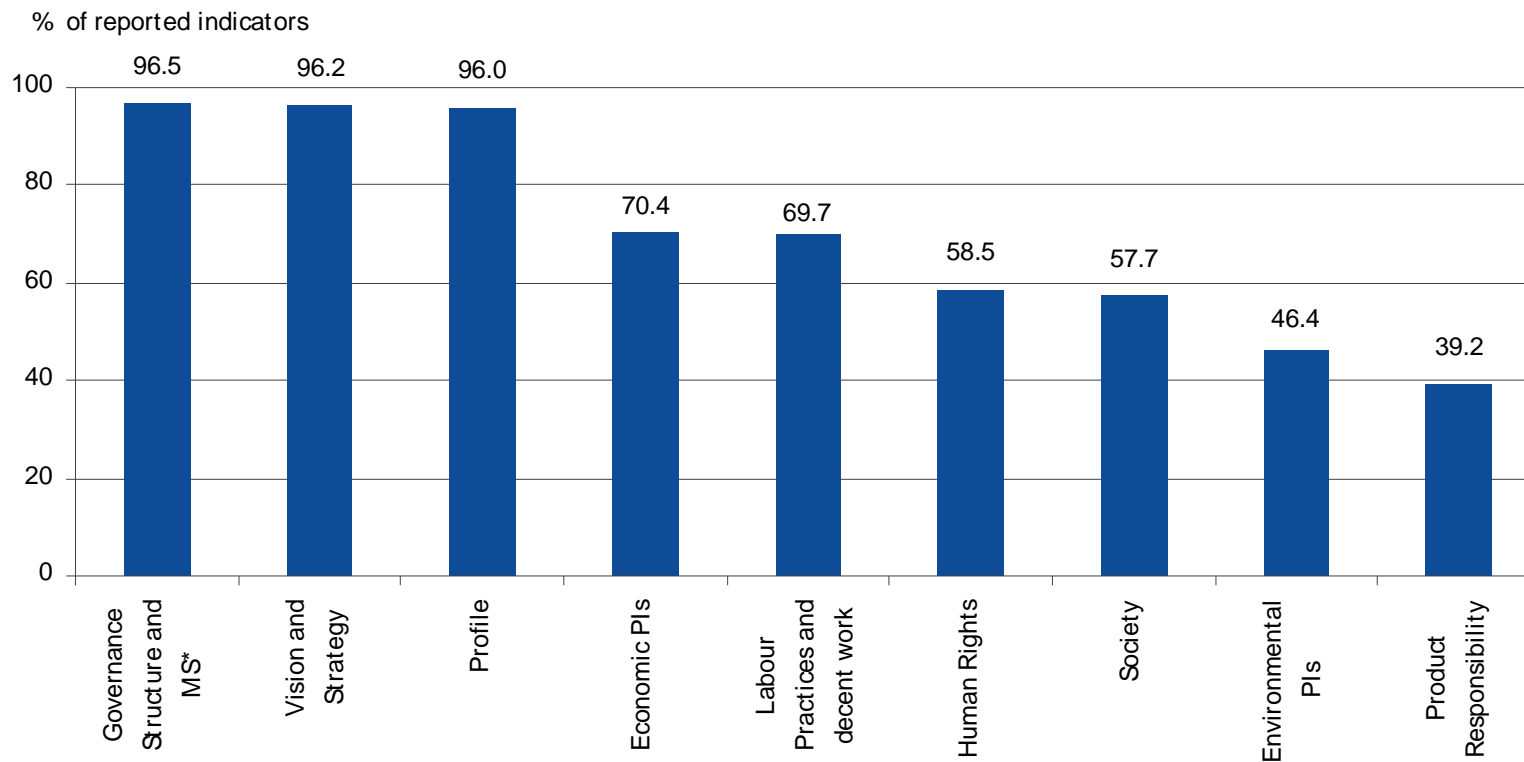
number of companies



Part II – Content index analysis (G2, G3)

CI analysis: '2002 IA' reports – reported indicators per section

(percentage of reported indicators per section, according to CIs – average of all '2002 IA' reports)



Source WestLB Research, CorporateRegister.com

Part II – Content index analysis (G2, G3)

