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Memorandum of Understanding between Ferrero (Trading Lux S.A.) and IFAD

Information Note

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Executive Board — 135th Session
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For: Information

Memorandum of Understanding between Ferrero (Trading Lux S.A.) and IFAD

1. On Thursday, 30 December 2021, through a vote by correspondence, the Executive Board authorized the Vice-President to negotiate and finalize a memorandum of understanding (MoU) between Ferrero (Trading Lux S.A.) and IFAD to establish a mutually beneficial framework for cooperation.
2. During the approval process, the representatives of Germany and the United Kingdom provided comments, which are summarized below, along with the responses from IFAD.
3. **Germany commented:** "Given IFAD's co-leadership role in the coalition covering living incomes as part of the Food Systems Summit, how will the MoU specifically address the increase in the living income of small-scale farmers in the hazelnut or other relevant value chains (e.g. cocoa) in the cooperation with Ferrero, and will Ferrero become part of the coalition?"
4. **IFAD response:** The overall objective of the MoU is to substantially increase the on-farm and off-farm living income of associated smallholder farmers and rural households through the implementation of three main technical components: (i) the development of innovative agricultural extension services through the Ferrero Farm Model and IFAD's Farmer Field School on sustainable management of hazelnut orchards and crop monitoring to increase crop and orchard productivity and thus also increase farmer's net return; (ii) the enhancement of farmers' bargaining power within the hazelnut value chain through capacity-building for service providers and farmers/producers associations, which will improve access to market price information (for inputs and produce) and help to diversify local/regional markets; and (iii) the development of human and social capital among women and youth, which will directly improve their on-farm and off-farm employment opportunities. Furthermore, IFAD will actively work with Ferrero's management and staff in the implementation phase of the MoU to structure the strategic and operational pathways in three of the main United Nations Food Systems Summit action tracks, namely: (i) boost nature-positive production; (ii) advance equitable livelihoods; and (iii) build resilience to vulnerabilities, shocks and stress.
5. **The United Kingdom provided the following comment:** "We approve the MoU as proposed by the Vice-President and in this instance request IFAD to include this MoU on the Member State website, together with all other MoU agreements with IFAD to ensure that they are all easily available."
6. **IFAD response:** IFAD confirms that the MoU between Ferrero (Trading Lux S.A.) and IFAD will be included on the Member State platform, along with other MoU agreements to which IFAD is a counter-signatory.
7. This MoU was signed on 7 February 2022. A scanned copy of the document is attached for information, in accordance with the Executive Board's proceedings and in line with the recommendation of Executive Board document EB 2021/134/R.55, approved through a vote by correspondence.

Signed memorandum of understanding between Ferrero (Trading Lux S.A.) and IFAD

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FERRERO



**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
AND
FERRERO TRADING LUX S.A**

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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter the "Memorandum" or "MoU") is entered into by and between **Ferrero Trading LUX S.A** a company whose registered office is at 16 Route de Trèves – L – 2633 Senningerberg, Luxembourg, registration number B46117 (hereinafter referred as "**FTL**") and the International Fund for Agricultural Development based at Via Paolo di Dono, 44, 00142 Rome, Italy (hereinafter referred as "**IFAD**") (each a "Party"; together the "Parties").

WHEREAS Ferrero Group is a leading company operating in the business of manufacturing, selling and distributing chocolate and food confectionary products all over the world.

FTL belongs to the Ferrero Group having, *inter alia*, the mission of sourcing agricultural raw materials for the confectionary plants of the Ferrero Group. In this framework, FTL is committed to influencing and driving good social and agricultural practices, economic and environmental sustainability, and innovation. Since the early 1990s, FTL has undertaken many initiatives promoting an ethical and profitable integration between the confectionery and agricultural industries, with a deep focus on quality and sustainability improvement. In 2015 a new division of FTL, the Ferrero Hazelnut Company (HCo), was created in order to strengthen the operational capacity concerning this very important raw material (Hazelnut) for Ferrero.

In 2020 Ferrero adopted a new "Supplier Code" providing principles and operational provisions related to its corporate policy on responsible sourcing. Specific Ferrero Charters for different raw materials (i.e. hazelnut, cocoa, among others) have been issued consequently to the adoption of the Supplier Code (available on <https://www.ferrero.com/sustainability/hazelnut-charter/>).

