



## **UN Global Compact – Communication on Progress**

**Cadbury - October 2009**

### **Background**

Cadbury is proud to be a signatory to the UN Global Compact. Each year, since 2003, we have communicated our progress against the 10 UN Principles. We publish a full Corporate Responsibility Report every two years and provide regular updates on our progress in Corporate Responsibility and Sustainability via our corporate website. Our 2008 Communication on Progress (COP) is available via our 2007/08 Corporate Responsibility Review at [www.dearcadbury.com](http://www.dearcadbury.com).

We believe that it is our responsibility to uphold the UN Global Compact and its 10 Principles. For our long term future and that of our stakeholders, it is in our mutual interests that we have created a world in which our business will grow and thrive.

### **Overview of Corporate Responsibility & Sustainability at Cadbury**

We've always appreciated that doing good is good for business at Cadbury: being responsible and being commercially successful go hand in hand. Our founders believed in it and it is still at the heart of the way we work today.

We believe it's important to make sustainable business practice part of everyday life at Cadbury. To achieve this, colleagues manage Corporate Responsibility at every level of our business. Our Corporate Responsibility approach is directly linked to Our Business Principles. These spell out the high standards of conduct we work to and are aligned to commonly accepted global standards, the Universal Declaration of Human Rights and the relevant International Labour Organisation conventions. Everyone at Cadbury is expected to uphold these principles. All senior executives and managers sign up to them and receive an update each year. It's also their responsibility to make sure their teams work to the principles and confirm their teams have been informed about the standards of ethical conduct expected of them.

Within the overriding goal of being 'Performance driven, Values led', sustainability is embedded into our business strategy known as our 'Vision into Action' as below:



Our Sustainability Strategy Group (SSG) manages the delivery of our Corporate Responsibility objectives. The SSG is chaired by our CEO, Todd Stitzer. Our Main Board CR Committee is chaired by Non-Executive Director Lord Patten and reviews and oversees CR strategy globally. Recommendations are put forward by senior managers who 'own' specific areas of Corporate Responsibility.

The Cadbury 2007/08 Corporate Responsibility and Sustainability Report is available to view at [www.dearcadbury.com](http://www.dearcadbury.com). This is Cadbury's fourth CR report and it provides information on our sustainability commitments and ethical policies, including progress we are making on our groundbreaking commitments 'Purple Goes Green' and the Cadbury Cocoa Partnership.

We continue to benchmark our progress internally and also externally through recognised indices including: FTSE4Good, DJSI World, Carbon Disclosure Project Climate Leadership Index, and BiTC's CR Index.

## **Human Rights**

### **Principle 1: Business should support and respect the protection of internationally proclaimed human rights.**

In 2007, we initiated a review of our global human rights strategy. Following this, we articulated our approach in a document, "Our Approach to Human Rights" which explicitly communicates how our business activities promote human rights. This reflects both our heritage and our conviction that respect for human rights is crucial to business success. Our Approach to Human Rights reinforces the key areas where our business activities impact on human rights and how we address this through our Corporate Responsibility and the wider business agenda.

Our Approach to Human Rights was published in December 2008 at the 60th anniversary of the Universal Declaration of Human Rights (UDHR). It aligns well with the 2008 recommendations of the UN Special Representative on Business and Human Rights, John Ruggie, on the role of business in human rights.

Our community investment strategy includes aligning our efforts to help address the UN Millennium Development Goals. One way we do this is to forge partnerships with various NGOs. For example, following the Asian Tsunami in 2004 we issued an initial emergency relief donation and established a Tsunami Regeneration Programme for essential long-term community rebuilding. Working in partnership with a local charity, Sri Aurobindo Society we are contributing towards the redevelopment of two villages in the costal region of Pondicherry. A further example is our Bate-Bola Brazilian community project which was set up in 2003 to provide a haven for more than 300 local children. Working closely with the local community we contribute to the development of local children and teenagers by offering a place for children to play, eat and learn.

The work of the Cadbury Cocoa Partnership also supports the UN Millennium Development Goals.

