



*Guidance for buyers on due
diligence and engagement with
Vietnamese cashew farmers*

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About this guidance

This guidance is developed as part of the project Building Capacity towards Sustainable Development for the Cashew Nut Supply Chain in Vietnam.

It builds on learnings from the project to date and seeks to guide buyers of cashew kernels from Vietnam in adopting more responsible sourcing practices. The guidance summarises findings from the [due diligence study \(2018\)](#); the report [Challenges, opportunities and linkages in the cashew supply chain in Binh Phuoc province \(2023\)](#) and interviews with participating companies in 2024. This guidance focuses on sourcing practices related to the farming of raw cashew nuts.





1. Brief introduction to cashew farming in Vietnam and sustainability challenges

Since 2016, Vietnam has been the world's largest producer of cashew nut kernels. In 2023 the country exported more than 644,000 tonnes, nearly a 25% increase from 2022¹. The Vietnamese cashew processing industry is dependent on imports of raw cashew nuts (RCN) and in 2023 Vietnam imported more than 2.7 million tonnes of RCN. The most important sourcing markets were Cote d'Ivoire (905,305 tonnes); Cambodia (627,443 tonnes); Nigeria (270,606 tonnes); Ghana (260,824 tonnes) and Tanzania (114,936) tonnes. In the same year, Vietnam's own RCN harvest amounted to 343,000 tonnes. This means that for 2023, less than 12% of exported Vietnamese cashew kernels are likely to be of Vietnamese origin.

It is estimated that the cashew industry in Vietnam employs more than 1 million people working in more than 200,000 farmer households and nearly 1000 processing sites². The Binh Phuoc province is the 'cashew capital' of Vietnam, with a cultivation area of over 152,007 hectares, accounting for approximately 50% of the national cashew cultivation area³. In Binh Phuoc, there are 45 cashew cooperatives with 2,290 participating members, providing employment to 2,262 workers⁴.

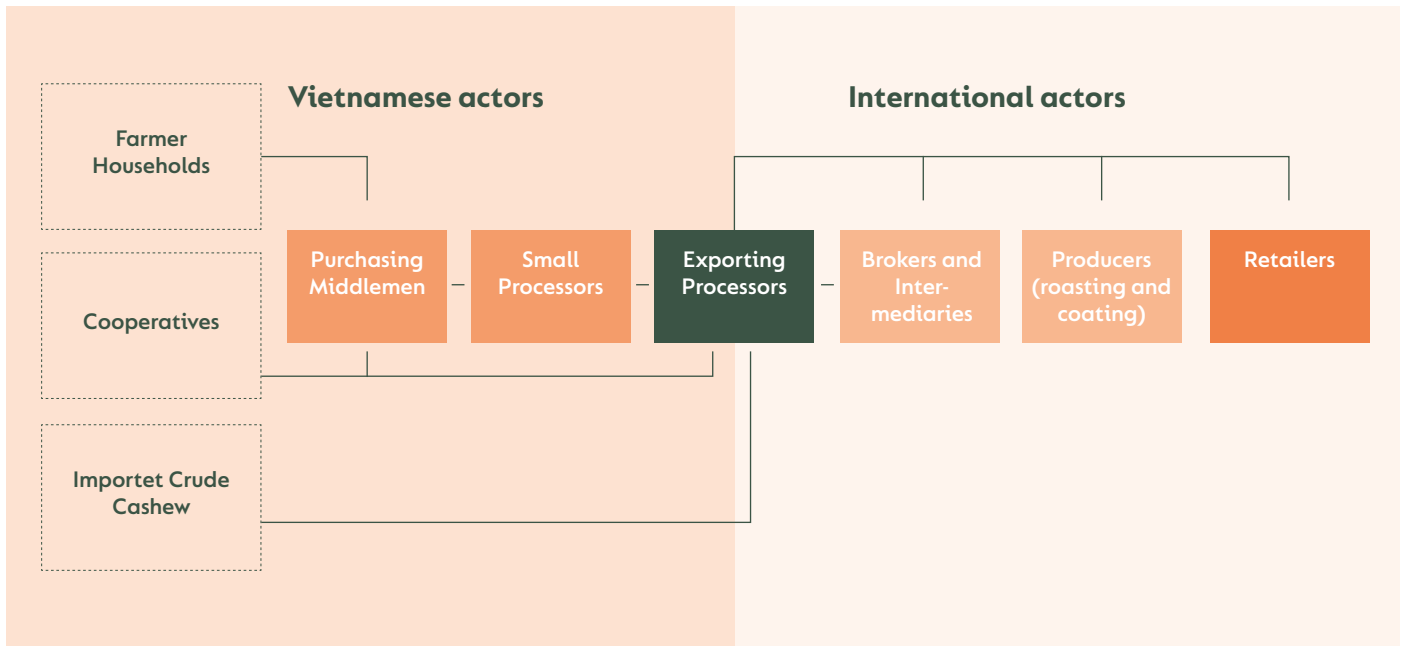
1 [2023 cashew nut exports at \\$3.6bln – Vietnam Economic Times | VnEconomy](#)

