

**HTS speech to the Fairtrade Commercial Conference
Kensington Town Hall, London, 24 September 2009**

Tipping the Balance through Principled Capitalism

Good afternoon everyone, and thanks Joanne for setting up the consumer landscape. Those are exactly the kind of insights that shaped our approach to Cadbury Dairy Milk's Fairtrade certification.

I know that a number of you have been involved with the Fairtrade movement for many years – and I am in the presence of some real pioneers. Compared to you, I'm a relative newcomer ... so I feel truly honoured to be here today.

I thought I should start by sharing what tipped the balance for Cadbury to join the Fairtrade movement.

Most people think it's all about reputation, marketing and the brand – about getting an ethical 'badge'. But for us it's much more fundamental. It's about supply chain sustainability.

Let me explain.

Some of you might know that back in 2008 we established the Cadbury Cocoa Partnership – a £45m investment in cocoa communities in Africa, India, Indonesia and the Caribbean.

This came from an increasing realisation that we needed to be much more active – right across the economic, social and environmental aspects of cocoa farmers' lives And our conversation with Fairtrade started at the same time.

Earlier this year I visited Ghana with Harriet, and we met a whole host of people who've been working with us on this.



President Atta-Mills...

village Chiefs and elders...

development agencies like the United Nations, WorldVision, Care and VSO....

as well as those closest to Ghanaian cocoa growing... such as CocoBod and the Kuapa Kokoo farmers' cooperative.

All the people we met were clear that companies like Cadbury need to play a new, more active role in ensuring the future and sustainability of our key ingredients.

And, as you can imagine, Harriet was pretty persuasive too!

But I got my greatest insights from this man...

...Benjamin Atiemo.

Benjamin, is 49, and a cocoa farmer in Adjiekrom, a village in the Eastern Region of Ghana.

Whilst we talked he was drying cocoa beans on a wicker mat.

These mats are a hallmark of the country's cocoa growing and key to Ghanaian cocoa flavour development... – a unique profile which makes Cadbury Dairy Milk taste like... well... like Cadbury.

All the time we talked, he pushed and turned his cocoa beans and I was struck by the inordinate care he was taking ... making sure each and every one dried in the sun.

I asked him about his life and his family.

He told me that whilst he had spent all his life in cocoa (inheriting the farm from his father)... his sons had recently left the village to find work in the city of Accra.

Like any parent he was worried about them but saw little to keep them in the area.



Later we walked to the forest to see the cocoa pods being harvested.

And there I heard - and saw - how a lack of tree husbandry and fertiliser was holding back the productivity of that family's small plot.

In fact, it had last been fertilised ...
10 years ago.

It was all in marked contrast to what I'd seen in India, where cocoa is a valued cash crop and yields are 3 to 400% higher.

The whole experience really brought to life in human terms, the studies that first led us to the Cadbury Cocoa Partnership:...

- The fact that the Ghanaian farmer population is ageing... with an average age of over 50.

- The fact that the next generation aren't interested in becoming cocoa farmers... and are drifting from rural communities to the growing urban centres.

- The fact that the trees have also aged, and are yielding ever smaller crops ... meaning a quarter of farmers are only producing 6 sacks of cocoa a year. 6 sacks!

Of course I'd read the studies and we'd discussed the issues in the Cadbury boardroom,... but in the rainforest of Ghana, the reality really hit home.

The Cocoa Partnership was our first step in the right direction - but ... Fairtrade takes us to the next level and much closer to farmers like Benjamin.
Because his worries and our own are not in conflict.

Our interests are the same.

Without farmers like him, there are no cocoa beans...



And quite simply if there are no beans, there are no bars.

Capitalism is often seen to be a force in *opposition* to development.

Painted with a broad brush... it is characterised as a one-way relationship in thrall to profit margins and shareholder returns... with no time for such concerns.

But I have always believed that there is more than one type of capitalism.

It is true, that unbridled capitalism can be a destructive beast ... not just to those it does business with... but to the company itself.

History shows that those who operate in this way, inevitably come undone....

They over-leverage and under-invest to the detriment of the whole enterprise. The recent past has presented numerous examples which all business leaders and shareholders would do well to learn from.

Equally, overregulated capitalism constrains creativity and innovation,... slowing and then stopping a business's inherent progressive momentum.

But principled capitalism is a wonderful thing.

This room is full of business people who have demonstrated that profit and principle can go hand in hand.

Using wisdom, judgement and perspective we can balance the positive focus of a profit motive and delivery of shareholder value, with values.

In Cadbury we call it being 'performance driven and values led'. And we know that it makes for a more successful and sustainable business.

I have the great fortune to be leading an organisation built on these values.



In fact it's what led me to join Cadbury around 25 years ago.

Now the business facts about Cadbury are pretty well known...

We're almost 200 years young,...
have 40,000 employees – including one gorilla –
and sell some of the world's favourite chocolate, gum & candy...in over 60 markets.

It's a great business to be in...

I am quite literally a kid in a candy shop.

Cadbury Creme Eggs. ... Trident gum... Trebor mints... Liquorice Allsorts... Maynards Wine Gums...

to name just a few of the treats I come across in an average working day.

But it is also a story about the value of principled capitalism.

The Cadbury family were Quakers who started selling drinking chocolate as an alternative to alcohol in 1824.

They wanted to be a "force for good in a troubled world" ... "an asset to the neighbourhood".