### **Principle 2: Business should ensure that they are not complicit in human rights abuses.**

In 2007, we appointed regional Ethical Sourcing Managers to focus on and drive the implementation of our Ethical Sourcing Strategy and Programme across our

business with our suppliers. By 2010 we will maintain ethical sourcing standards and develop sustainable agriculture programmes by:

- Working to ensure our suppliers and our own Cadbury manufacturing sites meet our Ethical Sourcing standards
- Sustainably source at least half of our key agricultural raw materials such as cocoa, sugar, palm oil and gum arabic for core brands

We are making good progress on our cross-industry engagement which is managed through SEDEX. We have rolled out SEDEX to supplier and Cadbury sites and an audit programme continues in 2009. Action plans have been developed for sites to address any issues identified with initial focus on high risk geographies including Middle East, Africa and parts of Asia. In 2008 we worked as part of the industry forum AIM-PROGRESS on shared issue.

These activities support our sustainability commitment to maintain ethical and sustainable sourcing standards.

## **Key Metric Target Progress**

### **Labour Rights**

#### **Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

Cadbury does not use forced labour and we work with suppliers and business partners to ensure they do not use forced labour either. We respect people's rights to have employee representation, including their right to join unions and we do not tolerate harassment. We communicate and expect compliance to our Human Rights and Ethical Trading (HRET) policy across our business globally.

Beyond legislation, we also continually aspire, everywhere we do business, to identify and respond to emerging human rights issues on which our business can legitimately have an impact. We continue to play a leadership role in encouraging and inspiring the highest standards of human rights in all countries in which we operate.

We also conduct the employee climate survey annually to provide insight on employee commitment, engagement, inclusiveness and overall perception of the

employment experience. Our Employee Commitment score was 3.35 and Engagement score 3.08 (out of 4) in 2008 which is in line with our targets.

**Principle 4: Business should support the elimination of all forms of forced and compulsory labour.**

Our HRET policy and Ethical Sourcing Standards are in line with ILO Conventions and the Universal Declaration of Human Rights which support the elimination of all forms of forced and compulsory labour. Assessments and audits of supplier and our own company sites include testing that forced and compulsory labour are underway.

In terms of cocoa specifically, the Cadbury Cocoa Partnership was established in 2008 in partnership with the United Nations Development Programme, local governments, farmers and communities. This ground-breaking partnership aims to secure the economic, social and environmental sustainability of around a million cocoa farmers and their communities in Ghana, India, South East Asia and the Caribbean. Over ten years, £45 million GBP will be invested through the partnership to improve farmer incomes, develop communities and build partnerships.

The Cadbury Cocoa Partnership's first year has seen a Ghana Board set up to oversee the programme including representatives from Ghanaian government ministries, farmer organisations and development specialists. 100 communities who have now joined the partnership and have been identifying their main development needs, including the construction of new school buildings or forming Cocoa Youth Clubs to encourage the next generation to remain with agriculture, particularly cocoa farming. By 2018, Cadbury estimates it will have made a demonstrable difference to the lives of around half a million Ghanaian farmers.

**Principle 5: Business should support the effective abolition of child labour.**

One of the aims of our programme, the Cadbury Cocoa Partnership, is to address the issues that cause child labour. For example, we know that if children attend school they are less likely to be exposed to hazardous work.

In order to address this situation we need to work with communities and address the underlying causes of child labour. We are one of the industry funders of the multidisciplinary and independent International Cocoa Initiative (ICI) where industry, NGOs and the trade union movement are working together to help define best-practice in tackling questions of child labour in cocoa.

The ICI runs a programme called Yen Daakye (Our Future), where communities themselves have defined their vision for the future of their village with support from local NGOs. As part of this they agree the role of children in the community and agree what jobs they should and shouldn't be doing. While Certification provides a report on the situation, we believe that the Cadbury Cocoa Partnership will address the root causes of this issue and offer a holistic approach to finding solutions.

The International Cocoa Industry and the Government of Ghana and Cote d'Ivoire have been undertaking farm and community level assessment work with the intention of "certifying" cocoa production from both countries. The target was to cover 50% of cocoa production in the two countries by 1st July 2008, and this has been achieved, with the recognition of the two US politicians (Senator Harkin and Congressman Engel) who initially drove this action forward through what has become known as the "Harkin-Engel protocol" which many chocolate industry stakeholders signed up to in America (Cadbury, not being a US-based chocolate company, is not a signatory but we fully support the work and have been leaders in the activity in Ghana).

It is also worth noting that this certification work has now being independently verified by a multidisciplinary group of NGOs and trade union representatives who are working separately from the industry/Government activity.