2 [Ethical Trade Norway, Strengthening practices in the Vietnamese cashew nut industry \(2018\)](#)

3 Bui Thi Minh Thuy (2023). Thực trạng khai thác và giải pháp phát huy giá trị chỉ dẫn địa lý cho sản phẩm hạt điều Bình Phước. Giải pháp khoa học và công nghệ nâng cao giá trị ngành điều tỉnh Bình Phước (pp. 92-97). Sở Khoa học và Công nghệ tỉnh Bình Phước. (Study by Department of Science and Technology of Binh Phuoc province.)

4 [Binh Phuoc Cashew Cooperatives Alliance, 2023](#)

Figure: Actors in the Vietnamese cashew supply chain⁵



There are generally two types of cashew farms in Vietnam: farms cultivated by the landowner themselves, and farms where the farmer is contracted by an owner, which can be the state. Contracts typically last from 3–5 years and often the farmer pays a fixed lease price to the owner and keeps the surplus from the harvest for themselves⁶. The harvesting season in Vietnam generally lasts from February to April.

Sustainability challenges related to cashew farming include:

Risks related to manual labour

Most tasks in cashew farming are manual, such as applying fertilisers, spraying pesticides, pruning, irrigation and harvesting. Most farms rely on household labour for farming and only recruit temporary labour for harvesting. A cashew farm of up to five hectares requires 1–2 people for cultivation, but more during the harvest season. This need for labour can be resolved through family and children helping collecting nuts and/or using temporary workers. The temporary workers are usually paid for the amount of nuts they collect and typically work for a few days or weeks based on verbal contracts.

Low income for farmers

In the 2023 study on linkages in the cashew sector in Binh Phuoc, 102 farmer households participated in a survey about their income. Out of the 102 households, 87 farmer households had incomes from 2 million to 400 million VND (approximately 77 EUR to 15,500 EUR based on October 2023 exchange rates) with an average income of 62 million VND per cashew season (2,408 EUR in October 2023). This highlights the large differences in terms of income between households. With the income levels mentioned above, 48.5% of farmer households reported that their income was insufficient to cover expenses; 34.7% of them had just enough to cover expenses; and only 16.8% had a surplus from cashew cultivation.



5 [Ethical Trade Norway, Strengthening practices in the Vietnamese cashew nut industry \(2018\)](#)

6 [Due diligence study on labour practices and sustainability in the Vietnamese cashew industry \(2018\)](#)

Access to credit

The 2023 study also showed that many farmers face difficulties in accessing capital for their cashew cultivation. Out of 102 surveyed farmers, 31.4% had to borrow money to invest in cashew cultivation. 59.4% of these borrowed from the Agricultural and Rural Development Bank, demonstrating the important role of this bank in providing financial support to cashew farmers. In addition, 31.3% of households borrowed money from relatives, which highlight the importance of family relationships and social networks in providing financial support for cashew cultivation. Without access to credit, farmers cannot invest in new trees; fertilisers; pesticides and labour, which in turn can negatively impact both the yield and quality of the nuts.

Use of fertilisers and pesticides

Farmers use three main types of fertilisers: chemical/inorganic fertiliser (88.2% according to the 2023 study); organic fertiliser (73.5 %) and microbial fertiliser (47.1%). The study found that the diversity in the use of fertilisers is an indication of increased awareness of farming practices. However, excessive use of chemical/inorganic fertilizers can lead to soil erosion and affect cashew productivity which has been observed in the Binh Phuoc province in recent years. The study found that excessive use of herbicides and inorganic fertilisers cause the soil to harden, lose its quality, and reduce levels of organic matter. In addition, farmers are taking advantage of the cashew groves for livestock, causing loss of soil-protecting vegetation. They also sell dry cashew firewood instead of allowing this to decompose naturally and provide organic matter to the soil, leading to a further decrease in cashew production.

