



Löning *Human Rights &
Responsible Business*

**Human Rights Impact Assessment for
Lidl International
Cashews from Côte d'Ivoire**

October 2025

Acknowledgement: We would like to sincerely thank all stakeholders who made themselves available to meet us and of course our external consultants from FarmStrong Foundation for their invaluable support.

Löning – Human Rights and Responsible Business is a leading international business consultancy specialised in ESG topics, with a focus on human rights. We advise companies on incorporating sustainability strategies into their business operations and along their value chains.

Our multinational and multilingual experts bring a wide range of professional backgrounds, regional and cultural knowledge, and a strong commitment to positive social impact to our team. We advise clients in English, German, Spanish, Dutch, and Portuguese. We also speak French, Hindi, Italian, Luxembourgish, Turkish and Vietnamese.

Founded in 2014 by Markus Löning, the former Commissioner for Human Rights of the German Federal Government, we have an extensive international network that helps us understand socio-economic contexts and to provide practical and innovative solutions for managing the specific human rights risks and impacts of clients operating across countries, industries, and regions. Find out more on loening.org.

FarmStrong Foundation: FarmStrong Foundation, established in 2016, is a Swiss Public Interest Foundation promoting resilient, holistic, structured, rural economic development, through integrated agricultural production systems, while contributing to securing basic human needs and fundamental human rights and protecting the environment.

FarmStrong Foundation is based in Epalinges, Switzerland and has a permanent team in Ivory Coast.

Disclaimer: The official report has been issued by Löning in English and uses Löning's style guidelines. Any reproduction of this report by any other organisation without prior consent will not be endorsed by Löning.

Table of Content

Executive Summary	2
1 Introduction	8
2 Methodology	10
2.1 <i>Planning and Scoping</i>	10
2.2 <i>Data Collection and Meaningful Engagement</i>	11
2.3 <i>Data Analysis and Prioritisation</i>	14
2.4 <i>Development of Recommendations</i>	15
2.5 <i>Limitations</i>	15
3 Context: Country and Supply Chain Context	17
3.1 <i>Socio-Economic Context of Côte d'Ivoire</i>	17
3.2 <i>Local Context: Cashew Production in Côte d'Ivoire</i>	19
3.3 <i>Lidl's Cashew Supply Chain in Côte d'Ivoire</i>	21
3.4 <i>Lidl's Current Business Practices in its Cashew Supply Chain</i>	22
4 Adverse Human Rights Impacts in Lidl's Cashew Supply Chain	24
4.1 <i>Producer Level</i>	24
4.2 <i>Intermediaries</i>	34
4.3 <i>Processing Level</i>	37
4.4 <i>Access to Effective Remedy</i>	41
4.5 <i>Structural Drives of Adverse Impacts</i>	41
5 Prioritisation of Impacts and Lidl's Linkage	43
5.1 <i>Assessing the Severity and Linkage</i>	43
6 Recommendations	45
6.1 <i>Recommendations for immediate action</i>	45
6.2 <i>Longer-term Recommendations</i>	49
7 Conclusion	51
8 Abbreviations	52

Executive Summary

This report presents the key finding of the Human Rights Impact Assessment (HRIA) conducted for Lidl International's cashew supply chain in Côte d'Ivoire. The HRIA was conducted in 2023 by Löning – Human Rights and Responsible Business, with the support of FarmStrong Foundation.

The decision to conduct this HRIA was influenced by many factors including cashews being identified as a high-risk commodity, the specific characteristics of the supply chain in Côte d'Ivoire, and a lack of publicly available research on human rights in the cashew supply chain in the country.

The HRIA methodology is based on the UN Guiding Principles on Business and Human Rights and the Guidance and Toolbox for Human Rights Impact Assessments from the Danish Institute for Human Rights. The assessment included conducting desktop research on potential risks and rightsholders impacted, virtual meetings with various stakeholders, and in-person engagement with rightsholders and stakeholders. The assessment team spent ten days actively engaging with various stakeholders and rightsholders in Côte d'Ivoire. Most of the time was spent engaging with rightsholders such as cashew producers, intermediaries (*pisteurs*), and factory workers. However, other stakeholders such as subcontractors, factory management, government representatives and civil society organizations were also engaged with. A total of **51** engagements were conducted, including **118** stakeholders, among which **74** were rightsholders. After the engagement, Löning identified the adverse impacts and Lidl's relation to them and developed recommendations on actions to prevent and mitigate potential and adverse human rights impacts.

The focus of the assessment was on a specific portion of Lidl's supply chain, i.e., to one supplier's segment. The assessment team additionally managed to engage with additional rightsholders and stakeholders along the supply chain, extending beyond those associated with the specific supplier segment. This was made possible through Löning's network of regional consultants, which revealed comparable findings across the sector. Furthermore, the assessment placed a heightened emphasis on the cashew producer level, which is known to carry the most severe risks.

Summary of key assessment findings

The table below highlights the main adverse human rights impacts in relation to the supply chain level and the potentially impacted rightsholders:

Supply chain level	Human rights adversely impacted	Main rightsholder group affected	Key findings	Severity & Relation to the impact
Producer	The right to a living income & living wage	Producers (smallholder farmers and their families) and contracted workers	• Fluctuating market prices, insufficient implementation of minimum price, quality, seasonal fluctuations, input expenses, labour dynamics, and the lack of strong bargaining power and organized structures, collectively lead to cashew producers and contract workers failing to achieve an income adequate to support their livelihoods.	
	The right to equal treatment and non-discrimination	Women members of the farming communities	• Women lack access to land and frequently encounter exclusion from financial decision making in families, restricted credit and market access, and must depend on informal networks and alternative financial approaches.	
	Health and safety	All people involved in the harvesting (producers and contracted workers)	• They also bear dual workload involving farm work and domestic responsibilities. • Cashew harvesting poses several occupational health risks, including musculoskeletal strain, skin and eye irritation from chemicals, and potential burns from Cashew Nut-Shell Liquid (CNSL). • Many cashew producers and workers lack protective equipment. • Inadequate access to clean water and sanitation facilities may also result in health issues, particularly affecting women. • Additionally, the pressure to rapidly harvest cashew seeds to ensure price can put mental stress. • Communities also are exposed to Dengue and face limited access to healthcare in rural areas.	
	Child rights – Instances of child labour	Children living in the farming communities	• Limited evidence suggests that child labour may be present on certain cashew farms, with children assisting their families during harvest season, potentially due to labour shortages and lack of access to schooling due to challenges related to obtaining birth certificates and limited access to secondary education in rural areas.	

