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Investing in rural people

## Partnership agreement with Unilever PLC

### Note to Executive Board representatives

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For: **Information**

## **Partnership agreement with Unilever PLC**

1. At its 110<sup>th</sup> session, held in December 2013, the Executive Board authorized the President to negotiate and finalize a memorandum of understanding with Unilever PLC to support IFAD's private-sector engagement objectives.
2. The memorandum of understanding between IFAD and Unilever PLC was signed on 20 February 2014. A scanned copy of the signed agreement is herewith attached for information.



## MEMORANDUM OF UNDERSTANDING

between

UNILEVER

and

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

This Memorandum of Understanding (“MoU”) is entered into on 20 February 2014 by and between Unilever PLC, a company whose registered office is at Port Sunlight, Wirral, Merseyside CH62 4ZD (hereinafter referred to as the “Company”) and the International Fund for Agricultural Development based at Via Paolo di Dono, 44, 00142 Rome, Italy (hereinafter referred to as “IFAD”) (each a “Party”, and together, the “Parties”).

**Whereas** the Company and IFAD shall seek to identify opportunities in which they could collaborate to better leverage the network of Unilever country-level activities and IFAD financed projects in support of rural farming populations in developing countries;

**Whereas** The Company and IFAD shall endeavour to improve their coordination on sustainable rural development for the benefit of smallholders in developing countries worldwide;

**Whereas** The Company’s mission is to decouple its growth from its environmental impact, while at the same time increasing its positive social impact;

**Whereas** The Company is committed to achieving the following three goals by 2020:

- i) improving health and wellbeing;
- ii) reducing its environmental impact; and
- iii) sourcing 100% of its agricultural raw materials sustainably and enhancing the livelihoods of people across its value chain;

**Whereas** IFAD’s mission is to enable poor rural people to overcome poverty, and is committed to increasing opportunities for smallholder farmers and their communities to improve their livelihoods;

**Whereas** IFAD has a long-standing tradition and mandate of cooperation with its member countries in pursuing their development priorities and the Company intends to contribute to IFAD’s support for these priorities;

**Whereas** This MoU expresses the intent of the Parties in respect of their collaboration and outlines a framework for the collaboration at headquarters and field-levels to sustainably improve access of smallholder farmers to technology, knowledge, services, and markets and within which they may develop and undertake collaborative activities in order to pursue more effectively the goals identified below.

**NOW THEREFORE**, the Company and IFAD (the "Parties"), by entering into this MoU, have reached the following understandings:

## **1 DEFINITIONS AND INTERPRETATION**

1.1 In this MoU (which includes the Annexes), unless stated otherwise, the following words shall have the following respective meanings:

Activities	the activities and projects to be carried out by the Parties to achieve the Purpose.
Annexes	annexes 1 to 5 appended to this MoU which form an integral part of this MoU, each an Annex.
Collaboration Countries	the countries listed in Annex 4, which are identified may be amended, expanded and updated from time to time, each a "Collaboration Country".
Company Group	Unilever PLC, Unilever N.V. and any company in which either or both directly or indirectly owns or controls the voting rights attached to not less than 50% of the issued ordinary share capital, or controls directly or indirectly the appointment of a majority of the board of management.
Confidential Information	means any and all information, (including without limitation any proprietary information, technical data, trade secrets, marketing, finances, know-how, formulae, processes, designs, photographs, drawings, specifications, samples, materials or experience) of whatever nature, in whatever form, which is disclosed or made available, either directly or indirectly, to one Party by the other Party and all copies, notes, reports, analyses and reviews of the aforementioned prepared by the recipient or on its behalf.
Purpose	to sustainably improve access of smallholder farmers to technology, knowledge, services, and markets.

## **2 MODALITIES OF COLLABORATION**

2.1 The Parties agree to collaborate, on a non-exclusive basis, and share information on the understanding that this may lead to collaboration arrangements between the Company (or a member of the Company Group) and a local government of, or agency based in, one of the Collaboration Countries in respect of a project in that Collaboration Country to further the Purpose.

2.2 The Parties understand that the areas of collaboration may include, but are not limited to, the activities described in Annex 1.