Weak position of cooperatives

The 2023 study mapped the participation of the farmer sample in organisations, associations and/or cooperatives. It found that 53.9% of farmers did not participate in any organisation. Out of the 46.1% that are members of an organisation, 87.2% participated in the Farmers' Union and 21.3% in cashew cooperatives. However, only 1% of respondents stated that they sold their nuts through cooperatives, while the rest sell through agents, traders or companies. The study found that the cooperatives are frequently not offering relevant services to their members, either through providing supply of inputs like fertilisers and pesticides for their members or through purchasing nuts and negotiating with buyers. In addition, the study found that many cooperatives rely on the support of the state. Farmers are thus not organised, instead negotiating prices and terms directly with buyers and traders often individually.

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Farmer training in Binh Minh commune, January 2024



Overview of challenges faced by Vietnamese cashew farmers

The 2023 study asked the farmer group to rank the most important challenges they are facing in their daily lives and they replied the following:

Challenge	Percentage of surveyed
Difficulty in finding a place to sell cashew nuts at high prices	57.8%
Lack of knowledge about high-quality cashew growing techniques	57.8%
Lack of technology to trace the origin of cashew products/ nuts	52.2%
Difficulties in applying organic farming methods	44.4%
Lack of supply of good quality cashew seeds	40.0%
Lack of capital to invest in modern machinery and equipment for cashew grooming* ⁷	38.9%
Difficulties in linking and cooperating with cashew production/purchasing companies, cooperatives and other stakeholders	35.6%

⁷ *Grooming refers to the process of maintaining and caring for a tree to ensure its health, appearance, and structural integrity. This typically involves tasks such as pruning, trimming, removing dead or diseased branches, shaping the tree, and sometimes treating it for pests or diseases.

2. Current trends in purchasing practices

Based on the interviews Ethical Trade Norway conducted with the project members, the current trends in sourcing/ purchasing practices of cashews from Vietnam can be summarised as follows:

There is little or no expressed preference regarding the cashew's origin

As long as quality and food safety requirements are fulfilled, there is rarely any preference by the supplier for the origin of the RCN. The origin of the RCN is thus seldom specified at the time of purchase from Vietnamese suppliers. Upon receiving the cashew kernels, these are marked with Vietnam origin. However, it is possible for many buyers to obtain the information about the RCN country of origin. For some buyers, knowing the origin at the country level is part of their traceability requirements, others do not require any further information than a mark of "Vietnamese origin". The timeline for forecasting differs between the companies and ranges from a few weeks to several months. Short timelines also makes requirements to origin more difficult

Certified cashews versus quality

Most buyers do not require specific certifications for cashew kernels, such as organic or Fairtrade and state the reason for this to be lack of customer demand. Another reason given is that Fairtrade kernels do not always fulfil strict market quality requirements related to size and colour for example. There is interest from buyers in an upcoming certification by Rainforest Alliance on cashew nuts as there are currently few certification schemes available for this product. The decision to buy certified nuts is thus mainly influenced by market demand and the ability to maintain quality at scale.

Traceability continues to be limited

Traceability is ensured through systems like BRC (British Retail Consortium) certifications, which provide a basic level of traceability for food safety management and follows the product one step back in the supply chain. However, the extent of traceability varies, with some companies knowing only the country of processing. There is also very limited use of digital tools for traceability, and data collection is often challenging. Some companies record GPS locations for processing sites and integrate supplier data into internal systems for better traceability. Data related to origin

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Factory visit, January 2024

of the RCN is rarely integrated into databases, and information relies on the data manually inserted with low possibility for quality assurance.

Little or no engagement beyond processors

There are few examples of buyers engaging with the supply chain beyond first tier/ processors/ Vietnamese exporters. Many companies do not have detailed insight into the supply chain beyond the processors. While buyers can encourage their suppliers to establish improvement programmes for the farming tier, it is uncommon to have this as a formal requirement. Direct incentives or premium payments to farmers for improved quality are uncommon and possibly due to the additional costs. Some companies work with agents that are certified and responsible for making informed decisions about the suppliers they use, but engagement beyond the agent is uncommon.