Supply chain level	Human rights adversely impacted	Main rightsholder group affected	Key findings	Severity & Relation to the impact
Intermediate	The right to a living income	Local buying agents/ <i>pisteurs</i>	• Various factors, including market price fluctuations, intermediary size and networks, financing, transportation, and storage, affect the income and operations of intermediaries in the cashew supply chain, with smaller intermediaries facing liquidity challenges and struggling to access profitable markets. Intermediaries may engage in exploitative practices, impacting their reputation and making them complicit in crimes. Additionally, intermediaries may bear additional costs for further drying and sorting, as well as for transportation and storage.	
	The right to a living wage	Workers involved in the sorting; loading of the cashews	• Contracted women workers face low earnings and lack a stable source of income due to informal employment status.	
	Health and Safety	Workers involved in the sorting; loading of the cashews	• Contracted women workers, often lacking shade, water, and sanitation in high-temperature work conditions, may face health risks including dehydration, heat strokes, and hygiene challenges. • The employment of young men for physically demanding tasks like loading heavy cashew sacks also poses a risk of injuries.	

Supply chain level	Human rights adversely impacted	Main rightsholder group affected	Key findings	Severity & Relation to the impact
Processing	The right to a living wage	Workers at the processing level	- Worker wages are linked to their productivity, which can be influenced by the quality of the cashew kernels and the machines. - Overall, earned wages did not seem to be sufficient to have savings and cover basic expenses.	
	Health and Safety	Workers at the processing level	Workers at the facility perform various tasks with varying levels of risk exposure, and while hygiene is prioritized, risks related to inadequate or incorrect personal protective equipment (PPE), high noise levels, dust inhalation, inadequate sanitary facilities and extreme temperatures were observed.	
	The right to equal treatment and non-discrimination	Women workers at the processing level	- The cashew processing workforce predominantly consists of women,, however with limited representation of women at the management level. - There's also a notable lack of Ivorian individuals in managerial roles, with the majority of managers having non-Ivorian backgrounds.	
	The right to freedom of association	Workers at the processing level	Factory workers are represented by délégués du personnel. However, there was no indication of a union, therefore raising questions about whether délégués du personnel represent adequate enjoyment of the right to freedom of association.	
All levels	Access to effective remedy	All people involved in all stages of the supply chain (from producing to processing)	- Grievance channels exist at the processing stage with various options for reporting concerns, including complaint boxes and an online whistleblowing system. Contracted workers stated that they knew about the complaints box but did not use it and did not know who to contact to raise concerns, leading questions to the effectiveness of the grievance mechanism and its communication. - No formal grievance mechanisms were implemented further upstream.	

Legend



Low ----- Very high



Contributed to



Linked to

Based on the identified impacts, the following recommendations were developed:

Recommendations for immediate action:

1. Improving Traceability:

- Enhance traceability in the cashew supply chain, including support for intermediaries to establish traceability systems.
- Collaborate with other retailers to advocate for traceability standards.
- Consider lessons from the cocoa industry's experiences.

2. Buying Responsibly:

- Expand human rights due diligence expectations with direct suppliers, including traceability and third-party certification.
- Embed human rights and social compliance requirements in supplier contracts.
- Ensure suppliers acknowledge and follow the Supplier Code of Conduct.
- Develop a living wage strategy and provide guidance to suppliers.
- Exchange lessons from [Way To Go Cashews](#).
- Emphasize the Supplier Code of Conduct's expectations for direct suppliers, including the need to pass on these requirements to their suppliers upstream.

3. Monitoring Expectations:

- Increase monitoring direct (and indirect suppliers in the future), emphasizing living income, and verifying compliance with the CCA's (Conseil du Coton et de l'Anacarde) price floor, assuming traceable upstream partners.
- Regularly monitor adherence to the Supplier Code of Conduct and remediate shortcomings such as by undergoing SMETA audits.
- Ensure third-party audits drive sustainable change, addressing issues like low wages, gender-based violence, and workers' rights challenges.
- Implement specific remedial steps for workers at processing facilities. This includes providing appropriate Personal Protective Equipment (PPE), maintaining comfortable working environments, improving sanitary facilities, ensuring adequate wages, assessing freedom of association, and establishing accessible grievance mechanisms with training.

4. Improving Purchasing Practices:

- Ensure internal responsible sourcing processes address implications of unethical practices.
- Expand internal 'Buyers Handbook' by including the formalisation of the sourcing strategy to reach 100% origin-processed cashew kernels.

- Incorporate the minimum cashew price into supplier negotiations and oversee compliance.
- Consider stable forecasting models to reduce price volatility.
- Build and maintain direct, long-term relationships with strategic suppliers.

5. Addressing Adverse Impacts in the Deeper Supply Chain:

- Train buying staff and strategic suppliers on considering living wages.
- Request cost breakdowns from suppliers to understand wages.
- Leverage business partners to address health concerns at the producer level.
- Collaborate with NGOs and sector-wide initiatives to address systemic human rights impacts.
- Explore ways to set up effective grievance mechanisms at the producer level.

6. Internal Communication and Follow-Up:

- Communicate findings of HRIA to leadership and relevant departments.
- Establish an internal working group for implementation.
- Communicate findings to agencies, suppliers, and set common targets and a timeline for the implementation.
- Assess the relevance of findings for other sourcing countries.

Longer-Term Recommendations:

1. Improving Purchasing Practices:

- Integrate responsible purchasing KPIs into buyer's job descriptions and development plans.
- Support procurement professionals in implementing responsible practices.
- Continuously monitor impacts of purchasing practices on workers and farmers.

2. Enhancing Traceability through Digitalisation:

- Foster traceability through digital solutions and transparent pricing methods by exploring cooperation with government agencies and stakeholders.

3. Other:

- Consider buying from locally owned and operated processors in addition to international suppliers.
- Support local value addition and agroforestry approaches in Côte d'Ivoire.
- Explore weather-based insurance schemes and collaboration with microfinance institutions.

1 Introduction

Lidl International, hereinafter referred to as 'Lidl', is a major international retailer with a large focus on food items. As a result of their highly complex supply chains, Lidl faces diverse sustainability-related challenges, specifically on human rights. This is why Lidl has taken steps to address human rights in its supply chains by conducting Human Rights Impact Assessments (HRIA) in specific prioritised high-risk supply chains. Being part of the Schwarz Group, Lidl commits to respecting human rights and environmental standards across its operations and global supply chains, as detailed in the respective [Schwarz Group' companies' Human Rights Policy Statements](#).¹

Furthermore, following the enactment of the German Act on Corporate Due Diligence in Supply Chains (LkSG) in 2023, the company falls under the scope of the law, and as a result must establish effective due diligence processes to prevent and mitigate any adverse human rights impacts at own operations and supply chain.

In this context, Lidl seeks to identify and understand better adverse human rights impacts in its cashew supply chain in Côte d'Ivoire, to assess the relationship between its business practices and the identified impacts, and finally to identify measures and actions for improvement. For that, Lidl has commissioned Löning - Human Rights & Responsible Business to carry out a Human Rights Impact Assessment (HRIA).

