



**CADBURY PLC**  
**(the "Company")**  
**MATTERS RESERVED TO THE BOARD OR APPROPRIATE**  
**BOARD COMMITTEE**  
**(WHERE DULY AUTHORISED BY THE BOARD FOR THE PURPOSE)**

The following is a list of matters to be reserved to the Board for its decision. In considering the application of the list, substance over form should prevail. By specifying such matters the Board is not restricting its continuing general powers of control over the Company and its activities. In considering financial limits, separate parts of what may properly be considered to be the same transaction should be taken together and the relevant amounts aggregated if that would result in a higher amount. In the case of the matters referred to under "Committees", the powers of the Board in that behalf may be exercised by the relevant committee.

This list may be amended by the Board at any time.

**1 Strategy and Management**

- 1.1 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 the Group's objectives are being met.
- 1.2 The making of any decision to cease to operate all or any material part of the business of the Company or any of its subsidiaries (the standard of "materiality" being determined by the Board), or to extend the Group's activities into new business (but not geographic) areas.
- 1.3 The consideration of any proposal to merge or amalgamate the Company with any other company.
- 1.4 Any material change to the Company's listings on the London and New York Stock Exchange, or its status as a plc, including establishing an additional listing on any exchange, or de-listing the Company's shares from any exchange.
- 1.5 A change in the Company's domicile or status.

**2 Transactions and Contracts**

- 2.1 The approval of any acquisition or disposal of any investment, asset or business by the Company or any of its subsidiaries where either (i) its cost, (ii) its market value or (iii) the amount to be paid or received (including by way of loan or repayment of debt) by the Company and its subsidiaries as a whole, whichever is the greater, exceeds £10 million.
- 2.2 The approval of any acquisition of any investment, asset or business by the Company or any of its subsidiaries which would involve the commencement of an activity of a substantially different nature or

character to any activity from time to time carried on by the Company or any of its subsidiaries (no matter what its value).

- 2.3 The approval of any acquisition or disposal of any interest in equity securities by the Company or any of its subsidiaries of more than 5 percent in the voting shares of any company, in which the Company currently holds less than a 50 percent interest or the making of any takeover offer for any listed company in all instances exceeding £10 million in value.
- 2.4 The approval for the Company or any of its subsidiaries to enter into any joint venture or partnership (in whatever legal form) with any other person or group of persons (other than the Company and its subsidiaries).
- 2.5 The consideration and, if necessary, defence against any offer to purchase the Company or a majority of its shares.
- 2.6 The issuance by the Company of any letter of comfort, material guarantee or any material indemnity in respect of the obligations of another Group company or in respect of the obligations of a non-Group company (the standard of "materiality" being determined by the Board).
- 2.7 The approval of the making of any material contract by the Company or any of its subsidiaries (the standard of "materiality" being determined by the Board) or making any amendment to or waiver of any such material contract.

### **3 Share and Debt Capital**

- 3.1 The allotment of any shares of the Company, other than in accordance with the terms of a share option, share purchase, profit sharing or other incentive plan previously approved by the Board or shareowners as appropriate.
- 3.2 The issue of debentures or loan stock or any other security.
- 3.3 Changes relating to the Group's capital structure including changing the amount or currency of the Company's authorised share capital, reduction of capital, share issues (except under employee share plans), and share buy backs (including the use of treasury shares).

### **4 Internal Controls**

- 4.1 The approval of and ensuring the maintenance of internal control and risk management procedures for the Company and its subsidiaries,
  - (a) including receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - (b) undertaking an annual assessment of these processes;
  - (c) approving an appropriate statement for inclusion in the Company's Annual Report and Accounts.

### **5 Financial and Reporting Matters**

- 5.1 The approval of the Company's performance contracts (formerly referred to as budgets and long range plans).
- 5.2 The approval and issue of the Annual Report and Accounts (filed with the UKLA and UK Companies House) and the Form 20-F (filed with the US Securities and Exchange Commission).
- 5.3 The approval, issue and filing with statutory or regulatory authorities, of the half yearly report and interim management statements.
- 5.4 The approval and issue of any Preliminary Announcements of final results.
- 5.5 The approval of notices of Annual and Extraordinary General Meetings, and of the resolutions to be submitted to shareowners for approval.
- 5.6 The approval of treasury policies, including the structure and policy of Group borrowings, foreign currency exposure, interest rate and other risk management, and the investment of surplus cash, the use of financial derivatives and any significant increase in borrowing facilities.
- 5.7 Approval of any capital or development expenditures exceeding £10 million.
- 5.8 Determining and approving any significant change to the accounting policies or practices of the Company, and of the Company and its subsidiaries.
- 5.9 Making any change in the accounting reference date for the Company.
- 5.10 The recommendation and approval (where applicable) of the payment of any dividend by the Company or the payment by the Company of any interim dividend, or any exercise of the powers of the Board in relation to reserves or capitalisation of profit.
- 5.11 Changes to the Memorandum and Articles of Association of the Company prior to their submission to shareowners for approval.

