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Introduction

In managing the affairs of the Company, the Board of Cadbury Schweppes plc is committed to achieving high standards of business integrity, ethics and professionalism across all our activities. As a fundamental part of this commitment, we support the highest standards of corporate governance. We have a Financial Code of Ethics that applies to the Chief Executive Officer, Chief Financial Officer and senior financial executives in the Group. All executive members of the Board and senior managers sign the Cadbury Schweppes Business Principles, entitled "Our Business Principles".

UK corporate governance

In 2005, we fully complied with the provisions of the Code of Best Practice set out in Section 1 of the July 2003 FRC Combined Code on Corporate Governance, except for a brief period between 1 June and 24 August when John Sunderland was Executive Chairman and also a director of two other public listed companies (Code provision A4.5 states that an executive director should have only one external directorship in a FTSE 100 company). His acceptance of a position on the board of Barclays PLC was agreed in anticipation of his impending retirement as an Executive Director. Because of the brevity of the period during which the Code was breached, we consider that this is acceptable.

Our Description of Business contains information on our key financial performance indicators. We are currently reviewing our key non-financial performance indicators and, where necessary, will report on these next year if they are needed to better understand the development, performance or position of our business.

US corporate governance

Because we are a UK company with our shares listed on the New York Stock Exchange (the NYSE) as well as the London Stock Exchange, we are required to comply with some of the NYSE Corporate Governance rules, and otherwise must disclose any significant ways in which our corporate governance practices differ from those followed by US companies under the NYSE listing standards. We comply with all the NYSE rules which apply to non-US issuers. The NYSE rules require the Nomination Committee to be composed entirely of independent directors, and require this Committee to consider corporate governance matters on behalf of the Board. Our Nomination Committee is not entirely independent, as it is chaired by John Sunderland, who retired as an Executive Director during the year. Our Audit Committee considers corporate governance matters on behalf of the Board, and is composed entirely of independent Directors. The NYSE rules allow a committee other than the Nomination Committee to fulfil this role as long as all of its members are independent directors.

Board of Directors

Board Composition: Currently, the Board has eleven members: three Executive Directors and eight Non-Executive Directors. No individual or group of individuals dominates the Board's decision-making. Collectively, the Non-Executive Directors bring a valuable range of international experience and expertise as they all currently occupy or have occupied senior positions in industry and public life.

The role of the Board: The Board has responsibility for the overall management and performance of the Group and the

approval of its long-term objectives and commercial strategy. It is responsible for ensuring that any necessary corrective action is taken promptly to ensure our objectives are met.

The Chairman: John Sunderland is our Chairman. During the year, he retired as an Executive Director but retains the same responsibilities as before. John's role:

- Ensures the effective running of the Board, its agenda and process;
- Ensures the Board agrees the strategy for the Company and checks on its implementation;
- Promotes the highest standards of corporate governance and ensures appropriate communication with shareowners on these and our financial performance;
- Ensures the maintenance of our Purpose and Values;
- Ensures we have an adequate succession planning process at the Board and senior management level;
- Acts externally in maintaining appropriate relationships and projects the Company and our views; and
- Works with the Chief Executive and the Chief Executive's Committee to provide support and advice as appropriate.

The Chief Executive Officer: Todd Stitzer is our Chief Executive Officer. His key responsibilities are to:

- Develop and translate strategies into a manageable set of goals and priorities and communicate and implement these;
- Provide motivation and leadership to the regions and functions, chairing the Chief Executive's Committee and setting its style and tone;
- Manage and lead on major transactions and operating issues facing the business;
- Set the overall policy and direction of our business operations, investment and other activities within a framework of prudent and effective risk management, and ensure that functions to control those risks operate satisfactorily;
- Ensure the soundness of our financial structure, results (including cash flow) and forecasts and take corrective action when necessary;
- Ensure that our financial management is performed to the highest levels of integrity, quality and transparency and in the interests of shareowner value;
- Ensure that our business standards are of the highest order, fully in compliance with laws and regulations and that we operate in a manner consistent with 'Our Business Principles';
- Ensure that growth in shareowner value is compatible with an increased accountability for social and environmental performance;
- Develop policies and strategies for managing health and nutrition issues and related obesity concerns;
- Develop and maintain strong communication programmes and dialogues to inform shareowners, analysts etc of our results and progress; and
- With the Chairman, provide external leadership and represent the Company with major customers and industry organisations.