WHEREAS IFAD is a specialized agency of the United Nations and an international financial institution, established by an international agreement (i.e. the Agreement Establishing IFAD) with the objective of mobilizing partnerships and additional resources to be made available for agricultural development in developing and in Middle Income Countries of IFAD's Member States. In fulfilling this objective, IFAD shall provide financing primarily for projects and programs specifically designed to introduce, expand or improve sustainable agro-food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies.

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WHEREAS FTL and IFAD seek to strengthen and intensify their part in support of rural areas and smallholders farmers in developing IFAD Member States and through collaboration and policy dialogue through IFAD's country programs and Ferrero's investments and operations in support of the achievement of the SDGs and of family farming populations in the sustainable agro-food supply chain, in particular (but not limited to) the hazelnuts value chain.

WHEREAS FTL and IFAD are joining efforts to the launch of UN Food Systems Summit and to promote new actions, solutions and strategies to deliver progress on all 17 Sustainable Development Goals (SDGs), each of which relies on healthier, more sustainable and more equitable food systems and by implementing concrete actions modernization, including digitalization, of the family agro-ecology farming systems, promotion of more inclusive value chains, empowerment of women and youth, and finally mitigate/prevent the effects of climate changes specially on the more vulnerable populations in the rural areas.

WHEREAS FTL and IFAD will endeavor to improve their coordination and strategic and operational partnership on sustainable rural and agricultural development for the benefit of smallholders farmers, and in particular of most vulnerable groups – women and youth.

THE PARTIES TO THIS MEMORANDUM:

CONSIDERING the common interest of the Parties in promoting, according to their respective mandates, sustainable and inclusive food systems, and agricultural development and food and nutrition security;

RECOGNISING the benefits of cooperation between them, as may be consistent with their respective policies and rules, for achieving their shared objectives; and

DETERMINED to establish a non-exclusive strategic and operational cooperation to best serve their common objectives;

NOW THEREFORE, by entering into this MoU, the Parties have reached the following understanding:

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SECTION 1

PURPOSE

- 1.1. The purpose of this Memorandum is to establish a non-exclusive mutually beneficial framework for cooperation between the Parties, with a view to facilitating collaboration in common areas of interest identified in section 2 below.

SECTION 2

AREAS OF COOPERATION

- 2.1 In accordance with their respective mandates, policies and rules, the Parties will seek opportunities for collaboration in a number of areas, including but not limited to:
 - (a) sustainable development of the agro-food supply chain such as the hazelnuts value chain with focus on enhancing smallholders farming systems productivity, on better access to new and modern technologies markets;
 - (b) promote and support the development of sustainable farming methods, enhancing traceability;
 - (c) empowering the small-holder farmers and rural communities associated to the agro-food value chains, preserving their cultural and physical environment; and improve their resilience capacities to external shocks (including climate change);
 - (d) focusing on strengthening diversity, inclusion, and respect of human rights across the hazelnuts value chain.
- 2.2 In accordance with their respective mandates, policies and rules, the Parties will endeavor to the extent possible to:
 - 2.2.1. Develop a sustainable business model with local smallholders' farmers and all the stakeholders' value chains sharing and promoting sustainable and climate-smart agricultural practices with the adoption of innovative farming technologies, equitable and sustainable access and management of natural resources, more transparent and fair access to the agro-food markets.
 - 2.2.2. Support the modernization and transformation of family farming and of entire supply chains with a broad adoption of cost-effective and well-tailored

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digitalization tools along the value chains (e-extension, produce traceability, GIS, IPM).

2.2.3. Improve the resilience of its supply chains with a rigorous adoption of inclusive and sustainable social and environmental good practices (in particular, climate change adaptation).

2.2.4. Promote a more inclusive and broad access of the rural communities, in particular of the most vulnerable groups (in particular women and youth) to tailored financial services to increase economic and financial inclusions.

These potential activities will be operationally translated into specific and concrete projects that will be subject to specific and separate arrangements and approval processes.

SECTION 3

CONSULTATION

- 3.1. The Parties will keep each other informed and, whenever necessary, consult each other on matters of mutual interest, which in their opinion, are likely to enhance their collaboration.