In summary, these practices reflect a focus on maintaining quality and efficiency while addressing traceability and certification dependent on customer demands and market conditions. Intermediaries are mainly used when supplies cannot be met by demand sufficiently but this is not a preferred solution. Engagement beyond the first tier is an area with potential for improvement, especially in enhancing direct relationships with farmers and ensuring responsible sourcing practices.



3. Measures to prevent and mitigate risks

In the following, we present existing measures to prevent and mitigate risks of adverse impact on sustainability in Vietnamese cashew farming.

3.1 Certification: an important tool for increasing traceability

Increased traceability is key to understanding the risks involved in production and buying certified cashew kernels is one of the most effective ways to improve transparency of supply chains.

Organic certification

The EU Organic Products Label indicates that the product has been grown within sustainable cultivation systems. Foods can only be marked as "organic" if at least 95% of their agricultural ingredients are organic. Organic farming practices involve crop rotation, composting, and various methods that promote long-term soil fertility, reducing the need for expensive external

inputs. This approach not only helps farmers save money but also strengthens the resilience of their farming systems. Certified products also represent the opportunity to access a market segment willing to pay a premium for organically grown products, providing income benefits to the farmer. The organic logo may only be displayed on products that have been certified as organic by an authorised control agency in every step of the value chain – requiring traceability from farm to final product⁸.

⁸ https://agriculture.ec.europa.eu/farming/organic-farming/organic-production-and-products_en

- **Fairtrade**

Fairtrade cashew nuts guarantee that a Fairtrade Minimum Price is paid to the farmers. This provides a safety net in times where the RCN price is low. An additional Fairtrade Premium is paid on top of this and provides extra funds for producer organisations to invest in business, farming, community, or environmental projects. The Fairtrade standard scheme includes requirements on environmental protection, labour conditions, health safety and environment (HSE). It also requires traceability from production to final product⁹.

- **Rainforest Alliance**

Rainforest Alliance (RA) introduced the world's first RA certified cashew in early 2024. The origin of these first certified volumes are West Africa and Mozambique, and are not yet available in Vietnam. However, this reflects an increased focus on broader sector improvements and need for better traceability¹⁰. Rainforest Alliance is expected to expand their scheme to other producer countries.

3.2 Cooperatives: sourcing and collaboration

The 2023 study showed that cashew cooperatives are not fulfilling their potential role as representatives for farmers. Instead, the common modality of commercial relations between farmers and the market is a negotiation between the individual farmer and the trader/buyer. This contributes to the vulnerability and lack of bargaining power of each farmer, as this relationship is highly imbalanced in favour of the buyer. Strengthening the role of cooperatives has the potential to shorten supply chains and to empower farmers. A European buyer that wants to work on improvements in Vietnamese cashew farming could therefore encourage their suppliers/processors to engage with cashew cooperatives directly and consider sourcing in this manner. Establishing partnerships directly with cashew cooperatives can lead to benefits for both sides.

3.3 Traceability and transparency: require information from suppliers and create incentives

Traceability back to farm is not the norm in conventional cashew supply chains. This translates into high risk for adverse impacts at the farm level, simply because many buyers do not know the origin of the raw material. While establishing full traceability requires larger investments, it might often be possible to retrieve more information from processors/suppliers than what is provided on an unsolicited basis. European buyers are therefore encouraged to request more information about the origin of the RCN and the subsequent tiers in the supply chain. Suppliers might already have this information but not have been asked for it, or, more importantly suppliers might have to improve their practices to comply with new customer demands.

In addition to asking for more information and introducing new requirements, buyers should also consider taking a strategic approach to the origin of RCN. Measures to cease, prevent, mitigate or remedy adverse impact will have to be adapted to the context in which the farmer operates, and it is therefore essential to know the RCN origin. If Vietnamese cashew farmers are a target group, buyers need to prioritise Vietnamese origin. By defining a minimum share of Vietnamese origin buyers can enable positive impact on a farmer level in Vietnam.

To succeed with improving transparency and ultimately traceability, European buyers should consider introducing incentives or premium payments for suppliers that show greater transparency and document traceability. Transparency and traceability as key parameters for sustainability in the cashew supply chain, should be incentivised and rewarded in a similar way to quality.