Senior Independent Non-Executive Director: Roger Carr, is the Senior Independent Non-Executive Director and our Deputy Chairman. Roger's responsibilities include meeting major shareowners as and when requested and chairing meetings of the Non-Executive Directors without executive management or the Chairman being present.

Interested persons who wish to communicate with the Non-Executive Directors may do so by writing to Roger Carr at the Company's registered office.

External directorships for Executive Directors: Subject to certain conditions, and unless otherwise determined by the Board, each Executive Director is permitted to accept only one appointment as a non-executive director of another listed company. The Board considers that Executive Directors can gain valuable experience and knowledge through such appointments.

Details of the fees received by Directors for external appointments can be found in the Directors' Remuneration Report on page 50.

The Non-Executive Directors

Independence: All the Non-Executive Directors (except John Sunderland) are independent of management and have no cross-directorships or significant links which could materially interfere with the exercise of their independent judgement. John Sunderland is not considered to be independent as he was previously an Executive Director.

Terms of appointment: John Sunderland was appointed for an initial term of one year. All other Non-Executive Directors are appointed for an initial term of three years. Thereafter, subject to satisfactory performance, they may serve one or two additional three-year terms, with a thorough review of their continued independence and suitability to continue as Directors being undertaken if they are to remain on the Board for more than nine years. Their terms and conditions of appointment are summarised in the Directors' Remuneration Report on page 50 and are available on request from the Group Secretary.

Meetings of Non-Executive Directors: These Directors meet separately (without the Chairman being present) at least once a year principally to appraise the Chairman's performance. During 2005, they held one such meeting chaired by Roger Carr.

How the Board operates

Reserved and Delegated authorities: The Board has a formal schedule of matters reserved to it for decision, which includes:

- Responsibility for the strategic direction of the Group;
- Committing to major capital expenditure, acquisitions and disposals;
- Authorisation of any material borrowings and any issue of equity securities;
- Agreeing treasury policy including the agreement of foreign currency and interest risk parameters;
- Ensuring adequate succession planning for the Board and senior management and appointing and removing Directors and Committee Members;
- Approval of annual and interim results;
- Dividend policy;
- Monitoring institutional investor guidelines and corporate governance principles;
- Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual Directors;
- Reviewing the Company's corporate governance arrangements;
- Satisfying itself as to the integrity of financial information;
- and

- Review of the effectiveness of the Group's system of internal control and risk management process.

Other matters are delegated to Board Committees or to individual executives or both.

Information flow: Senior executives below Board level attend certain Board meetings and make presentations on the results and strategies of their business units. Board members are given appropriate documentation in advance of each Board and Committee meeting. In addition to formal Board meetings, the Chairman and Chief Executive Officer maintain regular contact with all Directors and hold informal meetings with the Non-Executive Directors to discuss issues affecting the business.

Independent professional advice: The Board has approved a procedure for Directors to take independent professional advice if necessary at the Company's expense (up to a maximum cost of £25,000 p.a. each). Before incurring professional fees the Director concerned must consult the Chairman of the Board or two other Directors (one of whom must be a Non-Executive). No such advice was sought by any Director during the year.

Group Secretary: The Group Secretary is responsible for advising the Board on all corporate governance matters, ensuring that all Board procedures are followed, ensuring good information flow, facilitating induction programmes for Directors and assisting with Directors' continuing professional development. All Directors have direct access to the advice and services of the Group Secretary and the appointment of Hester Blanks as Group Secretary on 1 July 2005, following the retirement of Mike Clark, was subject to the approval of the Board as a whole. Any questions shareholders may have on corporate governance matters, policies or procedures should be addressed to the Group Secretary at our registered office.

