



CADBURY PLC

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Authority

1. The Remuneration Committee (the "Committee") shall, subject to the Articles of Association of Cadbury plc (the "Company"), have and may exercise all powers and authority of the board of directors of the Company ("the Board") in matters relating to the remuneration, benefits and compensation (in the widest sense) of executive directors of the Board ("Executive Directors"). For the avoidance of doubt, the delegation of powers and authority by the Committee to any other committee of the Board or sub-committee of the Committee shall not prejudice the right of the Committee to itself exercise any of the powers and authority granted to it by the Board.

Constitution, Membership and Meetings

2. The members of the Committee shall be appointed by the Board, from time to time, on the recommendation of the Nomination Committee. The Committee shall consist of not less than three nor more than eight members, all of whom are Non-Executive Directors of the Company for the time being and shall serve for up to three years, extendable by no more than two additional three-year periods, so long as Members continue to be Members of the Board.
3. Two members of the Committee shall constitute a quorum, and an affirmative vote of a majority of the members present shall be required for the transaction of business.
4. Meetings of the Committee will be held at least three times a year at such time and place as may be designated by the Committee or the chairman of the Committee ("the Chairman"). Meetings may be held in person or by telephone. Notice of each meeting shall be given to each member of the Committee at least five working days before the day on which the meeting is to be held confirming the venue, time and date. An agenda of items to be discussed together with supporting papers shall be sent to members of the Committee and to other attendees as appropriate, in sufficient time prior to each meeting to allow consideration of the items.
5. Ad-hoc meetings of the Committee may be held on call by the Board or any one member of the Committee and shall be held at such time and at such place as may be fixed by the person or persons calling such meeting, and notice of any such ad-hoc meeting shall be given by mail at least two working days before the day on which the meeting is to be held, or shall be given by e-mail or facsimile transmission, or delivered personally not later than twenty-four hours before the time set for such meeting, provided no such notice need be given to any member who is present at the meeting or has, before or after the meeting, waived notice thereof.

6. The Committee shall keep minutes of its proceedings and shall cause the minutes to be recorded by the secretary of the Committee, who need not be a member of the Committee, in books kept for that purpose in the offices of the Company. Minutes of meetings of the Committee shall be circulated promptly to all members of the Committee and, once agreed, to such members of the Board as shall request a copy, unless a conflict of interest exists. Unless otherwise determined by the Committee the secretary of the Committee shall be the Director of Group Secretariat (or his nominee). The external auditors may request a meeting if they determine that one is necessary.
7. The secretary of the Committee shall ascertain at the beginning of each meeting of the Committee, the existence of any conflicts of interest and minute them accordingly.
8. In the event that a member of the Committee is unable to attend a regular or ad-hoc meeting of the Committee, such member may appoint an independent Non-Executive Director to act as an alternate member of the Committee and attend the meeting in his place. The Board may, from time to time, appoint one or more independent Non-Executive Directors of the Company to act as alternate members of the Committee to attend regular or ad-hoc meetings of the Committee in the place of absent or disqualified members thereof. The said alternate members shall have the full powers of a regular member of the Committee when attending any such meeting as a substitute for any absent or disqualified members.
9. The Committee is authorised to make rules and regulations for the conduct of its meetings and business, consistent with these resolutions.
10. In addition to the members of the Committee it would be normal for the following to attend meetings except that they shall not attend when their own remuneration is under discussion:
 - (i) the Chairman of the Company;
 - (ii) the Chief Executive Officer;
 - (iii) the Chief Human Resources Officer; and
 - (iv) the Director of Compensation & Benefits.

The Chairman may also invite others to attend, but only members of the Committee are entitled to vote at meetings of the Committee.

11. The Board shall appoint the Chairman to serve at the pleasure of the Board. In the absence of the appointed Chairman and/or an appointed deputy, the remaining members shall elect one of their number to chair the meeting.
12. The Committee shall have power to set up any sub-committee and to determine such sub-committee's terms of reference and its membership, which may consist of members of the Committee or such other persons as the Committee may think fit (including, for the avoidance of doubt, executive or Non-Executive Directors or both); also to change the terms of reference or membership of any sub-committee; and to discontinue any sub-committee which it considers is no longer required. The Share Incentives Committee shall be a sub-committee of the Committee.

Duties

13. The Committee shall:

- (a) determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, the Executive Directors, members of the Chief Executive's Committee and other senior executives of the Company. The remuneration of Non-Executive Directors shall be a matter for the Board. For the avoidance of doubt no Director or executive manager shall be involved in any decisions as to their own remuneration;
- (b) in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to attract, motivate and retain members of the executive management of the Company by ensuring they are provided with appropriate and cost-effective incentives to encourage enhanced performance and shareholder value and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- (c) review the ongoing appropriateness and relevance of the remuneration policy;
- (d) consider and approve the design and terms and conditions including performance tests, targets and award levels for any annual incentive plan, bonus share retention plan, long term incentive plan and share option or other share incentive plans (collectively "Incentive Plans") for Executive Directors, and other senior executives of the Company;
- (e) consider and approve awards under any Incentive Plan for Executive Directors and other senior executives as the Board may from time to time determine;
- (f) consider and approve pension arrangements for the Executive Directors and other senior executives as the Board may, from time to time, determine. Examination of pension arrangements should take into consideration the impact that basic salary increases and associated costs might have;
- (g) consider and approve service agreements for Executive Directors and ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (h) within the terms of the agreed policy and in consultation with the chairman of the Company and/or the chief executive officer as appropriate, consider and approve the total remuneration package (including base salary, bonuses, incentive payments and share options or other share awards) of each Executive Director;
- (i) in determining remuneration packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;

- (j) review and note annually the remuneration of other senior executives of the Company and remuneration trends across the Company and its Group;
- (k) oversee any major changes in employee benefits structures for the Executive Directors and other senior executives and review major changes in employee benefits structures across the Company and its Group;
- (l) agree the policy for authorising claims for expenses from the Chief Executive Officer and the Chairman of the Company;
- (m) ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Companies Act 1985 (as amended), the Companies Act 2006, the Combined Code and any other regulatory or legislative codes which may apply to the Company, are fulfilled;
- (n) be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- (o) obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority (within any budgetary restrictions imposed by the Board) to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

Reporting Responsibilities

14. The Chairman shall attend the Annual General Meeting prepared to respond to any shareowner questions on the Committee's activities.
15. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
16. The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
17. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
18. The Committee shall have access to sufficient resources in order to carry out its duties, including access to Group Secretariat and other Group functions for assistance as required.
19. The Committee shall produce an annual report of the Company's remuneration policy, practices, attendance at and frequency of Committee meetings which will form part of the Company's Annual Report and ensure each year that it is put to shareowners for approval at the Annual General Meeting.
20. The Committee may make these Terms of Reference available to shareowners and third parties, explaining its role and the authority delegated to it by the Board.

Information and External advice

21. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary (the fees for any advisers shall be paid by the Company).
22. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

Approved by the Board on 5 December 2008

Chairman

Date 5 December 2008