Lidl's decision to initiate this HRIA stems from several factors. Firstly, and as mentioned before, a risk analysis conducted by the company highlighted cashews as a high-risk raw material, being then prioritised for further assessment. Secondly, existing human rights challenges within the cashew supply chain are well-documented. Moreover, the choice of Côte d'Ivoire as the focal point for this assessment is driven by the specific characteristics of Lidl's supply chain in the country, where both cashew cultivation and processing occur. Furthermore, the established long-term relationship with the buyer offers an avenue for gaining insights into the supply chain and assessing the supplier's strategic importance. Notably, there is a significant absence of publicly available research concerning human rights issues in the cashew supply chain in Côte d'Ivoire, further underscoring the need for this assessment. The supply chain analyzed in the HRIA is for untreated Cashew as raw material.

The main objective of the HRIA was **to assess actual and potential adverse human rights impacts** (refer to Info Box 1) along Lidl's cashew supply chain in Côte d'Ivoire, identify root causes and their linkage to Lidl, and provide recommendations to Lidl for avoiding, addressing and/or remediating identified impacts. Hence, the assessment focused on analysing the supply chain of Lidl's main supplier of cashews from Côte d'Ivoire. This project also aimed at gaining a comprehensive understanding of traceability within Lidl's cashews supply chain. This report presents the main findings and recommendations for Lidl.

¹ The Schwarz Group includes food retailing brands Lidl and Kaufland.

INFO BOX 1. ACTUAL IMPACTS VS. POTENTIAL IMPACTS

Actual human rights impacts refer to situations where adverse human rights impacts have already occurred or are occurring, while *potential* impacts are those impacts that have some likelihood of occurring in the future, recognising that these are often, though not limited, to those impacts that have occurred in the past. For this assessment, actual as well as potential impacts have been considered, as expected by international standards.

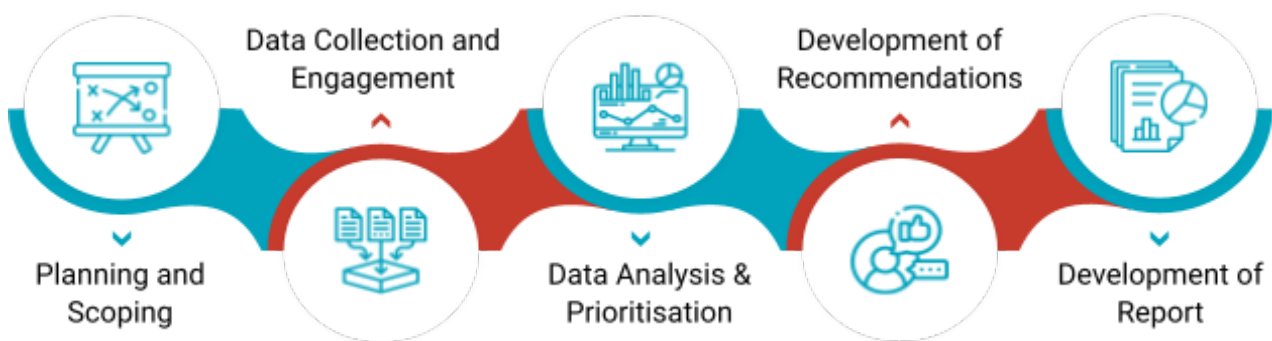
Source: Commentary to UN Guiding Principles on Business and Human Rights

2 Methodology

This HRIA is based on existing methodologies and well recognised guidance on human rights impact assessments, such as the UN Guiding Principles on Business and Human Rights and the Guidance and Toolbox for Human Rights Impact Assessments from the Danish Institute for Human Rights.^{2 3}

The benchmark for this assessment includes core international human rights instruments, as well as the labour standards set up by the International Labour Organization (ILO).^{4 5} Relevant local legal context has also been considered.

The assessment has been implemented over a five-month period starting in April 2023. It was divided into five phases. The approach taken is outlined below:



2.1 Planning and Scoping



In the first phase, an implementation project plan for conducting the assessment was established. The data that would serve as the basis for the initial scoping was gathered through three activities:

- Desktop research of publicly available literature concerning the sourcing context of cashews from Côte d'Ivoire and relevant human rights aspects, as well as building a legal framework with international standards and relevant domestic laws. The results from the desktop research were used as a reference point for the engagement and for the mapping of the key human rights in-scope to be considered in the engagement.
- Kick-off meeting with relevant internal stakeholders from Lidl, such as those responsible in the CSR and Buying department, to ask questions and gain a better understanding of the scope of Lidl's supply chain. The meeting further served to explain the main purpose of the assessment,

² UN [Guiding Principles on Business and Human Rights](#)

³ The Danish Institute for Human Rights, [Human Rights Impact Assessment: Guidance and Toolbox](#)

⁴ UN [Core International Human Rights Instruments](#)

⁵ See [ILO Fundamental Conventions](#)

present and align on the planned approach, as well as conduct an initial mapping of relevant internal and external stakeholders to be engaged during the data collection phase.

- Review of internal documents and other materials shared by Lidl concerning the activities under assessment.

The scoping informed the subsequent design of the assessment process, such as the identification of internal and external stakeholders for interviews and the development of interview guides for the in-country visit with different stakeholder and rightsholder groups.

The following information was considered in the scoping stage:

- Expected human rights risks of relevance to Lidl's cashew supply chain and implications for the assessment scope;
- Information about Lidl's sourcing relationship with the supplier under scope and trading partner;
- Leverage that Lidl has over the selected supplier and its supply chain.

The focus of the project was placed on the producer level, as requested by Lidl, also due to most severe human rights risks being concentrated at this level.

2.2 Data Collection and Meaningful Engagement



A key aspect of an HRIA is the engagement with relevant stakeholders, in particular with the rightsholders who are potentially most impacted, in this case smallholder farmers and their families, as well as factory workers. A human rights-based approach guided the assessment, involving the analysis of the situation through a human rights lens with a special focus on gender aspects.⁶

The approach encompassed several measures: (a) briefing all stakeholders, especially women, about the assessment's objectives; (b) obtaining prior consent before taking notes or pictures; (c) respecting local traditions and ceremonies before commencing engagement; (d) conducting targeted engagement with women in communities through women-only focus groups, facilitated by women interviewers, to create a conducive environment for sharing their experiences and challenges; (e) engaging with male household members before conducting women-only focus group discussions to prevent potential retaliation; (f) conducting interviews in secure areas near households, farms, or factory locations, providing a safe space for expression without fear of discrimination; (g) respecting stakeholders' time and considering additional responsibilities, such as household work and reproductive care; and (h) remaining aware and sensitive to the prevailing gender dynamics in the communities, and navigating interactions considering this.

⁶ Following the understanding of the Danish Institute for Human Rights, [Human Rights Impact Assessment: Guidance and Toolbox](#) (p. 45)

INFO BOX 2. STAKEHOLDERS VS. RIGHTSHOLDERS

According to the United Guiding Principles on Business and Human Rights (UNGPs) a stakeholder is any individual who may affect or be affected by an organization's activities.