- 2.3 The Parties also agree to share knowledge between themselves which each Party reasonably considers will assist with the furthering of the Purpose.
- 2.4 Unless otherwise agreed upon, the activities referred to in Annex 1 will be carried out according to the individual mutually acceptable agreements (“Agreements”) to be concluded between direct cooperation participants to each project or activity, and subject to such policies, procedures and approvals of each Party. Such Agreements shall comply with the principles set out in Annex 3.
- 2.5 The Parties agree to each appoint a liaison officer who will channel communications and information.
- 2.6 The Parties may consult on matters arising out of this MoU and on other matters of common interest.
- 2.7 The Parties agree to adhere to principles laid out in the Company’s Code of Business Principles, Sustainable Agriculture Code and IFAD’s principles of engagement for private sector partnerships respectively, as may be amended from time to time (Annex 5).
- 2.8 This MoU does not represent any commitment with regard to any funding on the part of the Parties. Any such commitment will be reflected in separate agreements that may be entered into by the Parties, subject to their respective policies and procedures.
- 2.9 The Company accepts and acknowledges that it is ultimately the decision of local governments and agencies to determine how and if they will partner with the Company.

### **3 GOVERNANCE AND REPORTING**

The Parties agree to follow the principles of governance and reporting as set out in Annex 2 with respect to the modalities of collaboration outlined in Clause 2:

### **4 PROPRIETARY RIGHTS**

- 4.1 The Parties understand that neither of them may breach the other’s intellectual and industrial property rights anywhere in the world, including without limitation, copyright, trade marks, trade names, service marks, database rights, logos, commercial or Confidential Information, know how or trade secrets (“Intellectual Property”).
- 4.2 The Parties understand that neither of them may use the other’s name in any manner whatsoever that conveys or suggests, directly or indirectly, endorsement or support of the Party or its products or services by the other Party. All uses by one Party of the other Party’s name in any manner (other than for internal, casual or generally acceptable uses) will be subject to the written approval of the other Party.

## **5 LIMITS TO MoU**

5.1 Nothing in this MoU should be construed as:

- 5.1.1 an authorization to waive any right, or assume or create any contract or obligation of any kind in the name of, or on behalf of, the other or to make any statement that the Party has the authority to do so;
- 5.1.2 establishing a joint venture, agency, employment or other similar relationship between the Parties; or
- 5.1.3 a waiver of the privileges and immunities of either Party or their officers and employees.

## **6 NON-EXCLUSIVE RELATIONSHIP**

This MoU does not represent any commitment on the part of either Party to give any exclusive or preferred treatment to the other in any matter contemplated under this MoU or otherwise.

## **7 CONFIDENTIALITY AND DISCLOSURE OF INFORMATION**

- 7.1 Each Party undertakes to the other Party that it shall not during the term of this MoU or thereafter use, disclose or permit the duplication or disclosure of any confidential information relating to the other party to any persons nor use confidential information in any way other than to perform their respective obligations under this MoU unless such duplication, use or disclosure is specifically authorised in writing by the other Party and required by law or any legal or regulatory authority in which case written notice should be promptly provided to the other Party.
- 7.2 The Parties may make this MoU publicly available in accordance with their respective policies on disclosure of information. The Company will not make any reference to the collaboration under this MoU in the advertising of its products or services or in the solicitation of any contracts or other business, except as otherwise agreed in writing.
- 7.3 If this MoU is terminated in accordance with either of clauses 9.3 or 9.4, such termination is not to be communicated publicly or externally without the written consent of the other party.

## **8 COMMERCIAL BENEFITS / CONFLICTS OF INTEREST**

- 8.1 No activity undertaken pursuant to this MoU may be used for any commercial purpose by the Company or any of its affiliates; provided further that the Company may not seek to directly or indirectly benefit commercially from IFAD's involvement in such activity. However, publications resulting from such collaborative activities may acknowledge the collaboration of the Parties.
- 8.2 IFAD's collaboration with the Company on activities under this MoU is not intended to confer a special advantage or preference to the Company or any of its affiliates in competing with any other entity as regards the procurement of goods, works or services

by IFAD or third parties, where such procurement results from or has a direct relationship to activities under this MoU.

## **9 ENTRY INTO FORCE AND DURATION**

- 9.1 This MoU shall enter into force on the date of its signature by the authorized representatives of both institutions. If the MoU is signed on different dates, the MoU shall enter into force on the later date.
- 9.2 This MoU will have an initial term of five (5) years from the date of its entry into force, and such term may be extended by written agreement of the Parties, subject to such evaluations as the Parties deem appropriate.
- 9.3 This MoU may be terminated by either Party for any reason by giving two (2) months' advance written notice to the other Party.
- 9.4 Either Party may also terminate this MoU immediately upon any breach of the same by the other Party.

