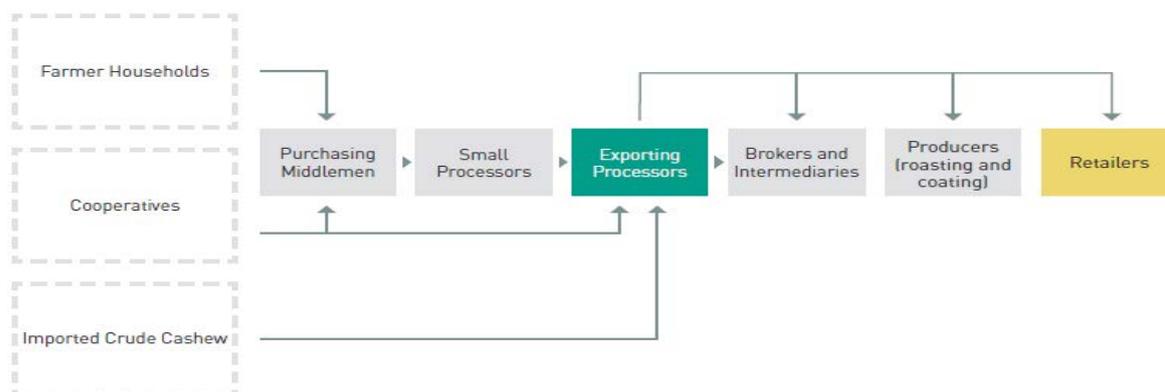


# Sustainability Due Diligence Guide for Purchasers of Cashew Nuts from Vietnam



## 1. The Vietnamese Cashew Nut Supply Chain

Vietnam is the world’s biggest exporters of cashew kernels. This production is based both on Vietnamese (approx. 300 000 tons/year) and imported (1 260 000 tons in 2018) raw cashew nuts (RCN). Of imported RCN in 2018, the main sourcing countries was Côte d’Ivoire (34%) followed by Nigeria (12%), Ghana (12%), Cambodia (10%) and Tanzania (10%).



Vietnamese supply chain

International supply chain



There are about 1000 processing sites in Vietnam which employ about 1 million workers. The vast majority are SME and household businesses. 256 enterprises (in 2017) produce for export. VINACAS (Vietnam Cashew association) is the organisation for the cashew exporters. There are about 200 000 cashew farming households in Vietnam of which 40% are located in the Binh Phuoc province. The harvest season for cashew nuts is from February to April.

## 2. Main Sustainability Risks

The risks related to human rights, labour rights and environmental practices in the Vietnamese supply chain of cashew nuts include:

- Small **farmer households** risk impoverishment due to lacking knowledge of good agricultural practices, limited access to low-cost credits, high market fluctuations, ineffective governmental support and the intervention of middlemen.
- The **environment** and ground water in the farming region is subject to adverse impacts due to the mishandling of chemicals by untrained farmer households.
- There are cases of **children** helping parents with cashew harvesting.
- Limited information about the **traceability** of cashew nuts, particularly for those imported from Africa.
- The workers at **sub-contracting processors** face the risks of seasonal work, lack of employment contracts, no coverage of social and health insurance, long working hours, lack of safety trainings, and no union representation.
- The workers at the **exporting processors** enjoy better labour practices than those in the sub-contractors; yet, they still face the risks of unstable income, in particular for piece-rate workers, ineffective union representation, and limited channels for dialogue and grievances.

## 3. Recommendations for Purchasers

In order to meet the above sustainability risks, as a purchaser you should engage with your Vietnamese cashew nut suppliers about the sustainability practices in their supply chains.

You should ask your immediate suppliers in Vietnam (usually exporting processors), both for actions related to their own production facility and for follow-up of their lower tier suppliers (as shown below).

### **Exporting Processors**

- Ask your suppliers (exporting processors) to enrol in Ethical Trade Norway's training on social dialogue for exporting processors (starts Sept. 2019)
- Ask your suppliers to use recognised audits or certifications schemes to document compliance with labour codes, such as SMETA, SA8000 or similar.

### **Sub-contracting Processors**

- Have your suppliers enrol their sub-contractors in Ethical Trade Norway's training on labour standards for sub-contractors (starts Nov./Dec. 2019).
- Have your suppliers inform you of which sub-contractors they use and notify you in advance before sub-contracting to other sub-contractors.
- Have your suppliers inform their sub-contractors about the Ethical Trade Norway Base Code / Vietnamese Labour Code and get their commitment to the requirements.
- Ask your suppliers to coach and monitor/audit their core sub-contractors on meeting labour standards and other sustainability requirements.
- Consider buying from suppliers that have a closed production cycle from crude cashew nuts to cashew kernels/final products.

### **Cashew Farmers**

- Ask your suppliers to have the cashew farmers in their supply chain enrol in Ethical Trade Norway's training programme on good agricultural practices, labour standards and environmental practices (starts Sept 2019).
- Consider buying from suppliers that buy directly from cooperatives/farmer groups and that provide support, training and long term contracts for the farmers, and support them with long-term contracts. Such processors are currently found in the supply chain of Fairtrade certified and organic cashew.

### **Traceability**

- Encourage your suppliers to have their procurement team check cashew quality at the Vietnamese cashew farms and buy directly from the farms that meet the requirements.
- Encourage your suppliers to put in place measures to ensure traceability for African cashew nuts, such as sending representatives to check traceability, either alone or teaming up with other processors in order to reduce the costs involved.

- Consider buying certified cashew nuts (e.g. Fairtrade and organic) to ensure traceability in the supply chain.

#### 4. Further Information

1. For more information about **risks, good practices and recommendations**, see Ethical Trade Norway's report [Strengthening practices in the Vietnamese cashew nut industry](#)
2. For more information about **Ethical Trade Norway's ongoing programme and training activities** in the Vietnamese cashew supply chain, contact your companies' sustainability manager or Ethical Trade Norway's [project manager](#).
3. For information about **Fairtrade cashew nuts** from Vietnam, see the report [How Fairnameese cashew nuts can conquer a solid position in the world market](#)