Stakeholder is a more comprehensive term that designates individuals or groups that *may* impact or be impacted.

Where a business or an organization's operations, products, or services *have adverse effects* on people, the persons whose rights are being affected are called rightsholders or affected stakeholders. In this sense, the terms rightsholder and affected stakeholder are often used interchangeably. They describe an individual or a group of individuals who hold particular entitlements or rights in relation to specific duty-bearers. For example, a governmental agency, a research institution or a shareholder in a company may be stakeholders but not necessarily rightsholders. Examples of rightsholders could be workers, unions, local community members, children, or indigenous peoples.

In this phase, primary data was collected through engagement with various stakeholders, during an in-country visit to Côte d'Ivoire that took place from 29 May – 9 June 2023. To capture the actual human rights situation, data was collected through diverse methods, namely engaging directly with rightsholders, government bodies, and civil society. This was also complemented with the literature review conducted in the previous step. Throughout the process, a diverse range of **118** stakeholders in the supply chain were engaged with.

The stakeholders encompassed Lidl personnel from various departments, the trading agency, the supplier as well as other subcontractors involved in the processing stage. Additionally, the assessment team engaged with various actors along the supply chain, such as local buying agents (LBA), farmer cooperatives, civil society representatives, and national institutions. Considering the rightsholder perspective, (and bearing in mind the limitations detailed in part 2.5, in particular local and regional security concerns, the predetermination of in-scope supplier's business partners to engage with and the lack of transparency of the cashew supply chain in general), a deliberate effort was made to gain a meaningful sample of participants from different villages and covering four different cashew producing areas (i.e. Konzo, Séguéla, Timbé, and Botro). **A total of 74 rightsholders were engaged with**, among which 48 cashew producers and eight factory workers; and three sorting workers and 13 *pisteurs*/local buying agents in the intermediate level, and two subcontractor peeling staff.⁷ Out of the engaged cashew producers, 16 were women, while among the workers, six were women. At the intermediary level, all three of the sorting workers engaged were women. It's worth noting that *pisteurs* and local buying agents,

⁷ Pisteurs and local buying agents are individual or companies acting as intermediaries between cashew producers and the processing companies. This is elaborated further in section 4.2 of the report.

typically tend to be men possibly due to cultural norms, making it challenging for the assessment team to engage with women in this capacity. In summary, a total of **51 engagements** took place, and among them, 27 involved engaging with rightsholders.

Given that the producer level is considered to carry the most severe risks, more engagement was done there compared to the processing level. At the farm level, engagement with women was done by interacting with a family of two women cashew farm owners, a woman affiliated with a farmer collective, and five women who were part of an informal women-only farmer group. Additionally, during the engagement in villages, the assessment team was also introduced to village chiefs.

Figure 1 – Overview of number of representatives from each stakeholder group engaged with



During the engagement phase, the team used various data gathering and interview approaches and techniques, including focus group interviews, women-only interviews, and one-on-one interviews with key interviewees. The interviews were conducted in a semi-structured manner. The open-ended nature of semi-structured interviews allowed respondents to elaborate on their experiences, perspectives, and insights, leading to more in-depth and rich responses, therefore interpreting the responses in a broader context. Furthermore, the flexibility of semi-structured interviews allowed us as interviewers to build rapport with the respondents, creating a more comfortable and trusting environment for sharing information. Prior to the engagement, oral consent was always obtained for conducting the interview and

processing the information, and the interviewees were informed about the objectives of the project. The interviews focused on the most relevant human rights issues highlighted through the desktop research performed as part of the initial stages of the assessment as well as the insights raised by the regional consultants based on their sectoral and regional experience.

The assessment team involved in the engagement phase consisted of two Löning consultants and two external consultants from a regional partner organisation. The consultants from Löning have expertise in assessing human rights risks along global supply chains and conducting human rights risk assessments, including in the agricultural sector, as well as knowledge of the French language. The regional consultants from FarmStrong are specialised in conducting social and environmental interventions with rural agricultural communities in Côte d'Ivoire. Both regional consultants were able to communicate in the respective local language of the stakeholders engaged with. Additionally, one of the regional consultants was local to the wider-Bouaké area, had an extensive network within the local cashew supply chain and had previous experience working as a health and safety officer at a cashew processing unit.

Figure 1 – Overview of regions visited during the engagement



2.3 Data Analysis and Prioritisation



During the third phase of the HRIA, all the primary and secondary data collected in stages 1 and 2 were thoroughly analysed. To effectively document the qualitative research findings and data, various forms of documentation were generated during the scoping and engagement phase, especially during the in-country visit. These include interview notes, photographs, and post-interview audio recordings of summaries by the team. The consent of the interviewees was always acquired before taking photographs. To analyse the data, a software for qualitative and mixed methods data analyses (MAXQDA) was used, which assisted to organize, analyse and interpret the data. Additionally, it ensures that conclusions can be traced back to the data it derived from.

Furthermore, to maintain validity, accuracy and reliability, the derived data was verified with the regional consultants. Additionally, data aspects pertaining to Lidl were verified with their Buying and CSR Department.

In this phase, the identified impacts were prioritised according to severity. The severity of a human rights impact is based on its scale, scope, and irremediable character and serves to prioritise actions when all identified human rights impacts cannot be addressed simultaneously. Another important aspect was to understand the relationship of Lidl to the impact (the attribution), namely, whether it is causing the adverse impact, contributing or linked to it. This is key to understanding Lidl's response to the impacts and in defining appropriate measures, including how leverage can be exercised to improve the situation on the ground.

2.4 Development of Recommendations



Based on the identified impacts, recommendations were developed for Lidl on how to address the adverse impacts. The recommendations are divided into immediate action and long-term ones to allow Lidl to have a roadmap for implementation.

2.5 Limitations



There were some inherent and practical limitations in conducting this HRIA that should be considered, such as:

- As defined by Lidl, the scope of the assessment was limited to one supplier. Although the supplier represents the main business partner of Lidl for the purchase of cashews, and one of the key actors in the cashew sector domestically and abroad, the HRIA covers only a portion of Lidl's cashew supply chain in Côte d'Ivoire.