SECTION 4

EXCHANGE OF INFORMATION

- 4.1. The Parties hereto will exchange relevant information and data on matters of common interest to them and collaborate in the collection, analysis and diffusion of such information and data, subject to their respective policies and procedures relating to disclosure of information.
- 4.2. The Parties may disclose to the general public this MoU and information related to this MoU in accordance with their respective policies and with the prior written consent of the other Party. The Parties agree that all documents or information exchanged between the Parties in the course of the implementation of this MoU shall not be disclosed to third parties by the Party receiving such documents or information without prior written consent of the other Party.

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- 4.3. With regard to documents, data, and other information that may be shared among the Parties, which information is classified as Confidential Information, "Confidential Information" the Parties hereby warrant and undertake: (i) to keep the Confidential Information secret and confidential; (ii) not to use the Confidential Information except for the purpose stated in this MOU; not to disclose the Confidential Information to Affiliates and Sub-Contractors and any third party and to use all reasonable efforts to prevent any such disclosure; (iii) not to copy, reproduce, divulge or furnish Confidential Information to third parties, as well as not to reduce the Confidential Information to any electronic form or to store it in a database or other electronic media, without prior written consent of the other Party; (iv) not to use any Confidential Information for any purposes whatsoever other than what is stated in this MOU; (v) exercise no lesser security measures and degree of care than those which it applies to its own Confidential Information and which it warrants as providing adequate protection against any unauthorized disclosure, copying or use; (vi) not to disclose the existence of the Project, participation in the Project, this MOU as well as and all related information disclosed between the Participants, including name, trademarks and likeness of any Party and/or its Affiliates without the prior written approval by the Participant, except as required by law, when applicable in accordance with IFADs Privileges and Immunities; (vii) to immediately cease use of the Confidential Information, and return or destroy each and every document relating to the Confidential Information in its possession without retaining copies of the same if so instructed by the other Party.

SECTION 5

USE OF NAME AND EMBLEM, FORM OF ACKNOWLEDGEMENT

- 5.1. Neither Party shall use the name, emblem of the other Party, or any abbreviation thereof, in connection with its business or for public dissemination without the prior expressly written approval of the other Party in each case.
- 5.2. The Parties will first consult with each other concerning the manner and form of any publicity or acknowledgement of the other Party's support regarding any activities undertaken pursuant to this MoU.

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SECTION 6

INTELLECTUAL PROPERTY

- 6.1. The Parties will agree in writing on the ownership of any intellectual property rights that may arise in any work or product which may result from the collaborative activities undertaken under this Memorandum.

SECTION 7

PREVENTION OF FRAUD AND CORRUPTION

- 7.1 Parties shall ensure that they do not permit, encourage or engage in corrupt, collusive, fraudulent, and coercive practices in implementing the activities under this Memorandum.
- 7.2 In this MoU,
- (a) Corrupt practices shall include: the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to improperly influence the actions of another party;
 - (b) Fraudulent practices shall include: any action intended to deceive another party in order to improperly obtain a financial or other benefit, or avoid an obligation;
 - (c) Collusive practices shall include: an arrangement between two or more entities without the knowledge of a third party, designed to improperly influence the actions of the third party; and
 - (d) Coercive practices shall include: impairing or harming, or threatening to impair or harm, directly or indirectly, any party or its property, or persons closely related to a party, to improperly influence the actions of that party.

SECTION 8

GENERAL PROVISIONS

- 8.1. This Memorandum reflects the views and intentions of the Parties to cooperate on non-binding and non-exclusive basis, expressed in good faith, but without the

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creation of any binding obligation or the incurrance of any liability on the part of any of them.