## **10 NOTICE**

- 10.1 For the purpose of facilitating the implementation of this MoU, all communication between the Parties will be directed to the following liaison offices:

10.1.1 For the Company:

Miguel Veiga-Pestana  
VP External Affairs & Media Relations  
Unilever U.K. Central Resources Limited  
Registered Office: Unilever House, Blackfriars, London, EC4Y 0DY  
Tel. +44 20 7822 6487 Mob. +44 7776 468476  
Miguel.pestana@unilever.com

Martin Huxtable  
Procurement Director Ingredients & Supplier Development  
Unilever Asia Private Limited  
#06-22 Mapletree Business City,  
20 Pasir Panjang Road, Singapore, 117439  
Tel. +65 6643 3010 Mob. +65 9018 5770  
Martin.huxtable@unilever.com

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General Counsel  
Unilever Italy Holdings S.r.l.  
Via Paolo Di Dono 3/A, 00142 Roma, Italy  
Tel. +39 06 5449 2448 Mob. +39 3457885377  
Giulia.di-tommaso@unilever.com

10.1.2 For IFAD:

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Director and Senior Advisor to the President  
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Nicole Carta  
Private Sector Partnership Officer  
Partnership and Resource Mobilization Office  
Via Paolo di Dono 44  
00142 Rome, Italy  
Tel. +39 06 54 59 28 16  
n.carta@ifad.org

## 10.2 Any demand, notice or communication shall be deemed to have been duly served:

- 10.2.1 if delivered by hand when left at the address for service provided for in this clause;
- 10.2.2 if sent by prepaid first class post, 48 hours after being posted (excluding Saturdays, Sundays, and public holidays); or
- 10.2.3 if sent by email, immediately upon sending.

## 10.3 Any demand, notice or communication pursuant to this MoU must be made in writing addressed to the recipient at the recipient's address stated in this MoU or at such other address as may from time to time be notified in writing by the recipient to the sender as the recipient's address for service, or by email to the email address given in clause 10.1.

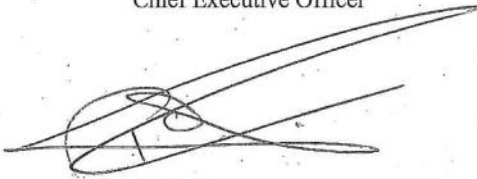


**11 MISCELLANEOUS**

- 11.1 All Annexes form an integral part of this MoU.
- 11.2 This MoU may be signed in any number of counterparts. Each counterpart shall constitute an original of this MoU but all of the counterparts shall together constitute but one and the same instrument.
- 11.3 The signing of this MoU implies that the signatories will strive to reach the objectives stated herein to the best of their ability.

**IN WITNESS WHEREOF**, the Parties hereto, each acting through its duly authorized representative, have signed this MoU in three (3) originals in the English language as of the date written below.

For UNILEVER  
Paul Polman  
Chief Executive Officer



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For IFAD  
Kanayo F. Nwanze  
President



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**Annexes**

- Annex 1 General summary of the agreed collaboration to be pursued during the term of the MoU
- Annex 2 Governance and reporting
- Annex 3 General principles for local contracts
- Annex 4 List of countries where exploration of collaboration will begin on the ground
- Annex 5 Unilever's Code of Business Principles and the Principles of engagement for IFAD's private-sector partnerships

### Annex 1

#### General summary of the agreed collaboration to be pursued during the term of the MoU

The Parties agree to work towards the following areas of cooperation to deliver upon the Purpose of this MoU, which is to sustainably improve the access of smallholder farmers to technology, knowledge, services, and markets.

- (a) Engage in furthering issues of priority to both Parties, such as initiatives to reduce food waste, gender equality, young agricultural entrepreneurs and nutrition, among others.
- (b) Coordinate joint efforts and explore opportunities to enhance participation by smallholder farmers in sustainable commodity sourcing projects and inclusive rural development programmes for the benefit of smallholder farmers in developing countries. This work will be carried out through specific agricultural value chain projects in country, and through regular knowledge sharing sessions on market demand and country-based priorities held between IFAD country and regional managers and Unilever procurement managers.
- (c) For country level engagement, Parties will work in partnership with IFAD-financed project staff to assess and identify concrete projects on which to work together. These may include, but are not limited to:
  - i) Collaboration on joint farmers' field schools and/or other mechanisms to improve the transfer and adoption of sustainable agricultural practices to smallholder farmers.
  - ii) Integrating small farmers in inclusive and sustainable agricultural value chains that result in win-win long-term relationship between smallholder farmers and private commodity buyers, including Unilever.
  - iii) Policy dialogue with local or central authorities to improve the business environment for inclusive private sector development in the agricultural sector, including public-private partnerships.
  - iv) Other areas that may be agreed upon between the Parties from time to time.
- (d) Upon identification of concrete projects on which the Parties will collaborate, clear targets and common goals will be set for each, including the number of smallholder farmers that will benefit from the project, and the level of additional benefits that smallholder farmers would gain from the partnership in both quantitative and qualitative terms. These results would be disaggregated by gender.
- (e) The strengthening of the capacity of both Parties through staff exchanges, secondments and other means to be identified, subject to the mutual agreement of both Parties.