- Furthermore, it is worth noting that the primary supplier had already pre-selected the supply chain partners, and the assessment team did not have access to their supplier list. Consequently, this limited the flexibility in choosing suppliers associated with the company's supply chain. Nevertheless, the connections and networks of our local partners were able to partially alleviate this constraint.
- It is important to highlight that the industry as a whole faces challenges related to the lack of transparency regarding the origin of cashews within sheller supply chains. This opacity, caused by aggregation through intermediaries, makes it difficult to pinpoint the specific farms that directly contribute to Lidl's supply chain. However, due to the network of our local partners, the assessment team was able to engage with cashew producers that are likely to be part of Lidl's supply chain, therefore being able to get a broader understanding of potential human rights impacts linked to Lidl.
- The assessment was conducted at the end of May/ beginning of June, because Lidl's planning was constrained by time limitations. This meant that it fell at the very end of the harvest period. As a result, the assessment might not have captured the full scope of risks that could be present during peak harvesting times.
- Additionally, the limited time period of the engagement and pre-coordinated project timeline, imposed limitations to visit more distant regions. The challenges of poor road infrastructure and the start of the rainy season added to this by hindering access to certain areas within the allotted timeframe. Furthermore, considering the prevailing security concerns in certain regions of the country, the assessment team was unable to visit the cashew producing regions in the further northern and eastern regions of Côte d'Ivoire due to safety considerations. As a result, the assessment's scope did not cover these regions which may differ in their human rights situations, and the findings should be interpreted with this limitation in mind. Indeed, during the engagement phase, some of the interviewed stakeholders shared with the assessment team that the more easily accessible regions visited potentially entail less severe adverse human rights impacts.

3 Context: Country and Supply Chain Context

The purpose of this chapter is to offer an understanding of Côte d'Ivoire's socio-economic landscape including in the agricultural sector. It also aims to provide insights into both the country's cashew supply chain and the company's own supply chain and business practices.

3.1 Socio-Economic Context of Côte d'Ivoire



3.1.1 Demographics



Côte d'Ivoire's population is comprised of 60 ethnic groups, referred to as *ethnies*. Each of these ethnic groups possesses its own unique language, customs, traditions, and cultural practices, which collectively contribute to the country's rich cultural diversity and identity. Among the major ethnic groups in Côte d'Ivoire are the Baoulé, Bété, Sénoufo, Malinké and Dan, among others. The Baoulé represents the largest single ethnic group in Côte d'Ivoire, accounting for approximately 15 - 20 % of the population.⁸ In addition, between 25-40 % of the population in Côte d'Ivoire comprises migrants from other African countries.⁹ The majority of these migrants come from Burkina Faso, while others originate from Mali, Ghana, Guinea, Nigeria, Benin, Liberia, Senegal, and Mauritania. Moreover, Ivoirian society is almost equally divided among practitioners of Christianity, Islam, and traditional beliefs. Many followers of Christianity and Islam also incorporate traditional beliefs into their practices. Geographically, most Muslims reside in the northern regions, while the majority of Christians live in the southern areas of the country. With respect to languages, despite French being the official language and taught in school, around 60 local indigenous languages such as Baoulé, Dioula, Dan, Anyin, and Cebaara Senufo are also spoken.¹⁰

3.1.2 Political Situation



Having undergone protracted periods of armed conflict which ended in 2011, Côte d'Ivoire is presently on the road to recovery. The political violence of 2010-2011, driven by ethnic and religious tensions, led to considerable casualties.¹¹ At that point, the country's political discourse saw a merging of ethnicity, religion, and economic grievances, particularly drawn from the rise of the xenophobic ideology of 'Ivoirité' since the mid-1990s. Although the political situation in Côte d'Ivoire has been relatively stable since 2011, some root causes of the conflict such as the ethnic and regional tensions, land disputes, corruption, and impunity still remain.¹²

⁸ Minority Rights Group International, World Directory of Minorities and Indigenous Peoples

⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

¹² Ibid

In comparison to the conflict period, Côte d'Ivoire has witnessed advancements in rights to freedom of expression and freedom of association, and the country has shown substantial legal and political commitments. However, the enforcement of anti-corruption measures remains deficient.¹³

As per the current United Nations Human Development Index (HDI), Côte d'Ivoire holds the 159th position out of the 191 countries assessed.¹⁴

3.1.3 Employment Trends and the Agricultural Sector



The first President of Côte d'Ivoire, F. Houphouët Boigny, once said '*Le succès du pays repose sur l'agriculture*' [engl.: "the success of the country rests on agriculture"].¹⁵ Agriculture has played a foundational role in Côte d'Ivoire's economic development. During the French colonial era in Côte d'Ivoire, which extended from the late 19th century until the country's independence in 1960, agriculture played a central role in shaping the colonial policy. The French introduced cash crops and established economies based on plantations to export raw materials back to Europe, exploiting local labour under slavery. After independence, agriculture has remained the driving force of the Ivorian economy. Export crops like coffee, cocoa, latex, sweet bananas, and more recently, cashew nuts, have been key components of this strategy.

The agricultural sector is a primary employer in Côte d'Ivoire with two-third of the actively working population being employed in agricultural activities.¹⁶ The sector contributes approximately 22% to the country's GDP and accounts for 47% of its exports, with cocoa production being especially crucial, supporting a quarter of the population.¹⁷ To support this agricultural focus, the country has encouraged the immigration of workers, particularly from neighbouring countries, to meet the demand for a large workforce.¹⁸ The sector now shows a strong concentration of migrant labour, with about 48% of migrants engaged in agricultural work as of 2018.¹⁹

According to the latest publicly available national survey on employment and child labour, the active population in Côte d'Ivoire is estimated at 63% of the total population. 63% for men and 61% for women are part of the total working population. Most of the working-age population lives in rural areas (53.5%), where agriculture is predominant.^{20 21}

¹³ Transparency International, [Towards Enforcement of African Commitments Against Corruption](#)

¹⁴ UNDP, 2021/2022, [Human Development Report](#)

¹⁵ FAO and Ministry of Agriculture and Rural Development, 2019, [Résultats de l'analyse de données du module de base du recensement des exploitants et exploitations agricole](#)

¹⁶ FAO, [Scaling up Climate Ambition on Land Use and Agriculture through Nationally Determined Contributions and National Adaptations Plans \(SCALA\)](#)

¹⁷ OCDE/OIT, 2018, *Comment les immigrants contribuent à l'économie de la Côte d'Ivoire*, Éditions OCDE, Paris.
<http://dx.doi.org/10.1787/9789264293304-fr>

¹⁸ OCDE/OIT, 2018, *Comment les immigrants contribuent à l'économie de la Côte d'Ivoire*, Éditions OCDE, Paris.
<http://dx.doi.org/10.1787/9789264293304-fr>

¹⁹ OCDE/OIT, 2018, *Comment les immigrants contribuent à l'économie de la Côte d'Ivoire*, Éditions OCDE, Paris.
<http://dx.doi.org/10.1787/9789264293304-fr>

²⁰ OCDE/Centre Ivoirien de Recherches Economiques et Sociales, 2017, *Quelle est l'incidence des migrations sur le développement en Côte d'Ivoire ?*, dans *Interactions entre politiques publiques, migrations et développement en Côte d'Ivoire*, Éditions OCDE, Paris.

