**Partnership agreement with Mars, Incorporated**

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**Note to Executive Board representatives**

<table>
<thead>
<tr>
<th>Technical questions:</th>
<th>Focal points:</th>
<th>Dispatch of documentation:</th>
</tr>
</thead>
<tbody>
<tr>
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<td><strong>Nicole Carta</strong>&lt;br&gt;Team Leader&lt;br&gt;Private Sector and Foundations Unit&lt;br&gt;Tel.: +1 212 963 0546&lt;br&gt;e-mail: <a href="mailto:n.carta@ifad.org">n.carta@ifad.org</a></td>
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</tbody>
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Executive Board – 122\textsuperscript{nd} Session<br>Rome, 12–13 December 2017

**For: Information**
Partnership agreement with Mars, Incorporated

1. At its 121st session held in September 2017, the Executive Board authorized the President to negotiate and finalize a memorandum of understanding with Mars, Incorporated to support IFAD’s private-sector engagement objectives.

2. The memorandum of understanding between IFAD and Mars, Incorporated was signed on 18 September 2017. A scanned copy of the signed agreement is herewith attached for information.
MEMORANDUM OF UNDERSTANDING
between
MARS
and
THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

This Memorandum of Understanding ("MoU") is entered into on 18 September 2017 by and between Mars, incorporated, a company whose registered office is at 6885 Elm Street, McLean VA 22101 (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 seek to strengthen and intensify their collaboration in support of rural farming, and smallholder farmers in developing countries through IFAD-financed projects and policy engagement in support of rural farming populations in developing countries in the Company’s supply chain;

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

Whereas The Company is committed to:

i) helping to lift smallholder farmers in its supply chain out of poverty;

ii) advancing respect for human rights across its value chain;

iii) reducing the environmental impact of its global operations;

iv) improving the resilience, continuity, and sustainability of its supply chain, including the raw materials it sources;

v) driving sustainability across the key impact areas outlined in its new Sustainability in a Generation Plan and Sustainable Sourcing Plan.

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 to create a framework to drive collaboration at headquarters and field levels to sustainably improve the access of smallholder farmers to technical capacity, knowledge and markets, to raise awareness of the importance of
sustainable and inclusive rural development, to promote gender-inclusive farming, financial literacy, and nutrition initiatives, 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 described in Annex I.
- **Annexes**: annexes 1 to 4 appended to this MoU which form an integral part of this MoU, each an Annex.
- **Collaboration Countries**: the countries listed in Annex 1, which may be amended, expanded and updated, each a “Collaboration Country”.
- **Company**: Mars, Incorporated and any company in which Mars, Incorporated 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 technical capacity, knowledge and markets; raise awareness of the importance of sustainable and inclusive rural development; promote gender-inclusive farming, financial access and literacy; and deliver greater results at a larger scale than each Party might do alone.

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 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. The Parties further agree to collaborate, on a non-exclusive basis, in knowledge exchange and advocacy events in support of sustainable rural development as outlined in Annex I.
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 by the Parties, the Activities will be carried out in accordance with the terms of one or more agreements ("Agreements"), each to be concluded between one or more of the Parties and one or more third party entities, including but not limited to, Collaboration Countries. Furthermore, such Activities and Agreements will be subject to the applicable policies, procedures and approvals of each Party and will comply with the principles set out in Annex 3.

2.5 The Parties will form a partnership Steering Committee Co-Chaired by the Company’s Chief Sustainability Officer and the IFAD Associate Vice President, Programme Department, and will each appoint a liaison officer who will support the Committee and channel communications and information on a regular basis as outlined in Annex 3.

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 Sustainable in a Generation Plan and IFAD’s principles of engagement for private sector partnerships respectively, as may be amended from time to time (Annex 4).

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 Parties acknowledge that it is ultimately the decision of local governments and agencies to determine how and if they will partner with the Parties.

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 will not breach each other’s intellectual and industrial property rights anywhere in the world, including without limitation, copyright, trademarks, trade names, service marks, database rights, logos, commercial or Confidential Information, know how or trade secrets ("Intellectual Property").