Board meetings and attendance: The attendance of the individual Directors at Board and Committee meetings during 2005 was as follows:

	Board (7 meetings ¹)	Strategy (1 meeting)	Audit (5 meetings)	Corporate & Social Responsibility (2 meetings)	Nomination (2 meetings)	Remuneration (4 meetings)
John Sunderland	7	1	n/a	2	2	n/a
Roger Carr	7	1	5	n/a	2	4
Todd Stitzer	7	1	n/a	2	n/a	n/a
Ken Hanna	7	1	n/a	n/a	n/a	n/a
Bob Stack	7	1	n/a	2	n/a	n/a
Wolfgang Berndt ²	6	1	4	2	n/a	n/a
Rick Braddock ³	7	1	4	n/a	n/a	4
Lord Patten of Barnes ⁴	3	–	n/a	1	n/a	n/a
David Thompson	7	1	5	2	n/a	4
Rosemary Thorne	7	1	5	n/a	n/a	4
Baroness Wilcox	7	1	n/a	2	2	n/a

NB. n/a means that the specified Director is not a member of that Committee, although he or she may attend meetings at the invitation of the chairman of the Committee.

- 1 In addition to the seven full Board meetings, there was one Board meeting, in February 2005, attended by the Executive Directors only, for the final approval of the year end results, which had been considered previously by the full Board.
- 2 Wolfgang Berndt missed one Board and one Audit Committee meeting due to a conflict in his schedule.
- 3 Rick Braddock missed one Audit Committee meeting due to a conflict in his schedule.
- 4 Lord Patten of Barnes was appointed a Non-Executive Director on 1 July 2005. Since his appointment, he has missed one Board and Strategy meeting due to commitments in place prior to his appointment.

Board effectiveness

Induction: On joining the Board, Directors are given background information describing the Company and its activities. For new Directors, site visits to the major business units are arranged. Lord Patten, who was appointed as a Director on 1 July 2005, received an induction pack of information on our business following his appointment. This included brokers' reports and guidance notes on the Group, our structure, operations and corporate governance. Meetings were arranged with all the members of the Chief Executive's Committee (see page 38) and other senior executives below Board level from each Group function, and with some of our advisers. Visits are also being arranged to one of our factories and to a Science & Technology centre. For those Non-Executive Directors who are members of Board Committees, meetings are also arranged with the Group departments who provide support to the relevant Board Committee.

Continuing professional development: During 2005, the majority of the Non-Executive Directors attended training on the adoption of IFRS, the proposed introduction of the Operating and Financial Review and the introduction of the new FSA Disclosure and Listing Rules and Model Code.

Performance evaluation: A formal and rigorous external evaluation of the Board, its members and its committees was conducted during 2005 by the Zygos Partnership. The evaluation, undertaken by meetings with Directors and senior management, included reviewing, amongst other things, the composition of the Board; succession planning; the role of the Nomination Committee, the Board agenda and those areas on which the Board should focus at its meetings, and the role of the Group Secretary. The results were considered by the Board in September 2005 and certain action points were proposed. All of these proposals were agreed and will now be acted upon. The Chairman was also appraised by the Non-Executive Directors, led by Roger Carr.

Board evaluation will continue on an annual basis and will be undertaken by a combination of internal processes and advice from external consultants.

Board Committees

The terms of reference for all our Committees are reviewed on a regular basis by the Board and were last reviewed in February 2006. Committees are authorised to obtain outside legal or other independent professional advice if they consider it necessary to do so.

Audit Committee

Members: David Thompson (Chairman), Wolfgang Berndt, Rick Braddock, Roger Carr and Rosemary Thorne.

The Committee consists solely of independent Non-Executive Directors, all of whom have extensive financial experience in large organisations. All the Committee members held office throughout the year and at the date of this report. The Board has determined that David Thompson is an audit committee financial expert as defined by the US Securities and Exchange Commission.

At the invitation of the Committee, the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group Secretary, Director, Financial Control, Director of Business Risk Management, Head of Internal Audit and the external auditor attend meetings. The Director of Group Secretariat attends and is Secretary to the Committee. The Committee met five times in 2005 and also meets with each of the external and internal auditors separately at least once a year, usually in July and December respectively. In addition, the Chairman holds preparatory meetings with the Group's senior management as appropriate prior to Committee meetings. All Directors have access to the minutes of all the Committee's meetings.

The Audit Committee is responsible for exercising the full powers and authority of the Board in accounting matters and financial reporting matters.