In March 2009, we extended our commitment to our cocoa sourcing communities by announcing that we would be launching Fairtrade Cadbury Dairy Milk in Britain and Ireland. Fairtrade Cadbury Dairy Milk is now available from nearly 30,000 outlets across the UK creating a new generation of Fairtrade consumers from the UK's most popular chocolate bar. In August 2009 we extended this commitment with Canada, Australia and New Zealand committing to certify Cadbury Dairy Milk as Fairtrade by early 2010. Combined with Britain and Ireland, the five markets will quadruple Fairtrade benefits for cocoa farmers under Fairtrade terms, increasing tonnage from 5,000 in 2008 to 20,000 in 2010.

**Principle 6: Business should support the elimination of discrimination in respect of employment and occupation.**

Our Human Resources function continues to lead our Diversity, Inclusiveness and Equal Employment Opportunities (EEO) strategy. In 2007, we refreshed our diversity communications across the business. We have had a global Diversity & Equal Employment Opportunities policy since the early 1990's. We conduct an annual survey on Diversity and EEO across our business to assess how we are doing in this area. Results from the survey are used to influence our human resources planning and are reported up to our Board and Board CR Committee.

The Diversity and Inclusiveness priorities are integrated within business activities such as talent management, work life management, recruitment and people development programmes. In 2009/2010 our global priorities are:

- Gender – in line with our stated goal of 25% females at executive level by 2011
- Diversity within leadership teams
- Work life management and an inclusive work environment

**Environment**

**Principle 7: Business should support a precautionary approach to environmental challenges.**

Cadbury has taken a leadership position in combating climate change, by launching a comprehensive environmental initiative called Purple Goes Green in 2007. This initiative sets absolute carbon reduction targets as well as packaging and water reduction targets. These targets were developed with advice from Forum for the Future. We see Purple Goes Green (PGG) as our vision for the year 2020, Cadbury's absolute commitment to climate change.

**Principle 8: Business should undertake initiatives to promote greater environmental responsibility.**

In June 2007, Cadbury set the following targets as part of our Purple Goes Green programme:

- Energy – 50% reduction in our absolute carbon emissions

- Packaging – 10% reduction in standard product packaging and a target of 25% for seasonal and gift ranges
- Water – 100% of “water scarce” sites will have water reduction programmes in place
- Advocacy – We campaign for change with colleagues, suppliers, customers, peers, civil society and consumers

By making and achieving these commitments, we are meeting the expectations of our stakeholders and setting the pace for food manufacturers across the world. We realise that our ambitious targets won't be met unless we change fundamentally and so we have had to re-think the way we work, make every decision a sustainable one, and invest in technology to support the transformation. And we must continue to champion change through the industry and beyond in order to play our part in developing a more carbon-efficient world.

**Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.**

As part of our 'Purple Goes Green' climate change strategy, we work closely with a range of stakeholders to develop and promote environmentally friendly means of obtaining energy. In order to reduce our absolute carbon emissions we aim to save energy through minimising the use of energy by improving processes and efficiency. Where this has been achieved we switch to more environmentally-friendly energy forms and as a last resort we will offset our activities.

We are already making significant progress against our commitments. We continuously publish our carbon emissions through the Carbon Disclosure Project (CDP). We are also committed to working with our supply chain to reduce emissions with our partners. One way we have begun to do this is through calculating the carbon footprint of our flagship brand in the UK, Cadbury Dairy Milk. We discovered that 60% of emissions are generated by the cows that produce the fresh milk that goes into our bars and we have worked with our dairy farmers and leading dairy industry consultants to produce a best practice guide to Low Carbon Dairy Farming.



## **Corruption**

**Principle 10: Business should work against corruption in all its forms, including extortion and bribery.**

Our Corporate Responsibility and Sustainability strategy is underpinned by our approach to human rights and by Our Business Principles which highlight our responsibility to promote ethical business practices. In 2007, as a complement to our Audit Committee, we established a Global Risk & Compliance Committee to oversee our broad non-financial risk and compliance agenda. Our Internal Audit team as well as our senior security leader continue to work closely with our global businesses to see that corruption and other related risk and security activities do not occur.

Furthermore, our human rights approach underpins all of our six sustainability commitments and Corporate Responsibility pillars.

**On behalf of Cadbury, I am pleased to submit our Communication on Progress reflecting our continued commitment to the UN Global Compact and its 10 Principles.**

**Alison Ward, Global Head of Corporate Responsibility**