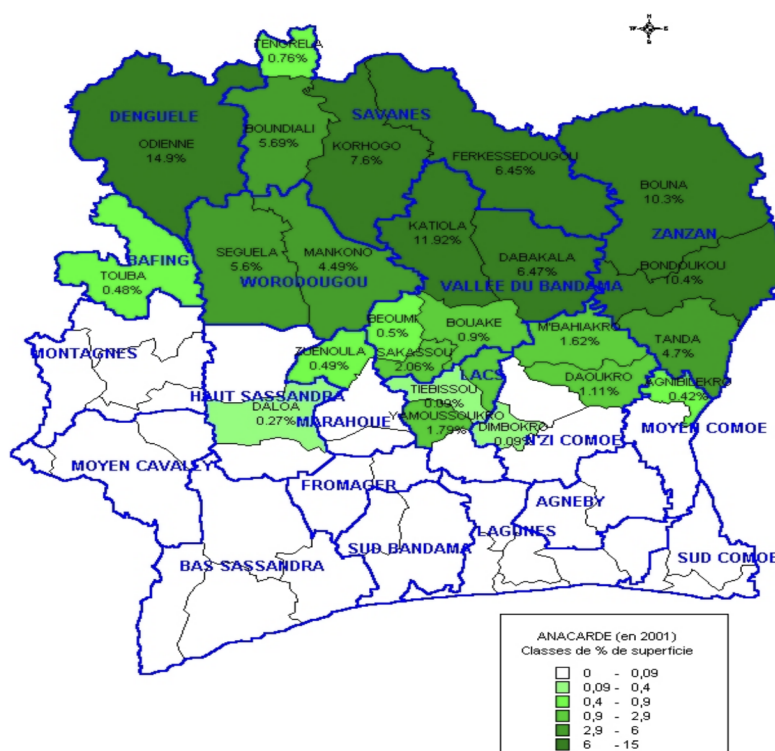
²¹ ILO, 2015: [Côte d'Ivoire: Enquête nationale sur la situation de l'emploi et du travail des enfants](#)

3.2 Local Context: Cashew Production in Côte d'Ivoire



Cashew trees were first introduced in West Africa in the early 1960s to combat desertification and soil erosion. However, it was only in the early 2000s that Côte d'Ivoire experienced a cashew-boom, when the cash-crop potential of the cashew nuts was identified. Today, Côte d'Ivoire is the top cashew producer in the world with its gross RCN (Raw Cashew Nut) production growing from 460,000 tonnes in 2013 to 1.1 million tonnes in 2021.²² Cashew is primarily cultivated in the savannah regions of the northern, north-western, north-eastern, and central regions of Côte d'Ivoire (refer to the map presented below).

Figure 2 – Cashew growing regions in Côte d'Ivoire²³



Cashews hold the position of Côte d'Ivoire's third most significant export, trailing only cacao and refined petroleum products. In 2020, Côte d'Ivoire exported 691,000 tonnes of unshelled cashews and 13,500 of shelled cashews. They play a vital role in providing much-needed income for small-scale farmers and processors in the poorer northern region of the country.²⁴ **The cashew sector employs around 350,000 farmers, with women making up about 20% of the total.** In addition, roughly 1.5 to 2 million women engage in picking and processing the crop.²⁵

²² CBI, 2022: Côte d'Ivoire is a leading example in processing cashews

²³ Source: African Cashew Alliance, 2012, 7th ACA Annual Conference

²⁴ World Bank, 2018: Côte d'Ivoire: Improving Opportunities Through Cashew Value Chains

²⁵ CGAP, 2022, *AgriTech Can Empower Women to Build Stronger, Inclusive Value Chains*

Currently there are over 43 cashew cultivating countries. Despite this, not all cashew-growing nations participate equally in the global value chain.²⁶ In the case of Côte d'Ivoire, despite producing 23% of the global raw cashew supply, valued at \$800 million, it processes less than 7% of the Raw Cashew Nut (RCN) domestically.²⁷ **The majority of the rest is sent primarily to Asia, where 85% of the global cashew supply undergoes deshelling, thereby enhancing the commodity's value. Specifically, India and Vietnam were responsible for approximately 98% of the world's raw cashew imports during the period from 2014 to 2018.** Further value is added in Europe and North America, where 60% of the traded cashew kernels are processed by roasting, seasoning, packaging, and then consumed as either a snack or an ingredient in various products such as drinks or bars.²⁸ **As a result, Côte d'Ivoire retains only a limited portion of the value generated in the global cashew market.** In 2021, Côte d'Ivoire cashew processors faced bankruptcy due to aggressive competition from Asian exporters who were buying up all the local supply.²⁹ Therefore, Côte d'Ivoire's position in the global cashew market is heavily influenced by market conditions in India, Brazil, and Vietnam. While the Ivorian cashew processing sector is relatively nascent with the oldest production centre starting operations in 1998, there has been a push by the government in recent years to increase processing capacity in Côte d'Ivoire, particularly for large businesses. However, as noted in the engagement, this approach has faced criticism from some stakeholders who argue that it negatively affects smaller businesses, which play a vital role in generating employment in the sector.

To protect local producers from foreign competition, the government in Côte d'Ivoire has restricted the import of RCN, resulting in processors facing volatile and fluctuating raw material availability, quality and consequently prices throughout the year. The *Conseil du Coton et de l'Anacarde (CCA)*, i.e., the regulatory body for cashew nuts in Côte d'Ivoire, started setting a price floor for cashew nuts in 2014 with the aim of preventing exploitation of producers and maintain stability in the cashew sector. This price floor is set for each supply chain actor at the beginning of the season, usually around February (refer to the table below for the minimum price in 2023). The price is usually benchmarked against buyer demand in Vietnam and India, for it be aligned with international market prices. **Although the government fixes this price floor, the reality is that price volatility persists due to global demand and supply as well as a lack of enforcement, posing a risk for all the supply chain actors. Consequently, the market prices for cashews in the country may fluctuate and might not consistently match the exact government-set minimum price.**

²⁶ UNCTAD, 2021: [Commodities at a Glance: Special issue on cashew nuts](#)

²⁷ Ibid

²⁸ UNCTAD, 2021: [Cashing in on Cashew: Africa must add value to its nuts](#)

²⁹ Reuters, 2021: [Ivory Coast's cashew processors driven into bankruptcy by Asian competition](#)

Table 1 – Minimum price 2023 for each supply chain step (1 EUR is approximately 662.28 FCFA; conversion as of 6th November 2023)³⁰

Farmgate price	Internal warehouse price	Factory gate price	Export price
315 FCFA/Kg (0.48 EUR)	340 FCFA/kg (0.52 EUR)	369 FCFA/kg (0.56 EUR)	399 FCFA/kg (0.60 EUR)

3.3 Lidl's Cashew Supply Chain in Côte d'Ivoire



Lidl has been procuring processed cashew kernels primarily from both Vietnam and Côte d'Ivoire. Although a significant portion of their cashew volume comes from Vietnam, their sourcing from Côte d'Ivoire has been on the rise in recent times. While sourcing more processed cashews from African countries has been voiced as a goal for the sourcing department, one of the challenges faced in sourcing directly from Côte d'Ivoire is that the cost of obtaining processed cashews from Vietnam is considerably lower in comparison. This is in parts due to Vietnam's extended processing experience, resulting in efficiency gains, as well as their utilisation of cashew shells for energy production, reducing their overall processing costs. In contrast, there is no market for cashew shells in Africa, preventing the reduction of prices in calculations. **However, Lidl's sourcing decisions are influenced not only by price but also sustainability-related considerations.**

Lidl procures cashews from up to four suppliers in Côte d'Ivoire. **The focus of this assessment is on processed cashew kernels purchased by Lidl for its own brand packaging facility.** Other Lidl entities (i.e., country specific Lidl entities) also buy already packaged and seasoned cashews from other suppliers. The assessment specifically examines the cashew kernels procured from Côte d'Ivoire, with the scope limited to Lidl's main supplier in the region.