They were social pioneers and believed in doing business the right way.

- They built a "factory in a garden" away from the smog and disease of Birmingham's city slums.
- They created housing and leisure facilities ... including swimming pools and sports fields.
- And they were one of the first companies to introduce pensions and paid leave.

Those values extended to their suppliers.



101 years ago they stopped buying cocoa from Sao Tomé when intra-tribal slavery was uncovered and the island's government refused to act.

And I think it's important to say that commitment to the very serious issues of slavery and child labour remains... both within the Cocoa Partnership and with Fairtrade.

So...

...back in 1908, the Cadburys shifted their supply to Ghana, and worked alongside Ghanaian farmers to found a whole new cocoa industry.

As with the UK, the Cadbury's funded housing and education...

In fact when I met him, the President of Ghana told me how he was a pupil of the Cadbury Hall in Achimote College (the London Business School of Ghana), and slept on bunk beds provided by Cadbury!

However, the Cadburys weren't just philanthropists.
They were principled capitalists.

Ambitious,... innovative... and successful, they were business people who made money and created a company that's grown to become a world leader.

This 'performance driven, values led' way of doing business has built a unique corporate brand, and is integral to our success.

Of course the Cadbury family answered only to themselves.

Today, shareholders own the company and quite rightly expect a return on their investment.

Delivering superior shareholder value is non-negotiable, and more than ever we have to demonstrate the value of our values.



And I'm pleased to say we have shown we're 'Performance driven' as well as 'Values led'. Over the last five years we've delivered on average over 6% growth in revenues... Gained around 20 basis point of market share each year,... added 40 basis points of margins a year and... delivered 10% total shareholder return, notwithstanding the decline in global equities a the end of 2008.

And we're doing it in a values led way. Because we see this principled capitalism, which has been woven into the very fabric of Cadbury over the course of almost two centuries, as fundamental to our ways of working and part of our identity and success.

Take it away or dilute it... and you risk destroying what makes Cadbury a great company.

Nothing demonstrates this better than our Fairtrade certification for Cadbury Dairy Milk,... now in stores right across the UK and Ireland,... and soon to come in Australia, Canada, New Zealand and Japan.

We came to Fairtrade because of the value it can bring to our supply chain and ... because of our values.

Said another way ... quality cocoa for us, ... and a better quality of life for thousands of farmers, empowered through Fairtrade to reinvest in their own farms and communities.

And of course ... this is all at a scale previously unseen.

Together ... we will quadruple the amount of Fairtrade cocoa coming out of Ghana from 5,000 to 20,000 tonnes in 2010.

This will bring value to both our brand ...and the Fairtrade brand.

Fairtrade is at a tipping point for consumers – and we want to help.

We're providing mainstream consumers with an easy, everyday option.



Their favourite chocolate, with the same taste and price, but with added ethics.

For the Fairtrade movement it means millions of new consumers.

The availability barrier is well and truly broken ... with Fairtrade Cadbury Dairy Milk in literally every supermarket, forecourt and corner store,... right across the country. And this is just the start of our journey.

I've been touched by the response.

From Sue who visited our blog to say "What wonderful news...Let's celebrate". ...

To the 13 year old Irish girl who wrote to tell me she was not only going to buy Cadbury chocolate,... she was going to become a shareholder in the company.

And the style of response is different too. People have sent me the kinds of sparkly 'well done' and 'congratulations' cards normally reserved for when you pass an exam or driving test – here's just one...

Trust me, it's not the kind of stuff that normally hits my in-tray!

And in New Zealand and Australia anti-poverty campaigners marched to our factory gates - not to protest but to leave messages and flowers in support. Unbelievable.

So our new Cadbury Dairy Milk campaign aims to take that kind of connection one step further, and raise awareness of Fairtrade with a totally new audience.

Now remember... this is the brand that brought you the bizarre drumming gorilla and strange eyebrow-dancing kids.

So we are approaching this in an unexpected way.



Just like the rest of the Glass And A Half Full campaigns, it aims to make you smile. This time Ghanaian style.

Filmed in cocoa villages, it fuses traditional as well as modern Ghanaian pop-culture with a good splash of our trademark quirky glass and a half imagination. To demonstrate the irrepressible Ghanaian spirit – in a relevant and intriguing way.

And ... it's more than an ad – it's a record-release, with the proceeds raised going to cocoa growing communities.

We've worked with Tinny, Ghana's hottest 'hiplife' music superstar, to produce a track called 'Zingolo', which means 'Enjoy it'.

So the campaign includes a 4 minute music video which is now playing on You Tube and music stations, and is downloadable on iTunes. I encourage you to take a look.

This was released last Friday and is already generating comments like...

"This rocks! I love Fairtrade - and now I want to go to Ghana and learn some moves too!"

And I have to tell you, when we previewed it to Ghanaian community representatives on Thursday, it was great to hear of their pride in seeing their country and culture getting this kind of platform and positive attention.

The Ghanaian High Commissioner himself said the ad really captured the spirit of Ghana.

So from our perspective, the signs are pretty good for a tipping point. This partnership has really touched a nerve within the company.

A tipping point in supply...
with more farmers benefiting.

A tipping point for consumers...



with more people choosing Fairtrade.

And a tipping point for business....

with more principled capitalists joining the movement.

From Cadbury's perspective it is truly great to be part of this.

Thank you very much.