**Annex 2**

**Governance and Reporting**

1. The Parties agree to the following:
  - (a) a quarterly review at the working level to be organized by the liaison officers appointed under this MoU by telephone conference and/or physical meetings at a mutually convenient location to be decided by the Parties in advance;
  - (b) an annual progress review with senior leadership in a form to be decided by mutual agreement between the parties; and
  - (c) the establishment of an understanding of the responsibilities of each of the parties in relation to the attainment of the purpose during the first quarterly update meeting upon signature of this MoU.

**Annex 3****General Principles for Local Collaboration**

IFAD shall endeavor to act as a facilitator between the Collaboration Countries, local and national governments, other UN entities or IFIs and the Company Group. In particular it will seek to ensure the adherence to the general principles as set out in Annex 5. Where IFAD is a party to the facilitation it shall also seek to accurately record the conditions negotiated between the parties as a result of its role as facilitator.

**Annex 4**

**List of countries where exploration of collaboration will begin on the ground**

Argentina  
China  
Ecuador  
Ghana  
India  
Indonesia  
Myanmar  
Nigeria  
Rwanda  
Tanzania

## Annex 5

### Unilever's Code of Business Principles

#### Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees.

We shall similarly respect the legitimate interests of those with whom we have relationships.

#### Obeying the Law

Unilever companies and employees are required to comply with the laws and regulations of the countries in which we operate.

#### Employees

Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company.

We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour.

We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company based information and consultation procedures.

#### Consumers

Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

#### Shareholders

Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

#### Business Partner

Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our partners to adhere to business principles consistent with our own.

### Community Involvement

Unilever strives to be a trusted corporate citizen and, as an integral part of society, to fulfil our responsibilities to the societies and communities in which we operate.

### Public Activities

Unilever companies are encouraged to promote and defend their legitimate business interests. Unilever will co-operate with governments and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests.

Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

### The Environment

Unilever is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business.

Unilever will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

### Innovation

In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science, applying rigorous standards of product safety.

### Competition

Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Unilever companies and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

### Business Integrity

Unilever does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management.

Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

### Conflicts of Interests

All Unilever employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company.

Unilever employees must not seek gain for themselves or others through misuse of their positions.



### Compliance – Monitoring – Reporting

Compliance with these principles is an essential element in our business success. The Unilever Board is responsible for ensuring these principles are applied throughout Unilever. The Chief Executive Officer is responsible for implementing these principles and is supported in this by the Global Code and Policy Committee comprising the Chief Legal Officer (Chairman of the Global Code and Policy Committee), the Chief Auditor, the Controller, the SVP Communications, the VP Risk and Compliance and relevant representatives from the Supply Chain and Human Resources. Quarterly reports are included in the Controller's Risk and Control Report. Day to day responsibility is delegated to all senior management of the geographies, categories, functions and operating companies. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs, and are supported in this by Cluster Code Committees comprising the Cluster General Counsel together with representatives from all relevant functions and categories. Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by the Corporate Responsibility Committee and for financial and accounting issues the Audit Committee. Any breaches of the Code must be reported in accordance with the procedures specified by the Chief Legal Officer. The Board of Unilever will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions. The Board of Unilever expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

Unilever's Sustainable Agriculture Code available at  
[http://www.unilever.com/images/sd\\_Unilever\\_Sustainable\\_Agriculture\\_Code\\_2010\\_tcm13-216557.pdf](http://www.unilever.com/images/sd_Unilever_Sustainable_Agriculture_Code_2010_tcm13-216557.pdf)

### Principles of engagement for IFAD's private-sector partnerships

- The support or partnership should be driven first and foremost by the interests and needs of small farmers and poor rural producers in the countries where IFAD operates; more specifically, poor rural men and women should benefit from this engagement as producers, suppliers, customers, distributors or employees;
- To the extent relevant, there should be evidence of country ownership and support for private-sector partnerships (as stipulated in the COSOP or the project design or grant document);
- Particularly where large and international companies are involved, the companies must comply with social and environmental standards (assessed through due diligence during project preparation, at a minimum based on the 2009 Guidelines on Cooperation between the United Nations and the Business Sector<sup>1</sup>);
- The impact of the engagement should be sustainable after IFAD's contribution to the partnership has ended; and

<sup>1</sup> <http://business.un.org/en/assets/83f0a197-b3b8-41ba-8843-d8c5b5d59fe1>

- Partnerships should ensure transparency; the integrity, independence and neutrality of IFAD; and clear and agreed responsibilities and accountability by all partners.