GRI Sector Supplements – a look at the current status*

Available in pilot version

Financial Services

Logistics & Transportation

Mining and Metals

Public Agency

Tour Operators

Telecommunications

Automotive

Under development

Apparel and Footwear

Electric Utilities

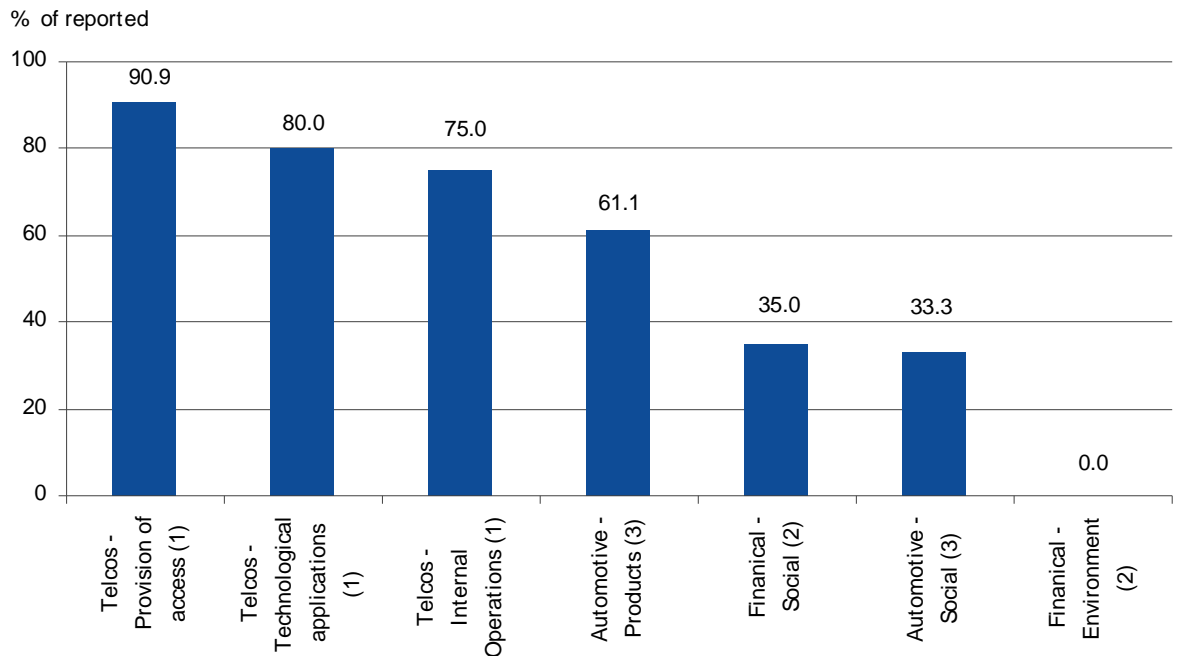
Financial (pilot)

Public Agency (pilot)

* as of 31 March 2007

CI analysis: '2002 IA' reports – Sector Supplement Indicators

(percentage of reported indicators per section according to CIs – average per respective sub-group of '2002 IA' reports)*



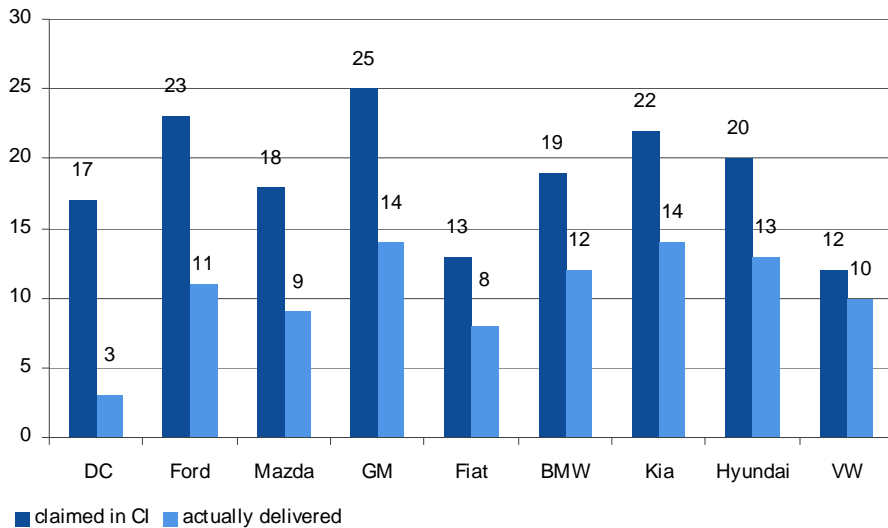
* The number of companies within each sub-group is shown in parentheses