## **6 Board Membership, Committees and Group Secretary**

- 6.1 Appointments or removals from the Company's Board of Directors (following receipt of recommendations by the Nomination Committee) and the appointment or removal of the Group Secretary
- 6.2 Changes to the structure, size and composition of the Board, following receipt of recommendations from the Nomination Committee.
- 6.3 Ensuring adequate succession planning for the Board and senior management following receipt of recommendations from the Nomination Committee.
- 6.4 Selection of the Chairman of the Board and the Chief Executive.
- 6.5 Appointment of the Senior Independent Director.
- 6.6 Identification of the Audit Committee financial expert for US and UK regulatory purposes

- 6.7 The appointment of, or any change to the terms of reference of, any committee of the Board, and of Directors to Board Committees.
- 6.8 The terms and conditions of letters of appointment for Non-Executive Directors.
- 6.9 The delegation of matters to, and the terms of reference for, the following committees of the Board: -
- a) the Audit Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference of which as amended to the date hereof are annexed as Annex 1;
  - b) the Remuneration Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference of which as amended to the date hereof are annexed as Annex 2;
  - c) the Nomination Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference of which as amended to the date hereof are annexed as Annex 3;
  - d) the Corporate and Social Responsibility Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference and constitution of which as amended to the date hereof are annexed hereto as Annex 4;
  - e) the Chief Executive's Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference of which as amended to the date hereof are annexed as Annex 5;
  - f) the Standing Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference of which as amended to the date thereof are annexed as Annex 6;
  - g) the Bid Committee constituted by resolution of the Board dated 15 February, 2008, the terms of reference of which as amended to the date hereof are annexed as Annex 7.
- 6.10 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareowners at the AGM and otherwise as appropriate.
- 6.11 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract.
- 6.12 Appointment, reappointment or removal of the external auditor and their remuneration for submission to shareowners for approval, following the receipt of recommendations of the Audit Committee.
- 6.13 The division of responsibilities between the Chairman and Chief Executive, which should be in writing.
- 6.14 Receiving reports from Board committees on their activities.
- 6.15 Any significant or material changes to the management or legal structure of the Group.

Provided that in the case of any of the matters referred to in this paragraph, the powers of the Board relating thereto may be exercised by the relevant committee in accordance with its terms of reference, subject to any contrary resolution by the Board. For the avoidance of doubt the Board may decide at any time to rescind and withdraw any and all such powers.

## **7 Conflicts of interest**

- 7.1 The Board shall consider recommendations from the Standing Committee in the case of any conflict of interest which that Committee considers to be material, as to whether such conflict should be authorised and, if so, authorise such conflict upon such terms and conditions as the Board considers appropriate.

## **8 Communication with shareowners**

- 8.1 The authorisation of the calling of any meeting of shareowners or debenture holders of the Company or of any class of shareowners or debenture holders.
- 8.2 The approval of any circular or similar document to the holders of any of the Company's securities and any prospectus or listing particulars issued by the Company.
- 8.3 The exercise of the powers of the Board (including the making of recommendations) in relation to voting at general meetings or the proceedings of the Board, including recommendations of the Board to vote in favour or against any matter.
- 8.4 The monitoring of institutional investor guidelines and corporate governance principles, communications from and voting by institutional investors.
- 8.5 Receiving reports on the views of the Company's shareowners.

## **9 Remuneration and compensation**

Unless the Board determines that any such matters should be delegated to the Remuneration Committee:

- 9.1 Determining the remuneration policy for senior executives of the Company.
- 9.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 9.3 The introduction of new share incentive plans or major changes to existing plans, to be submitted to shareowners for approval.
- 9.4 The approval through the Remuneration Committee (and submission to shareowners for approval if necessary) of any share option, share purchase, profit sharing or other incentive plan for officers and employees of the Company and its subsidiaries or any group of them.
- 9.5 Any material change to the Company's pension arrangements.

## **10 Corporate Governance**

- 10.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 10.2 Determining the independence of directors.
- 10.3 Considering the balance of interests between shareowners, employees, customers and the community.
- 10.4 Review of the Company's overall corporate governance arrangements.

## **11 Miscellaneous**

- 11.1 The appointment of any person to a senior management position (the test of "senior" status to be determined by the Board or in the absence of such determination, to be any executive member of the Board or member of the Chief Executive's Committee or the Group Secretary) with the Company or any of its subsidiaries.
- 11.2 The approval of risk management strategy for the Company and its subsidiaries.
- 11.3 Prosecution, defence, arbitration or settlement of material litigation of the Company and its subsidiaries (the standard of materiality being determined by the Board).
- 11.4 Review and approval of the overall levels of insurance cover for the Company and its group including directors' and officers' liability insurance and indemnification of directors.
- 11.5 Approval of policies, including:
  - (a) Our Business Principles;
  - (b) Health and Safety policy;
  - (c) Environmental policy;
  - (d) Corporate and Social Responsibility policy;
  - (e) Equal Employment Opportunity and Diversity policy;
  - (f) Ethical Trading and Human Rights policy;
  - (g) Share Dealing Code;
  - (h) Communications policy including procedures for the release of price sensitive information; and
  - (i) Fraud policy.
- 11.6 The making of political donations by the Company or any of its subsidiaries.

- 11.7 Approval of the appointment of the Group's principal professional advisers.
- 11.8 Any other matter affecting the credibility or general perception of the Company.
- 11.9 Any matter required to be considered or approved by the Board as a matter of law or regulation.
- 11.10 This schedule of matters reserved for Board decisions.

Approved by the Board on 5 September, 2008

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Chairman

Date 5 September, 2008