4.2 The Parties will not use each other’s name in any manner that conveys or suggests endorsement, preference or promotion of the Party or its products, services or activities 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 will 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 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 will enter into force on the date of its signature by the authorized representatives of the Parties. If the MoU is signed on different dates, the MoU will 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 To facilitate the implementation of this MoU, all communication between the Parties on matters related to the MoU will be directed to the following Liaison officers:

10.1.1 For the Company:
Jay L. Eizenstat, Esq.
Director for Investment Funding & Global Programs
6885 Elm Street
McLean, Virginia, U.S. 22101
T: +1 703 336 4787
M: +1 202 330 2311
jay.eizenstat@effem.com

10.1.2 For IFAD:
Luis Jiménez-Mclnnis
Director
Partnership and Resource Mobilization Office
Via Paolo di Dono, 44
00142 Rome, Italy
Tel. +39 065459 2765
l.jimenez-mclnnis@ifad.org

Nicole Carta
Team Leader Private Sector and Foundations Unit
Partnership and Resource Mobilization Office
2 United Nations Plaza
DC2 - Building Room 129
New York, NY10017
Tel: +1 212.963.3061
n.carta@ifad.org
10.2 Any demand, notice or communication will 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 to the recipient or 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 will constitute an original of this MoU but all of the counterparts will 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 two (2) originals in the English language as of the date written below.

For MARS
Frank Mars
Board Member

Date: 18 September 2017

For IFAD
Gilbert F. Houngbo
President

Date: 18 September 2017
Annexes

Annex 1 Summary of the collaboration to be pursued during the term of the MoU
Annex 2 Governance, monitoring of results and reporting
Annex 3 Working group structure and general principles for local collaboration
Annex 4 Mars' Sustainability in a Generation Plan and the Principles of engagement for IFAD's private-sector partnerships
Annex 1

Summary of the collaboration to be pursued during the term of the MoU

The Parties agree to work towards delivering upon the Purpose of this MoU.

(a) Activities pursued under the MoU will focus on three core objectives:

i) **Market Access**: broker increased access to market for smallholder farmers and small and medium enterprises participating in IFAD-supported projects and programmes to increase incomes, while providing the Company with needed supply and support for its Sustainable Sourcing Plan and its Sustainable in a Generation plan;

ii) **Capacity Building**: provide training and capacity building, including through access to inputs and credit, to smallholder farmers to increase productivity and quality output, support more environmentally sustainable and inclusive methods of production, improving financial inclusion and literacy, gender inclusive farming and other context specific strategies with the end goal of improving overall smallholder household income.

iii) **Advocacy**: combine forces to advocate for the importance of inclusive and sustainable rural development and support for thriving rural communities, including through Man's Farmer Income Lab, among other venues for collaboration.

(b) The Parties will pursue interventions focused on the following five key cross-cutting areas (which may be added to and amended):

i) Increasing livelihoods of smallholder producers, including a strong focus on income;

ii) Supporting smallholder climate adaptation and decreasing carbon emissions;

iii) Improving human rights and gender empowerment in agricultural value chains;

iv) Addressing sustainable land use and tenure issues, and

v) Supporting efficient and sustainable water use, including through irrigation.

(c) To deliver on the priorities in subparagraphs (a) and (b), the Parties will coordinate joint efforts and explore opportunities to enhance participation by smallholder farmers in sustainable commodity sourcing projects and inclusive rural development programmes through specific agricultural value chain projects supported by IFAD in developing countries, and which are linked to the Company's supply chains. Initial regions of focus will be Asia and the Pacific; West, Central, East and Southern Africa; and Latin America. Commodities of priority focus will include corn, peanuts, rice, palm and palm oil, coconut, cocoa, sugar, mint, and fisheries. The list of geographies and commodities may be expanded by mutual agreement of the Parties.

(d) Regular scoping of collaborations will be carried out by the Company and its local partners, IFAD-financed project staff, and IFAD country and regional managers.
Initial prospective collaboration has been identified in Cambodia, India, Indonesia, Papua New Guinea, and the Philippines, and will continue to target opportunities to engage in Ivory Coast and Ghana (the "Collaboration Countries"). The Collaboration Countries may be expanded by mutual Agreement of the Parties. Collaboration may take the form of:

i) technical knowledge transfer to smallholder farmers to increase productivity and the use of sustainable agricultural practices;

ii) exploring opportunities to support smallholders in the Company's current or future supply chains to produce a mutually beneficial relationship between smallholder farmers, commodity buyers, processors, and the Company;

iii) policy engagement with local or central authorities in the Collaboration Countries or other countries to improve the enabling environment for more inclusive agribusiness; and

iv) other areas that may be agreed upon between the Parties.

