

Corporate Responsibility

Last year the Group published its first Corporate Responsibility Report the purpose of which was to communicate and embed our vision and values to all our stakeholders. The report is available on our website www.candcgroupplc.com. Since the report's publication Maurice Pratt, our CEO, has become a board member of Business in the Community Ireland ("BITC") and we are working closely with BITC to benchmark our corporate responsibility activity. A key step has been the Group's participation in a Corporate Image & Corporate Responsibility Survey conducted by

BITC in conjunction with independent consultants. This has provided a starting point for measurement of our performance and has indicated areas for focus in the future.

Over the past twelve months we have continued to focus on the following four areas:

- the **People** who work for us
- the **Community** we live in
- the **Markets** in which we do business
- the **Environment** that surrounds us.

PEOPLE

The success of C&C requires a high degree of commitment and motivation from our employees. The C&C 'People Plan' and the supporting Human Resource policies and practices are designed with this in mind. Progress in delivering our People Strategy has recently been assessed by our employee survey - "Have Your Say 2006". This survey, conducted by independent consultants, measured not just job satisfaction, but also how connected employees are to their work and the objectives of the business.



Cause of the Year

Over 82% of the employees who responded, expressed overall satisfaction with working for the Group, a 9% improvement on the results of the last survey conducted in 2004. This figure is also 21% above the average of other private sector companies surveyed. In all key areas we were at, or above, the private sector norm.

People Development

Having identified Training and Development as a priority in the last employee survey, the 2006 survey results showed that over half of the employees believed that the Group made significant improvements in the Training and Development area.

In recent times we have focused on developing a cadre of future business leaders with New Leaders Programmes being established. This strategy has also been expanded to enable the identification of future potential at all levels within the business.

One of the elements of the Leadership Programme was the Ireland Challenge 2006. Nine employees were selected from across the Group to stretch their leadership skills in this yacht race, where a fleet of 72ft yachts race non-stop around Ireland. Each yacht was under the command of a professional skipper and first mate, allowing 16 ordinary men and women per yacht to take part. The employees who participated in the Challenge came from different business units and a cross section of functions.

Key initiatives continue to be pioneered in the separate business units. In 2005, C&C Ireland Limited (part of the Soft Drinks & Snacks division) was recognised by the Association of Chartered Certified Accounts ("ACCA") as a centre for Continuing Professional Development of their members. Bulmers Limited (part of the Cider division) has also commenced its second cross-functional group of management certificate courses for further education. Across the group, Training and Development will remain a priority and the aim is to enhance it even further over the coming year.

Community

C&C believes that all companies are responsible for the effect they have on the communities in which they operate. Therefore C&C have, for many years, invested in society by contributing money, product, and the time and expertise of their employees. Members of senior management currently offer their time and expertise to organisations such as the Ballyfermot Partnership, the Ballyfermot Youth Centre and the Special Olympics. C&C continues to place particular emphasis on encouraging sporting activity and through Club Energise supports gaelic players through scholarships, grants and summer schools.

This Year's 'Cause of the Year'

The Group has decided to focus on the needs of young people and the homeless. The Cause of the Year for 2006 will be Our Lady's Hospital for Sick Children in Crumlin. The hospital aims to provide specialised services to children from all over Ireland and was nominated by one of our employees. The Group provides financial support to the hospital to assist in the purchase of necessary equipment. Throughout the year we will focus on generating further funding through employee initiatives.



Presentation of C&C cheque to Our Lady's Hospital for Sick Children in Crumlin, from left to right are Ultan Courtney (Group HR Director), Richard Walsh (C&C Logistics Production), John Fitzpatrick (Our Lady's Children's Hospital Crumlin), Colette Cahalane (Group HR Executive)

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Communications

The 2004 employee survey also identified a need for development in the area of communications. The communications process throughout the Group has been reviewed and improvements have been made on the cascading framework that covers all employees via roadshows, briefing sessions, emails, noticeboards, newsletters and magazines. The HR strategy recognises that the provision of information and consultation opportunities will be vital to the future success of the Group. The 2006 survey results have shown improvement and this area will remain a key focus for us moving forward.

Employees as Shareholders

A key objective of our People Strategy is to retain employees as shareholders. Hence it has been decided to provide a Profit Sharing Scheme for the financial year 2006/07. This scheme is at the discretion of the Board and all awards made will be in the form of shares. Further details of this discretionary scheme are provided in the Report of the Remuneration Committee on Directors' remuneration.