Source WestLB Research, GRI, companies' reports, CorporateRegister.com

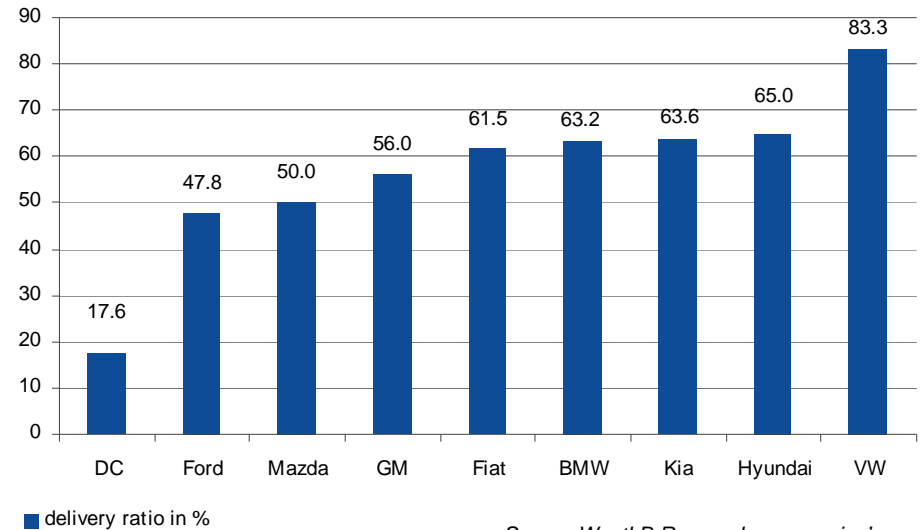
Part III – “Separating...”: Auto manufacturers

- Companies pretend to report more than they actually do: The delivery ratio spans from 17.6% for Daimler Chrysler to 83.3% for Volkswagen.
- Information is not presented in a manner that appears appropriate for making sustainability reporting as comparable as financial reporting.

Self-declared in CI vs actually delivered – number of PIs (GRI Guidelines only)



Delivery ratio (in %)

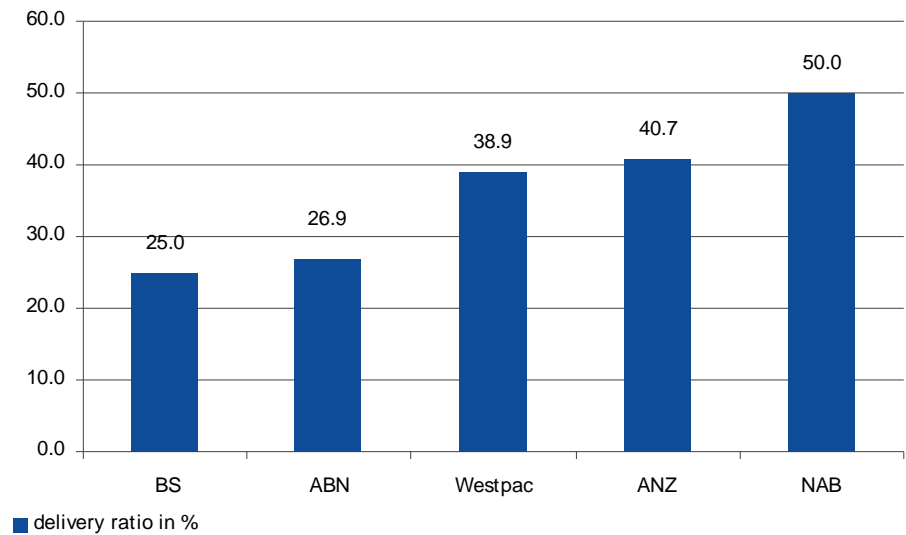
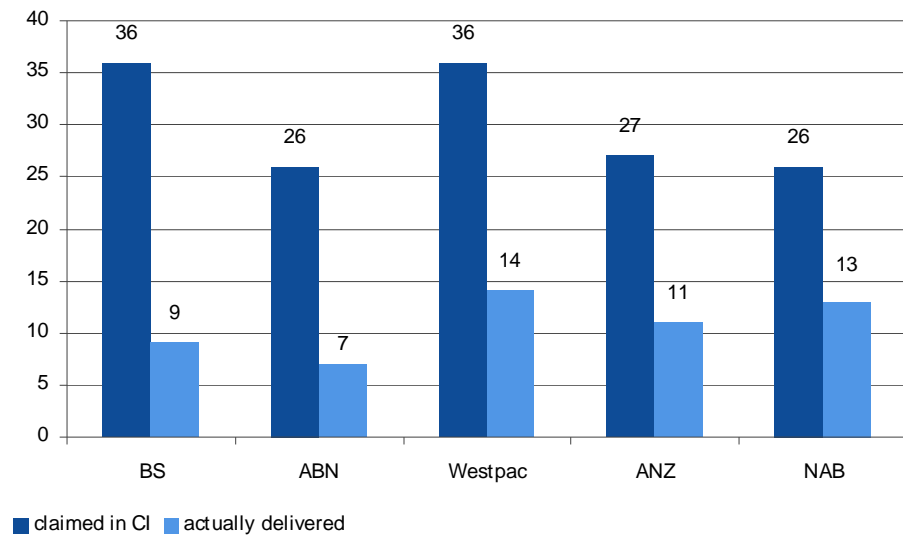