³⁰ CCA, 2023: Campagne 2023 de commercialization de la noix de cajou: Le prix board champ plancher obligatoire du kg fixe a 315 FCFA contre 305 ECFA l'année dernière

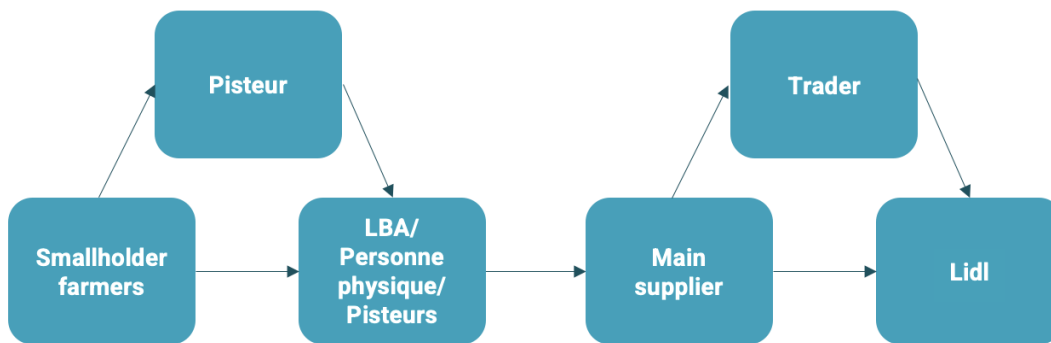
Figure 3 – Overview of the value chain of cashews in Côte d'Ivoire



The supplier under assessment has two different types of sourcing channels: one being sustainable (i.e. traceable) and the other conventional. Lidl currently purchases cashews through the conventional channel with limited traceability from this supplier.

Accordingly, in this report, the focus will be placed on the conventional channel. Within this channel, the supplier sources from two types of traders: Local Buying Agents (LBAs) and *personnes physique*, also referred to as 'cooperatives'. **However, it is important to note that these enterprises, despite being called cooperatives, may function more as traders, and rarely have the structure of a farmer cooperative that represents farmer interests.** These enterprises usually source through *pisteurs* or aggregators. The enterprise can either have *pisteurs* as members of the enterprise or as the individuals from whom they directly source the cashew nuts. *Pisteurs* are the supply chain actors that source directly from producers and usually are based in the area that they operate in.

Figure 4 – Lidl's (conventional) supply chain in Côte d'Ivoire with specific focus on the supplier in scope of the HRIA



3.4 Lidl's Current Business Practices in its Cashew Supply Chain



In Côte d'Ivoire, Lidl works with **four suppliers**, the supplier in scope being their main business partner. The communication with the supplier in scope is done through an **agency**, which provides Lidl with around 34% (*according to negotiation in 2023*) of the volume of cashews from Côte d'Ivoire. Lidl's buying department aims to increase the volume of cashews, which are cultivated and locally processed in the country of origin over the next years. Lidl is the only client of the agency, and the agency acts as a communication agent between Lidl and the (in-scope) main supplier in Côte d'Ivoire. Lidl also directly communicates with the (in-scope) main supplier in Côte d'Ivoire on a regular basis. The business relationship between Lidl and its suppliers is established through a *purchasing agreement* where the *standard terms and conditions of purchase* are detailed.

The base quantities for cashews are **forecasted for the whole year and bought through one to two tenders per year, depending on the market situation**. If the current market price is low, then a tender is applicable for the whole yearly amount. However, if the current market price is high, then smaller quantities are purchased through different tenders. All suppliers, not limited to Côte d'Ivoire, are usually invited to the tendering process. During the tender, prices are compared considering the transport cost as Lidl buys FOB (free on board). During negotiations, production costs including wages and income are not explicitly included.

In addition to Lidl's quality specification for cashew kernels, the [Business Partner Code of Conduct of the Companies of Schwarz Group](#) (CoC) is part of the purchasing agreement with the supplier. The CoC is part of all commercial engagements with tier-1 business partners. It covers topics concerning labour and human rights issues and the environment and, as spelled out in the CoC, is based on internationally recognized standards and principles. This aids in communicating human rights and sustainability expectations towards business partners and is meant to be cascaded down to suppliers. From the

engagement, it was noted that the implementation of and adherence to the CoC by its suppliers is not systematically being monitored so far.

Regarding further activities, Lidl participates in the Sustainable Nut Initiative, a pre-competitive collaboration platform bringing together different supply chain actors to work towards continuous improvement regarding sustainability issues on a sector level.³¹ Lidl is also a member of the International Nut and Dried Fruit Council (INC), whose mission is the facilitation of sustainable supply and consumption of nuts and dried fruits through research and collaborative projects. Furthermore, other Lidl countries, not in the scope of this assessment, are purchasing certified sustainable cashew kernels through different supply chains and suppliers.

³¹ SNI, 2023, <https://www.sustainablenutinitiative.com/about-us/>

4 Adverse Human Rights Impacts in Lidl's Cashew Supply Chain

This section offers an overview of the primary human rights adverse impacts that have been identified during the HRIA. Lidl sources conventional cashews from various suppliers with a lack of traceability beyond the processing stage of the RCN (Raw Cashew Nut). **As a result, most of the human rights impacts outlined in this section should be understood as impacts inherent to the sector and cannot be solely attributed to Lidl or their specific purchasing practices.**

The section is structured in a way that discusses the identified impacts for each of the three analysis levels, namely producer, intermediaries, and processing workers. Unless otherwise indicated, the information shared derives from the stakeholder engagement. Brief explanation of the different rights at stake is given only once, to avoid repetition.

4.1 Producer Level



Main adverse human rights impacts identified: Producer level

The right to a living income & living wage

The right to equal treatment and non-discrimination

Health and safety

Child rights - Instances of child labour

This sub-section provides an overview of the main identified human rights impacts at producer level, which is the focus of the HRIA. The limitations regarding the engagement phase described in section 2.4. should be considered when reading this section, primarily regarding the fact that the engagement team was not in Côte d'Ivoire during peak harvest season but at the very end of the harvest period.