Health & Safety

Much progress has been made in the Health & Safety area throughout the Group with additional resources being appointed to ensure the successful operation and maintenance of a safe working environment. A key initiative has been the provision of training and education to employees on the impact of the Safety Health & Welfare at Work Act 2005.

MARKETPLACE

C&C is a large and complex business covering the manufacture, marketing and distribution of alcohol, soft drinks and snacks. As a result the Group operates within a wide and varied marketplace. The Group's commercial success depends on its commitment to meeting customer and consumer needs. The continued success of the Group depends partly on our ability to anticipate and adapt to change and to provide products that meet the demands and requirements of consumers. It also depends on our ability to meet the needs of retailers. Hence C&C was delighted to be awarded the coveted title of "2005 Supplier of the Year" for Northern Ireland. The award was judged across a number of criteria including head office management, business growth, new product development, field sales activity and all-round service provided.

Operating within the alcohol, soft drinks and snacks marketplace, C&C is committed to encouraging the responsible marketing and consumption of all our products. Each business focuses on the key issues arising from its product portfolio. For example, in the Cider division, the focus is on the effects of alcohol. In the Soft Drinks & Snacks division, a key area to monitor is obesity. The Group is represented on various industry committees and sub-committees with responsibility for self-regulation e.g. MEAS (Mature Enjoyment of Alcohol in Society), Cider Industry Council ("CIC"), Irish Nutrition & Health Foundation and the Beverage Council of Ireland ("BCI").

Through these organisations our companies become involved in worthwhile programmes. For example, in 2005 Bulmers Limited, in association with the CIC, was involved in the third successful induction course for the 'Responsible Trading in the Community' ("RTC") accreditation scheme. Organised by the National Off-Licence Associations it was applauded as a practical and worthwhile response to the problem of underage drinking.

Elsewhere in the Soft Drinks & Snacks division, the "Honest" range has been extended to include two new products- "Honest Ridges" and "Honest Salt and Vinegar". All products in the "Honest" range are 30% lower in fat, 30% lower in salt, naturally high in fibre, low in sugar, naturally contain vitamins and minerals, have no added monosodium glutamate and are made with pure sunflower oil. The soft drinks business continues its focus on reducing sugar content and will shortly introduce a fun-size Ballygowan bottle suitable for use by young people when participating in physical activity.

Many of our key sponsorship campaigns over the past year have been associated with key sporting and cultural events. Bulmers Limited currently sponsors Sports Tonight on TV3 and also was the lead sponsor for the Dublin Comedy Festival in 2005. Ballygowan sponsors both the Munster Rugby Team and is the official water for the 2006 Ryder Cup. Club Energise continues to support gaelic players and in the UK the Magners brand has established itself as a sponsor in rugby and golf.

ENVIRONMENT

The Group continues to concentrate on achieving high standards of environmental practice, monitoring environmental developments and endeavouring to take appropriate action.

Significant outcomes of our waste management policy over the last year have included

- the introduction of tray-less trade packs;
- the removal of 341 tonnes of cardboard from the production process;
- the use of light-weighted plastic bottles thus preventing the use of 231 tonnes of plastic.

Bulmers Limited was recently invited to participate at a 'Race Against Waste' event workshop. Participating employees are now trained to identify the key barriers to dealing with waste and opportunities to tackle waste management issues. Teams from Bulmers Limited and C&C Ireland Limited were also invited to present their waste management initiative at the first All Ireland Corporate Responsibility Conference in May 2006.

As part of the C&C Group policy regarding energy efficiency and conservation considerable investment has been made in establishing energy monitoring and targeting systems in all our sites. This was recognised externally when the Dublin soft drinks plant was runner-up in the Best Environmental Category at the Chambers of Commerce of Ireland CSR Awards 2005.

In addition, over the past three years both C&C Ireland Limited and Bulmers Limited have reduced their emissions of carbon dioxide. We continue to increase our involvement with Large Industry Energy Network ("LIEN") and Ballygowan will also soon become a member. The membership of the programme involves the submission of data relating to energy use and production output, from which the Energy Performance Index ("EPI") for the site is calculated. Both companies have succeeded in reducing their EPI since the introduction of their energy programmes over two years ago.

CONCLUSION

Corporate responsibility is an integral part of C&C's business strategy and planning. We now have an objective benchmark and have set ourselves key targets for focus and improvement. As a group we are determined that we will continue to make a positive contribution to society and do "the right thing" for all our stakeholders.