Source WestLB Research, companies' reports

Part III – “Separating...”: G3/Banks

- Coverage ratios range from 9% for ABN Amro to 19.7% for Westpac.
- None of the companies report on any of the 17 G3 ‘Additional’ Indicators.

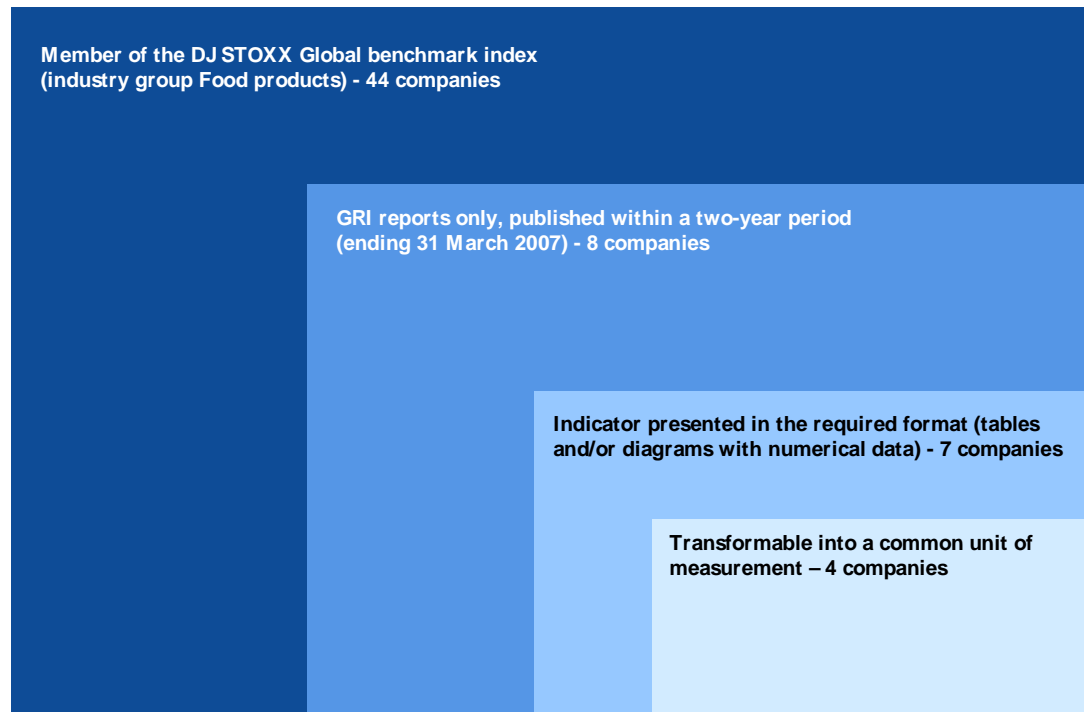
Self-declared in CI vs. actually delivered – number of performance indicators (GRI Guidelines only) **Delivery ratio (%)**



Part III – “Separating...”: cross-sectional analysis

- Explorative analysis: which of the reported KPIs can be used to benchmark companies against each other?
- 2002 CI: EN5 ‘specific water consumption’ and EN8 ‘specific greenhouse gas emissions’.
- Necessary condition for benchmarkability: availability of production volume as a scaling factor

Food producers – 4 out of 44 companies remain after applying our comparability criteria