Key duties:

- to monitor the integrity of the Company's financial statements prior to their submission to the Board;
- to ensure that the interim and annual financial statements meet the relevant legislative and regulatory requirements that apply to them and are in accordance with accepted accounting standards, especially as regards major judgmental areas, significant adjustments and the going concern assumption, before the statements are considered and approved by the Board;
- to review major changes in accounting policies and practices;
- to review the Company's internal controls and their effectiveness and report on this to the Board;
- to review the Company's statements and practices on internal controls (including section 404 Sarbanes Oxley certification) and other aspects of corporate governance prior to endorsement by the Board;
- to review the effectiveness of the external audit process, the Group's relationship with the external auditors including fees, and make recommendations on the appointment and dismissal of the external auditors.

Agenda: At its meetings, the Committee considers an agenda of items including:

- minutes of the last meeting and a list of action points from previous meetings, to ensure that these are progressed;
- business monitoring and controls, covering risk management and reports from internal audit and an update on all litigation in which the Group is involved with a value exceeding US\$1 million;
- accounting and statutory reporting issues, such as the adoption of IFRS;
- corporate governance, which includes developments in the US and UK; and
- discussions with the external auditors.

Workload: Its work during 2005 included consideration of the following:

- the 2004 full year results announcement, the 2004 Annual Review and Summary Financial Statements, the 2004 Report & Accounts and Form 20-F, and the report on the 2004 Report & Accounts from the external auditor;
- the 2004 full year report on internal audit and the effectiveness of internal control, reviewing the Group's internal audit process and the audit plan for 2006;
- the 2005 Interim Report;
- the restatement of the 2004 results in accordance with IFRS;
- the provision and scope of audit and non-audit work by the external auditor;
- external audit fees for 2005;
- security arrangements in respect of Information Technology Systems;
- reports from the Speaking Up programme (established to investigate complaints in confidence from employees and others);
- the annual report on Group legal matters;
- an annual review of the effectiveness of the Committee;
- corporate governance developments in the UK and US and the Group's response to these developments;
- monitoring the Group's risk management and business ethics processes; and
- preparation for the Group's compliance with the internal control provisions of section 404 of the US Sarbanes-Oxley legislation.

During the year, the Committee was briefed on developments in the adoption of IFRS, the Flint Review of the Turnbull Guidance on Internal Controls, legislation on the Operating and Financial Review (and its subsequent replacement by the requirement for a business review) and best practice on complying with section 404 of the Sarbanes-Oxley Act.

Non-audit services: The US Sarbanes-Oxley Act of 2002 identifies certain categories of non-audit services which are no longer to be performed by the external auditor. We have incorporated that prohibition into our own policy regarding services from the external auditor. The list of prohibited non-audit services may only be varied by the Audit Committee.

The external auditor is permitted to undertake some non-audit services, for example due diligence activities associated with potential acquisitions or disposals of businesses by the Group, but these services and their associated fees, must be approved in advance by the Committee. Where such services are considered recurring in nature, approval may be sought for the full financial year at the beginning of that year. Approval for other permitted non-audit services has to be sought on an ad hoc basis. Where no Committee meeting is scheduled within an appropriate time frame, the approval is sought from the Chairman of the Committee subject to confirmation at the next meeting.

Auditor independence: The Committee reviews the work undertaken and the fees incurred, by the external auditor at each meeting, along with a complete list for the previous financial year, to ensure that the external auditor remains independent of the Company. In addition, the Committee receives written confirmation from the external auditor as to any relationships which may be reasonably thought to influence its independence. The external auditor also confirms whether it considers itself independent within the meaning of the UK and US regulatory and professional requirements, as well as within the meaning of applicable US federal securities laws and the requirements of the Independence Standards Board in the US.

Other issues: In appropriate circumstances, the Committee is empowered to dismiss the external auditor and appoint another suitably qualified auditor in its place. The re-appointment of the external auditor is submitted for approval annually by the shareowners at the Annual General Meeting.

Details of the fees paid to the external auditor in 2005 can be found in Note 6 in the Financial Statements.

The composition and role of the Audit Committee is annually reviewed against the recommendations made in the Smith Report published in 2003. The Audit Committee complies with all of the Smith Report recommendations.

Nomination Committee

Members: John Sunderland (Chairman), Roger Carr and Baroness Wilcox.

The Chief Executive Officer and Chief Human Resources Officer attend meetings at the invitation of the Chairman of the Committee. The Group Secretary also attends and is secretary to the Committee. This Committee is empowered to bring to the Board recommendations as to the appointment of

any new Executive or Non-Executive Director, provided that the Chairman, in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the Nomination Committee. The Committee ensures that a review of Board candidates is undertaken in a disciplined and objective manner.