3.4 Predictability: long-term partnerships

Stability and trust are pre-conditions for gradual improvements at various levels of the supply chain. This includes between European buyer and Vietnamese processors, and Vietnamese processors and farmers, often via traders or cooperatives. Prioritising long-term partnerships with strategic suppliers that allows for common objectives and tracking indicators over time is therefore crucial to succeeding with sustainability improvements.

Measures to cease, prevent, mitigate or remedy adverse impact will have to be adapted to the context in which the farmer operates, and it is therefore essential to know the RCN origin.

⁹ [Nuts_SPO_EN.pdf \(fairtrade.net\)](#)

¹⁰ [Pioneering the Rainforest Alliance certification of cashew in Mozambique | Common Fund for Commodities \(common-fund.org\)](#)



4. Good practice examples

Based on our data collection and analysis, we have identified three good practice examples of how the buyer company is setting requirements and actively engages with the supply chain to increase traceability and thereby improve prevention and mitigation of adverse impacts.

4.1 The use of certification to ensure a minimum benchmark

According to food safety requirements, it is mandatory to trace cashews kernels at least one step back in the supply chain. This is often achieved through BRC certification or other GFSI-approved schemes. Additional certifications are usually driven by market demand. However, some buyers strive to influence supply chain characteristics and aim to increase the demand for certified cashews in anticipation of fully traceable products.

Given the challenges in obtaining detailed information at the farm and regional levels, Orkla Confectionary & Snacks Norway AS has established minimum requirements for cashew suppliers regarding production standards. The company benchmarks the sustainability quality against the Farm Sustainability Assessment (FSA) Silver Level provided by the SAI Platform. This scheme covers cashew farming but has not yet been applied for any Vietnamese cashew crops. The FSA can be used by direct implementation of the FSA scheme including an on-site assessment, but it can also be used to benchmark other certifications schemes such as

the Rainforest Alliance (RA). This is to reduce the burden for the farmer and means that if a farmer is already RA certified, they automatically end up at FSA Silver Level.

This FSA scheme promotes farmer capacity building, knowledge sharing and implementation of sustainable production practices. The self-assessment questions are categorised as “Essential”, “Intermediate”, or “Advanced”, and the achievement of Silver Level requires a minimum of 75% of the Intermediate questions to be fulfilled. The FSA scheme covers 11 sustainability topic areas; including chemical control, soil management, integrated pest management, biodiversity and labour conditions¹¹ Orkla uses the FSA Silver Level or equivalent to ensure standard requirements beyond the processor level, promoting a stronger emphasis on environmentally friendly, ethically produced cashews and increased traceability.

¹¹ [Documents – SAI Platform](#)

4.2 Cooperatives' role in ensuring farmers bargaining power.

The use of intermediaries and poor farmer organisation weakens farmers' bargaining positions regarding prices and makes transparency difficult. During our conversation with project participants, it became clear that intermediaries complicates transparency and knowledge of origin. The reason is that it leaves the buyer with little or no information about the supply chain beyond the processors. Shortening the supply chain and having a strategic approach towards sourcing directly or through cooperatives should therefore be part of the company's long-term ambitions.

The Honest Cashew Initiative by Intersnack Cashew Company was established to address the lack of transparency in the cashew supply chain, working to ensure transparency, quality, and fair working conditions. A "single-roof" concept was developed in Vietnam to support these goals, and Intersnack now has control over all processing steps within their own facilities. The entire value chain, from purchasing raw cashews to their arrival in Europe, is managed in-house. The company can thus track their products. By avoiding subcontracting, Intersnack can also keep track of and actively reduce the risk of poor working conditions, unhygienic environments, and child labour.

However, the "single roof" concept requires a lot of resources and is not a realistic option for small to medium sized cashew importers. Hence, focusing on sourcing from the cooperatives is another viable alternative to ensure more direct sourcing. Currently, 25% of the cashew volume for Intersnack is sourced directly from farmer cooperatives, with the goal of eventually covering all volume¹². Being able to link the smallholder farmers to the company's supply chain is key in obtaining traceability and knowledge about the cashew's origin, and sourcing cashews directly from farmer cooperatives are essential in obtaining this kind of information.

Sourcing directly from cooperatives or farmer groups are good examples of how to enable increased traceability and empower the farmers bargaining position.