(e) Upon identification of concrete projects in a Collaboration Country on which the Parties will collaborate, clear targets and common goals will be set, including, but not limited to, 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. As appropriate, these results would be disaggregated by gender.

(f) The Parties will undertake to raise awareness among non-governmental organizations, government policymakers, the business community and consumers about the importance of increased support for sustainable and inclusive rural development. Activities may include, but are not limited to, joint presentations at key global policy fora; joint communication materials such as op-ed articles, press releases and blogs; and exploration of the use of cause-related marketing campaigns to further raise awareness and support for smallholder farmers among consumers.

(g) The collaboration will also focus on strengthening the capacity of both Parties on the priority cross-cutting themes identified above through thought leadership events, communities of practice, staff exchanges and other means to be identified, subject to the mutual agreement of both Parties.
Annex 2
Governance, monitoring of results and reporting

1. The Parties agree to the following:

(a) A Steering Committee will be established, co-chaired by the Company's Chief Sustainability Officer and IFAD Associate Vice President, Programme Department. The Steering Committee will provide strategic guidance and review outcomes against the objectives of the partnership and will meet annually at IFAD's Headquarters in Rome.

(b) The liaison officers from IFAD and the Company will be responsible for planning, facilitating, and managing the annual meeting and reporting its results to the Parties.

(c) The Parties will develop a results-based management framework to monitor and evaluate the outcomes and potential impact of the partnership over the course of the five-year agreement.

(d) A summary report on the achievements of the partnership will be issued annually following the Steering Committee meeting and be made public on the IFAD website.
Annex 3

Working group structure and general principles for local collaboration

(a) Country-level collaboration, scoping and development will be carried out between the Company, its market-based Associates, and IFAD-financed local project staff, with support from IFAD country managers. Partnership liaison officers from the Parties will support this process [item (d) below]. Broad-scope exploration will be undertaken at least annually during Steering Committee meetings to identify additional opportunities for collaboration, intervention, and to deliver external funding. The annual review will follow the Company’s internal Sustainable Working Group meeting in order to update and align the strategic alignment between the Company’s sourcing and sustainability targets and IFAD’s ongoing and future investments.

(b) IFAD endeavors to act as a facilitator between the Collaboration Countries, local and national governments, other UN entities or IFIs and the Company, provided that the Activities comply with the Principles of engagement for IFAD’s private-sector partnerships. Where IFAD is a party to the facilitation it may also seek to accurately record the conditions negotiated between the parties as a result of its role as facilitator.

(c) Advocacy activities will be coordinated by an Advocacy working group led by the Company’s Senior Director, Sustainability Engagement & Partnerships and IFAD’s Team Leader, Strategic Communications. The working group will meet at least annually to develop a working plan of advocacy events, campaigns and other media related opportunities to raise awareness among policymakers, business leaders and potentially consumer markets on the importance of inclusive rural development.

(d) Partnership liaison officers will be appointed by each organization who will provide support to the Steering Committee, country-level collaboration and Advocacy working groups for delivery of the objectives of the partnership. The liaison officers will converse by teleconference every two months and additionally as needed.
Annex 4

Mars’ Sustainable in a Generation Plan

Mars’ Sustainable in a Generation Plan focuses on three interconnected ambitions that foster its commitment to investing in the future, taking a long-term view and leaving the world in a place for future generations.

- Healthy Planet — goal is to reduce environmental impacts in line with what science says is necessary to keep the planet healthy.
- Thriving People — goal is to significantly improve the working lives of one million people in Mars’ value chain to help them thrive.
- Nourishing Wellbeing — goal is to advance science, innovation and marketing in ways that help billions of people and their pets lead healthier, happier lives.

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 2015 Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector1);
- The impact of the engagement should be sustainable after IFAD’s contribution to the partnership has ended; and
- Partnerships should ensure transparency, the integrity, independence and neutrality of IFAD; and clear and agreed responsibilities and accountability by all partners.