The Nomination Committee, in discussions with the Non-Executive Directors, is responsible for succession planning within the Board. The Board as a whole is responsible for development plans, including the progressive refreshing of the Board, which are reviewed on an annual basis. The plans involve an annual objective and comprehensive evaluation of the balance of skills, knowledge and experience of the Board. We have appointed two new Non-Executives in the past few months, and two of the longest serving Non-Executives will retire in the near future. The re-elections proposed at the AGM reflect the Board's policy on its development. No Director participates in the discussions considering his or her successor.

The members of this Committee all held office throughout the year and at the date of this Report.

During 2005, the Committee progressed the appointment of Lord Patten as a new Non-Executive Director. External search consultants were engaged to produce a list of 10 candidates for this appointment. This list was then reduced to a short list of candidates which was discussed between the Chairman and the other members of the Nomination Committee on an individual basis. The members of the Nomination Committee then met Lord Patten and his nomination was presented to the Board for approval at the May Board meeting. The Committee also met two times in 2005 to review succession planning and future non-executive appointments.

Remuneration Committee

Details of the Remuneration Committee and its policies, together with the Directors' remuneration, emoluments and interests in the Company's share capital, are set out on pages 41 to 56.

Corporate and Social Responsibility Committee

Members: Baroness Wilcox (Chairman), Wolfgang Berndt, Lord Patten, Bob Stack, Todd Stitzer, John Sunderland, and David Thompson.

This Committee focuses on corporate and social responsibility matters in relation to the environment, employment practices, health and safety, equal opportunities and diversity, community and social investment, ethical trading and human rights, and other aspects of ethical business practice. The members of this Committee all held office throughout the year (except for Lord Patten who was appointed to the Board and this Committee during the year) and at the date of this Report. Further details of the Group's approach to corporate and social responsibility matters can be found in the Description of Business section on pages 21 to 23.

Chief Executive's Committee

Members: Todd Stitzer (Chairman), Gil Cassagne, Jim Chambers, Steve Driver, Nick Fell, Ken Hanna, David Macnair, Matt Shattock, Bob Stack, Marie-Bernard Trannoy, Hank Udow and Rajiv Wahi. Hester Blanks is secretary to the Committee.

As described in the Description of Business on page 9, the Chief Executive's Committee deals with major operational and management issues, including the review of four-weekly financial results and forecasts, proposals for capital expenditure and major operating issues.

Disclosure Review Committee

Members: Chief Legal Officer (Chairman), Chief Financial Officer, Director of Business Risk Management, Director of Financial Control, Investor Relations Director, Corporate Communication Director, Group Secretary, and other representatives of Group Finance. The Director of Group Secretariat also attends and is secretary to the Committee. The external auditors and UK and US external counsel also attend meetings of this Committee by invitation.

Prior to submission to the Board and Audit Committee, this Committee reviews the Group's Report and Accounts, Form 20-F, interim statement and trading updates to assess the accuracy and completeness of disclosures, based on applicable laws and regulations.

Relations with shareowners

Our relationship with shareowners is given a high priority. The Annual Review is sent to all shareowners and a full Annual Report is available by election or on request. Regular trading updates are published via the London Stock Exchange and by press release, and appear on our website.

Annual General Meeting

Individual shareowners have the opportunity at the Annual General Meeting ("AGM") to question the Chairman, and through him the chairmen of the various Board Committees and other Directors. There will be a statement by the Chairman regarding the Company's performance, and all the Directors plan to attend, although illness or other pressing reasons may prevent them from doing so.

Details of the meeting are set out in the Notice of Meeting which is sent to shareowners, and which contains the text of the resolutions to be proposed and explanatory notes, where necessary.

Shareowners attending will be advised of the number of proxy votes lodged for each resolution, in the categories "for" and "against", together with the number of "votes withheld". All resolutions will be voted on by taking a poll, the results of which will be announced to the London and New York Stock Exchanges.

Institutional investors

On a day-to-day basis, the Board's primary contact with institutional shareowners is via the Chief Executive Officer and the Chief Financial Officer, but the Senior Independent Non-Executive Director and other members of the Board are available to meet major shareowners on request. The Chairman contacts the top ten shareowners each year with an offer to meet them. As part of his role as the Senior Independent Non-Executive Director, Roger Carr is also available to shareowners when contact with the Executive Directors or the Chairman may not be appropriate.