Source WestLB Research

Part III – “Separating...”: cross-sectional analysis

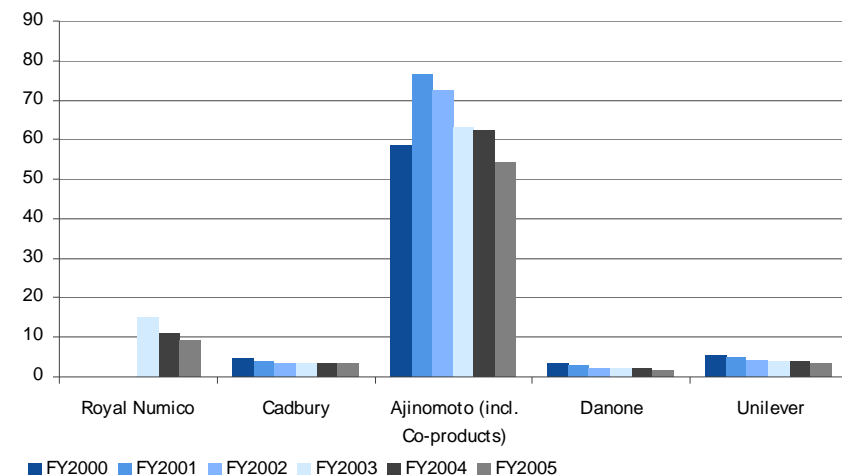
Food sector (DJ level 4: Food Products) – specific water consumption

(m³ of water consumption/ton of final product output)

Company/def. of indicator in company report	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
Royal Numico - Water consumption/production volume	n.a.	n.a.	n.a.	15.29	10.87	9.41
Cadbury - Water consumption (m ³ /ton finished product) ¹	4.81	3.99	3.29	3.48	3.17	3.17
Ajinomoto - Water consumption/product output	113.47	181.81	174.32	153.21	142.41	120.34
Ajinomoto - Water consumption/(product output + Co-products)	58.48	76.46	72.18	63.18	62.31	54.32
Danone - Total water consumption/production	3.42	3.02	2.12	2.12	2.07	1.89
Unilever - Water use (m ³ /ton) ²	5.43	5.04	4.29	3.73	3.67	3.52

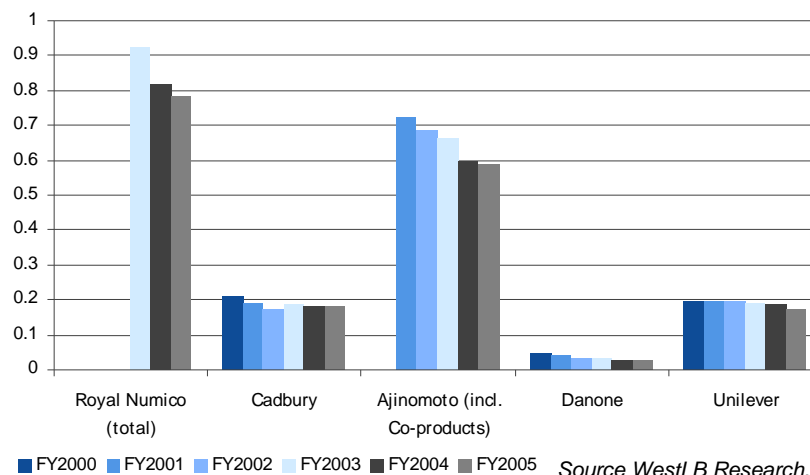
Food sector – ‘specific water consumption’

(m³ of water consumption/ton of final product output)



Food sector – ‘specific GHG emissions’

(tons of CO₂ equivalent emissions / tons of production volume)



Source WestLB Research, company reports

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Coverage universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy/Add	145	54	Buy/Add	42	63
Hold	94	35	Hold	21	31
Sell/Reduce	29	11	Sell/Reduce	4	6

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Unless otherwise stated in the text of this report, target prices in this report are based on either a discounted cash flow valuation or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment.

Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, in fashion. Valuations may also be affected by changes in taxation, in exchange rates and, in certain industries, in regulations. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, political and social conditions. This discussion of valuation methods and risk factors is not comprehensive – further information is available if required.

Stock ratings are based on the analyst's expectation of the stock's total return relative to the total return from the relevant market during the twelve months following assignment of the rating. This view is based on the target price, set as described above, and on the analyst's opinions on general market and economic developments.

Within that overall framework, a Buy rating means that the total return from the stock is expected to exceed the total return from the market by at least 20%; Outperform means between 10% and 20% better than the market; Neutral means movement between 0% and a positive 10% above the market mean; Underperform means between 0% and 10% underperformance relative to the market; Sell means the stock is expected to return at least 10% less than the market.

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