

Corporate Social Responsibility Conference

7 Nov 2008

Todd Stitzer, Chief Executive Officer

Good morning and thanks for coming along today to join the launch of our fourth Corporate Responsibility and Sustainability Review which we have called Dear Cadbury.

In our review we cover areas which have continued to rise in prominence - climate change, sustainable agriculture and health, as well as others that have been constant themes in our 200 year history - product quality, employee wellbeing and community investment.

What has also remained constant is our desire to lead in finding and championing real solutions and our willingness to keep challenging ourselves in line with our overall vision to be the biggest and the best.

Since our last review in 2006, we've significantly strengthened our sustainability agenda.

Perhaps most fundamentally we have moved from a mindset of responsibility to one of sustainable business practices which drive our business.

This has led us to embed sustainability as a core part of our business, introduce greater rigour and discipline, and apply the same overall corporate strategy we use to support our commercial agenda.

Let me explain how this has worked in practical terms.

First, embedding sustainability.

This is our core business strategy, which we call our Vision Into Action. As you can see, it includes six sustainability commitments which have been specifically chosen as areas which improve our company as well as our impact on the wider world.

At Cadbury, we know that sustainability is closely linked to our long-term performance and ultimately to our governing objective - to deliver superior shareholder returns.

Having identified these commitments, we're now going after their delivery with the necessary rigour and discipline with clear goals and roadmaps, stronger governance and processes, and targeted capability development.

And to increase the effectiveness of our sustainability actions, we're using the approach which is working for our overall corporate agenda.

For example, "fewer faster bigger better" is one of our priorities which is evident both in our corporate decisions and in our leading-edge programmes: Purple Goes Green, the Cadbury Cocoa Partnership, and Be treatwise.

These changes have already been recognised in our scores in some key indices.

We benchmark ourselves against FTSE4Good, Business in the Community's Corporate Responsibility Index, the Dow Jones Sustainability Index and the Carbon Disclosure Project.

We achieved a great set of scores in 2007.

It is very important for the future success of our business that we get this right.

We have made some good progress and you'll hear more about that in our breakout sessions later.

With a more challenging economic environment, I believe it is even more important that we build a sustainable business with strong values to deliver what we are promising our shareholders, trade customers, consumers, suppliers and employees alike, at a time when they are increasingly engaged with the subject of sustainability.

We do this because a sustainable business is better positioned to succeed in challenging times.

By getting it right we benefit from lower energy costs and more productive employees. We have security of supply of our core ingredients and we maintain strong positive relationships with business partners and regulators.

All of this helps our overall purpose creating brands that people love, trust and respect.

We have been lucky to have had strong values embedded in our business from the beginning. 200 years ago the Cadbury brothers sought to be a force for good in troubled times.

This is an ambition which we still share today and which causes us to keep challenging ourselves to create a world in which we can grow and thrive.

So on to the review.

We believe in the importance of engagement. We called our review Dear Cadbury because we both listen to our stakeholders and share our opinions, contributing to the debate about sustainability, within and beyond our industry.

And that debate is tremendously important to us.

It frames our discussions with our stakeholders and it helps us to stay in tune with a changing world.

This year we have more to talk about and we want to reach more people who have an interest in Cadbury and what we're doing. So we've expanded our report and taken the majority of it online.

On our Dear Cadbury website, you will be able to explore numerous topics including supplier relationships, working at Cadbury and community investment. We go into depth across the range of sustainability areas.

With this review, we're also more specific in our targets and how we measure our progress. And we're clearer in our goals where we want to get to in the medium term. We're more open and more transparent.

But today, we're going to focus on three areas which through the course of our review we determined as most 'material'.

The first is Purple Goes Green - our groundbreaking programme to tackle climate change through a combination of reducing our own environmental impacts and encouraging others to reduce theirs. We launched Purple Goes Green in 2007.

I'd like to show you a short animation we're using on the website which helps bring it to life. The intention of this is to appeal to our wider stakeholders, to draw them into the site, and make them want to find out more.

VIDEO

One of our key targets you saw on the previous slide, is to reduce our carbon footprint in absolute terms by 50% by 2020. This was a first in our industry and

still leads the way. We have already started to make some progress on the journey achieving a 3.6% reduction in 2007.

Another of our targets was to introduce water reduction plans in all water scarce sites. We've achieved this and delivered a 10% reduction in our water use.

The second area of focus today is our Cadbury Cocoa Partnership, launched this year and representing a 45 million pound investment for the business over ten years.

The Cadbury Cocoa Partnership is about securing the economic, social and environmental sustainability of around a million cocoa farmers and their communities in Ghana, India, Indonesia and the Caribbean.

It was driven by research which found that cocoa farming wasn't as attractive to the next generation as it should be. Farm incomes were going down together with productivity.

One important study told us that farms in Ghana, where the cocoa for Cadbury Dairy Milk comes from, were only producing at 40% of their capacity.

We have another short video to illustrate the importance of this work to farmers. Once again, it's intended to draw people into the debate.

VIDEO

Cadbury has a long history in Ghana. We first began sourcing cocoa from Ghana one hundred years ago, after switching supply from Sao Tome due to poor labour conditions.

We helped to found the Ghanaian cocoa industry, and we're proud to be helping sustain it now.

After all, without the top quality beans we wouldn't have the bars to sell.

The third area of discussion today is responsible consumption – or being 'treatwise'.

People have long enjoyed confectionery as a way of celebrating, rewarding, and refuelling. It plays an important role in the traditions of many societies whether people are celebrating Diwali, Halloween, Bayram or Easter. Confectionery delivers moments of pleasure to millions of us every day.

As a responsible company we spend a lot of time understanding the role our products play. We know that some people can over indulge and we can all benefit from being encouraged to enjoy a balanced healthy and active lifestyle.

Our role is to help people to make smart decisions by providing them with the information and opportunity to choose.

This brief video gives an insight into the relationship most people have with confectionery.

VIDEO

That's a pretty representative view. People understand confectionery is a treat, and that's something we are looking to reinforce through our 'Be treatwise' initiative investing in improved labelling with clearer nutritional information and innovating to introduce more product choice.

And of course, our support for the 2012 Olympic and Paralympic Games is also a way for us to support an event which promises to transform Britain's relationship to sport and physical activity. Something we passionately believe in and that will also be good for the long term sustainability of our business.

One final point on the review; we didn't produce it on our own. We sought feedback from Forum for the Future as we developed it to get their perspective and ensure we did a thorough job.

You'll see their views are published at the back of the summary print report and also online on our Dear Cadbury website.

So, on to today and how the morning will work.

Just as in our programmes, we're going to focus on the most material areas: environment, cocoa sustainability and responsible consumption.

Some of the people who lead and make day-to-day decisions in each area are here to discuss the work they're doing.

We are going to split into three groups so you can give your views directly to the people accountable for delivering.

Then we'll come back together for a broader feedback session.

As I said at the outset, this is part of our core strategy, less about responsibility and more about sustainable business practices. I'm pleased with the progress we've made.

We know there is more to do, but we're committed and looking forward to the journey. And I'm sure you'll have thoughts that will help us achieve our goals.

I look forward to hearing them.

Thank you.