The Chief Executive Officer and Chief Financial Officer meet with institutional investors in the UK, the US and Continental

Europe on a regular basis. In October 2005, they hosted a two day conference in Dallas for institutional investors, analysts and brokers.

The Directors are supported by our investor relations department (IR), which is in regular contact with institutional investors, analysts and brokers. An IR report is produced for each Board meeting: this includes direct feedback from institutional investors provided by our external advisors Goldman Sachs, UBS and Makinson Cowell. In addition, the Board commissions an annual independent audit of institutional investors' views on our management and strategy. These measures ensure Board members develop an understanding of the views of our major shareowners.

Company website

Our website, www.cadburyschweppes.com, is a primary source of information on the Company. The site includes an archive of financial announcements and presentations, as well as detailed information on our corporate governance practices. This includes:

- our financial code of ethics;
- our business principles;
- details of how we comply with the Combined Code;
- terms of reference for the Audit, Corporate Social Responsibility, Nomination and Remuneration Committee;
- summary of the terms and conditions of the appointment of our Non-Executive Directors;
- full schedule of matters reserved for the Board;
- details of our approach to CSR;
- documentation sent to shareowners, including AGM material and our report and accounts;
- voting figures from the AGM.

Shareowners who register for the service can receive a notification when any press releases are made, and there is an e-mail facility for you to contact us.

Internal control

The Directors have responsibility for the system of internal control that covers all aspects of the business. In recognition of that responsibility, the Directors set policies and seek regular assurance that the system of internal control is operating effectively. Strategic, commercial, operational and financial areas are all within the scope of these activities which also include management of the related risks.

The Directors acknowledge their responsibility for the system of internal control. However, the Directors are aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance against the Group failing to achieve its objectives or a material loss arising.

The key elements of the system may be described as the control environment, and this is represented by the following:

- the key business objectives are clearly specified at all levels within the Group;
- "Purpose and Values", a framework for our strategic intent, and "Our Business Principles", a set of guidelines on legal compliance and ethical behaviour, are distributed throughout the Group;
- the organisation structure is set out with full details of reporting lines and appropriate limits of authority for different processes;

- a wide range of corporate policies deal, amongst other things, with control issues for corporate governance, management accounting, financial reporting, project appraisal, environment, health and safety, information technology, and risk management generally;
- individual business units operate on the basis of multi-year contracts with four-weekly reports on performance and regular dialogues with Group senior management on progress. From 1 January 2006, these reports will be prepared on a monthly basis;
- various internal assurance departments, including the internal audit department, overseen by the Director of Business Risk Management, carry out regular reviews of the control activities and report their findings to both the business unit involved and Group management; and
- the Audit Committee approves plans for control reviews and deals with significant issues raised by internal assurance departments or the external auditor.

The management of all forms of business risk continues to be an important part of ensuring that we continue to create and protect value for our shareowners. The processes involved call for the identification of specific risks that could affect the business, the assessment of those risks in terms of their potential impact and the likelihood of those risks materialising. Decisions are then taken as to the most appropriate method of managing them. These may include regular monitoring, investment of additional resources, transfer to third parties via insurance or hedging agreements and contingency planning. For insurance, there is a comprehensive global programme which utilises an internal captive structure for lower level risks and the external market only for cover on major losses. Hedging activities relate to financial and commodity risks and these are managed by the Group Treasury and Procurement departments with external cover for the net Group exposures (see pages 72 to 74).

All business units are required to regularly review their principal business risks and related strategies (i.e. the chosen management methods). The internal assurance departments and other Group functions report on any further business risks evident at a regional, global or corporate level. Each year, a consolidated summary of our most significant risks is reviewed by the Audit Committee and subsequently by the Board of Directors.

The Group's associates, with the exception of Dr Pepper/Seven Up Bottling Group and Camelot which are managed in line with their respective shareholder agreements, are treated as part of the Group for the purposes of the Turnbull guidance on internal control.

Accordingly the Directors confirm that the system of internal control for the year ended 1 January 2006 and the period up to 13 March 2006 has been reviewed in line with the criteria set out in the Turnbull guidance currently applicable.

John Sunderland
Chairman

13 March 2006