4.3 Social assessment of RCN sourcing model included in supplier scorecard

To allow for improvements in the supply chain and particularly at farmer level, it is crucial to adopt responsible purchasing practices that encourage long-term partnerships. Maintaining a stable supplier base and working strategically with long-term suppliers enables consistency, stability, and transparency, while fostering trust. Limited knowledge about linkages backwards is the norm in conventional cashew sourcing, making traceability a priority for improvement. Therefore, emphasising long-lasting partnerships is an important part of the puzzle for achieving traceability in the future.

Many buyers see the need for a shortening of the cashew supply chains to achieve improved traceability. The current regime with traders and brokers limits the possibilities for buyers to require and enforce sustainability standards. Several of the project

participants are concerned about how to deal with this issue and explore better ways to address it. The European cashew nut supplier and trader Importaco and its subsidiary Besana has had increased focus on strategic suppliers and long-term collaboration in recent years. The company commits to building close, long-term partnerships with all suppliers, and providing training to them on various topics. Importaco and its subsidiary Besana already reports on supplier performances but will include sustainability performance indicators in their annual supplier evaluations this year. This enables them to further award suppliers who develop in the area of social compliance and invest in improvement measures.

The company has implemented an internal policy requiring annual visits to all suppliers as a part of this increased focus on partnership. The supplier visits earlier mainly covered HSE and food safety elements but now also include assessments of social aspects based on human rights and decent working conditions. In addition to regular visits, the company mandates third-party audits, such as SMETA 4-Pillar, and actively participates in multistakeholder initiatives, such as the project managed by Ethical Trade Norway. Supplier performance is evaluated annually and continuously monitored through daily improvement systems. The aim of assessing the performance of the RCN suppliers, in particular, on critical areas within sustainability, is to promote trade with suppliers who achieve higher scores in these areas.

A positive effect of long-term partnership with suppliers is increased predictability. Several project participants mention lead times and forecasts ranging from between 2–4 months. Only a few project participants mention longer contracts lasting for 1–2 years for strategically important suppliers, with flexibility on orders as it depends on access and demand. The possibility to use strategically important suppliers to unlock the potential in other elements in achieving increased traceability should not be underestimated.

These three examples show different approaches a company can take to strengthen the collaboration with suppliers, promote increased traceability and empower the farmers bargaining position.

Sourcing directly from cooperatives or farmer groups are good examples of how to enable increased traceability and empower the farmers bargaining position.

12 [Our Mission - Honest Cashew \(honest-cashew.com\)](https://www.honest-cashew.com)

5. Concluding remarks

Ensuring traceability in the cashew sector remains crucial for mitigating risks and enhancing sustainability. Promoting responsible purchasing practices is a very important measure to achieve this. Our analysis shows that there is little focus on origin, limited demand for certified cashews, poor traceability, and no engagement from buyers beyond processors. This implies that the recommendations given in previous guidance and reports are still valid.

Measures to prevent and mitigate risks in these supply chains and contribute to positive impacts for buyer companies are: certifications; encourage suppliers/processors to engage with cashew cooperatives directly and consider sourcing from these; require more information on origin of the nuts from suppliers and create incentives or premium payments for greater transparency and traceability; and prioritise and invest in long-term partnerships with strategic suppliers.

As the cashew industry continues to grow, prioritising traceability and risk management will be essential for fostering a resilient and transparent supply chain that benefits the farmers, the processors, the consumers, and the environment.

About the project

In 2018, Ethical Trade Norway conducted a due diligence study of Vietnam's cashew nut supply chain, uncovering significant labour and sustainability issues. Challenges at the processor level included poor social dialogue, missing contracts, excessive overtime, low wages, and inadequate health and safety conditions. Farmers faced low income and a lack of knowledge about good agricultural practices and environmental care. Additionally, the mixing of local and imported raw cashew nuts from Africa complicates traceability. The supply chain is also marked by multiple intermediaries between farmers and factories.

The project aim to improve living conditions for workers in the cashew nut supply chain through three main objectives:

Farmer Training: Provide training in good agricultural practices, environmental stewardship, and labour standards through a "trainer of trainer" program.

Sustainable Supply Chain: Improve traceability and sustainability by studying challenges, facilitating dialogue, and piloting traceability schemes.

Processor Support: Enhance processors' ability to implement labour standards and social dialogue through targeted training sessions.

Read more about the project here: [Vietnam – Ethical Trade Norway](#)

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