- 8.2. It is understood and agreed that nothing in this Memorandum: (a) will constitute, or be construed as an offer, promise or undertaking by the Parties to finance all or in part any activity identified in or pursuant to this Memorandum; (b) shall be construed to create a joint venture, partnership, agency relationship, employment relationship, or any other relationship that may result in vicarious liability between or among the Parties; (c) shall be construed to create any commitment on the part of any Party to give preferred treatment to the other Party in any matter contemplated under this Memorandum or deriving activity.
- 8.3. Any activity that may be identified by the Parties under this Memorandum will, as appropriate, be subject to separate supplementary arrangements or agreements to be concluded between the Parties on a case-by-case basis which will detail the specific form and content of the activities, address the obligations and liabilities of each Party in relation to those activities and the terms and conditions applicable thereto.
- 8.4. Any differences arising out of, or in connection with, the interpretation or application of any provision contained in this Memorandum will be resolved amicably through consultations between the Parties. Failing the settlement of any differences through amicable means, the controversy shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international law. The arbitral tribunal shall have no authority to grant interim measures and award punitive damages and interest. The place of Arbitration shall be Rome, Italy. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy.
- 8.5. Nothing in this Memorandum, or relating thereto, shall be construed as constituting a waiver, renunciation or other modification of any of the rights, privileges, immunities and exemptions enjoyed by IFAD under the Agreement Establishing IFAD, the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations, and under any other document, international treaty or convention, or international customary law.

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SECTION 9

COMMUNICATIONS AND COORDINATION

- 9.1. Each Party will designate an official (hereinafter referred to as "Official") who will be responsible for conducting relations under this Memorandum on its behalf. For the said purpose and until further notice, FTL will be represented by Mr. Eric Schlesinger and Mr. Fraser Scott. Until further notice, IFAD designates as its Officials for the above-mentioned purpose, Mrs. Dina Saleh and Mr. Bernard Hien.
- 9.2. Any notice or other communication to be given or made under this Memorandum will be addressed and sent to the attention of the Officials at the addresses below or such other address as either Party designates by notice to the other Party:

For IFAD:

Ms Dina Saleh
Regional Director
Near East, North Africa and Europe Division
International Fund for Agricultural Development
Via Paolo di Dono, 44
Rome, Italy
E-Mail: d.saleh@ifad.org

Mr. Bernard Hien
Head
Multi-country Office for Eastern Europe and Central Asia
International Fund for Agricultural Development
Abide-i Hurriyet Caddesi, Key Plaza, Kat:7
Sisli Istanbul
E-Mail: b.hien@ifad.org

For Ferrero:

Mr Eric Schlesinger
Head of Hazelnut Company
Ferrero Trading LUX SA
Ferrero Group
16 Route de Trèves – L – 2633
Senningerberg, Luxembourg
Email: eric.schlesinger@ferrero.com

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Mr Fraser Scott
Manager of HCo Agribusiness Department
Ferrero Trading LUX SA
Ferrero Group
16 Route de Trèves – L – 2633
Senningerberg, Luxembourg
Email: fraser.scott@ferrero.com

SECTION 10

EFFECTIVENESS, DURATION, TERMINATION AND AMENDMENT

- 10.1. This Memorandum shall become effective upon signature thereof by the Parties, following the approval by IFADs Executive Board.
- 10.2. It will have a duration of five (5) years. Such period may be extended by mutual written consent of the Parties three months (90 days) prior to the expiration of the Memorandum.
- 10.3. The Memorandum may be terminated by either Party by giving at least ninety (90) days' advance written notice to the other Party. Any termination of this Memorandum shall be without prejudice to the orderly completion of any ongoing cooperation activity and any other rights or obligations of the Parties under any legal instrument executed pursuant to this Memorandum.
- 10.4. The Parties to this Memorandum shall consult each other on any amendment required regarding the terms of this Memorandum. Any such amendment shall be made in writing and shall become effective after signature by both Parties.

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IN WITNESS WHEREOF, Ferrero Trading LUX S.A., and IFAD, each acting through its duly authorized representative have executed this Memorandum in duplicate, in the English language.

FERRERO TRADING LUX S.A

DocuSigned by:


0377F08E42081207968

Name: Eric Schlesinger
Title: General Manager

Date: 07 February 2022

Place: Luxembourg

FERRERO TRADING LUX S.A

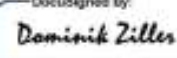
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Name: Matteo Caleca
Title: CFO Procurement and HCo

Date: 07 February 2022

Place: Luxembourg

**INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT**

DocuSigned by:

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Name: Dominik Ziller
Title: Vice-President

Date: 07 February 2022

Place: Roma