Cashews in Côte d'Ivoire are almost exclusively cultivated by smallholder farmers. For instance, according to a comprehensive study conducted by INADES and financed by the European Commission on the sector, the average land holding size is 0.5-3 hectares, with a comparably low average yield of 300-400kg per hectare. The average cultivated land area varies significantly based on population density. In proximity to towns, households tend to have plots averaging around 1.5 hectares, whereas in less populated regions, the average plot size increases to approximately 4 hectares. Some producers, forming

a minority in each village, own even larger plots, occasionally exceeding 20 hectares. These individuals are often distinct from the rest of the population due to their differing economic capacities and challenges.³²

Farm work in cashew nut cultivation is generally organized and conducted by the family that owns the farm, often with assistance from the local community. The main tasks involved in cashew nut cultivation are maintaining the plots and collecting the nuts from the ground. The harvest is mainly carried out by women and teenagers who also separate the nuts from the fruit. Men usually own farms and conduct heavy tasks such as cutting. Additionally, tending the farms, done two or three times a year, is physically demanding work typically handled by young adults from surrounding communities or migrant workers.³³

4.1.1 Impacts on the right to a living income for cashew producers



A key component of the right to just and favourable conditions of work is the right to a fair remuneration that provides for a decent living. This includes both the right to a living wage for employees and the right to a living income for self-employed workers and smallholders as enshrined in Article 7 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) and Article 23 of the Universal Declaration of Human Rights (UDHR).

In short, the right to a living income and living wage is no more than ensuring the ability to afford an adequate standard of living, as enshrined in Article 25 of the UDHR and Article 11 of the IESCR.

³² INADES, 2010, La Filière Anacarde en Côte d'Ivoire Acteurs et Organisation

³³ Ibid

INFO BOX 3. LIVING INCOME VS. LIVING WAGE

“The concepts of living wage and living income share a goal of achieving a decent standard of living for households. Living wage refers specifically to the context of hired workers (in factories, on farms, etc.), whereas living income refers to any self-employed income earner, such as farmers. The income that a household earns can come from multiple sources, e.g., through the sales of farm-grown products, as well off-farm business (seasonal labour). A living income enables farmers to consistently sustain their families, invest in their farms and make farming a possible vocation for the next generation.”

A living income is defined as ‘sufficient income to afford a decent standard of living for all household members – including a nutritious diet, clean water, decent housing, education, health care and other essential needs, plus a little extra for emergencies and savings – once farm costs are covered’.

Source: [ALIGN Guidance tool on living wages and living income: What are living wages and living income?](#); FairTrade International, ‘Living income’

As a reference and due to the lack of cashew-specific data, the Living Income Community of Practice has established a living income benchmark for cocoa-producing areas in rural Côte d'Ivoire, with an estimated living income of 298,983 West African CFA francs (456 EUR) per month.³⁴ The rural living wage is an estimated 135,687 West African CFA francs (207 EUR) per month according to the Global Living Wage Coalition.^{35 36}

Cashew, being a cash crop (a crop grown for selling rather for use by the person who grows it)³⁷, offers significant income potential. During the engagement, many cashew producers expressed that cashew has been a transformative source of income for their communities. As explained by stakeholders during the engagement, before the introduction of cashew, poverty rates in these areas were quite high. Although communities have seen improvement in their economic conditions with the introduction of cashew, the situation is still problematic and does not ensure an adequate standard of living.

An array of factors encompassing **market prices, quality, seasonality, input costs, labour dynamics**, and the absence of **effective negotiation power** and formalised organisation contribute to cashew producers not attaining a sufficient income to sustain their livelihoods.

Despite the promising income potential, cashew producers face highly volatile fluctuation in incomes from year to year, as the prices of cashew nuts are greatly influenced by international supply and demand. As previously mentioned, the CCA set the farmgate price at 315 FCFA/kg (0.48 EUR) for 2023,

³⁴ CIRES, 2018, [Living Income Report, Rural Côte d'Ivoire, Cocoa growing areas](#)

³⁵ Global Living Wage Coalition, 2022, [Anker Living Wage Reference Value: Rural Côte d'Ivoire](#)

³⁶ ALIGN tool, [Côte d'Ivoire](#)

³⁷ Oxford Dictionary, [cash crop definition](#)

and this price is usually disseminated through radio and television. However, as noted in the engagement, due to the price floor not being legally mandated, there is a lack of enforcement, and the engaged cashew producers disclosed that the real price tends to change frequently, sometimes even daily. Interestingly, prices in 2017 were up to three times higher than in 2023, reaching as high as 900-1000 FCFA/kg (1.37-1.53 EUR). The price drop was explained by different stakeholders as being due to the COVID-19 pandemic and the recent cost of living crisis, which in combination seem to have led to a significant decrease in demand for cashews.

Apart from demand, the **quality** of the cashew nuts also heavily influences the price. Quality parameters include the volume, moisture level and capture rate, i.e., larger nuts with a higher percentage of kernel per ton. Many cashew producers seem to recognise the significance of quality. Yet, many are not able to assess it. However, training by civil society and government entities has been raising awareness. Cashew producers do notice a distinction between "first-choice" cashews (from January to March) and "second-choice" cashews (from April to June) as the nuts are affected by the impact of rains, leading to degradation.³⁸ In the initial weeks of the season, prices generally align with the CCA's farmgate price. As April approaches and the rainy season commences, cashew prices tend to decrease. One producer even mentioned that LBAs source at 315 FCFA/kg (0.48 EUR) for the first two weeks of the harvest season, and then start reducing the prices. During our engagement in early June, prices were observed to be in the range of 100 to 150 FCFA/kg (0.15-0.23 EUR). Because of the low prices, certain cashew producers choose to store a portion of their harvest, expecting higher prices later in the season or during off-season. Off-season prices can rise again if there is a surge in demand, typically when processors exhaust their initial stock and face restrictions on importing RCN, but this is not guaranteed to happen every year. In case prices do not rise as anticipated, producers continue to store the cashews until the following season. However, this may result in a decline in quality. There has been resistance to such practices, especially on the side of *pisteurs*, because of quality issues which may result in *pisteurs* not buying stocks from previous years. **These fluctuations highlight the challenges faced by cashew producers in securing stable and consistent incomes from their harvests.**

The storage of nuts is a crucial factor affecting the quality of cashews. In the vast majority of cases, cashew producers lack proper warehousing due to high storage costs and inadequate infrastructure. Consequently, many of them resort to storing the cashews in their homes, where humidity levels are often high. Additionally, some producers choose to store the cashews without covering or in plastic bags rather than using jute bags, mainly because jute bags can be expensive. Such practices can lead to a decline in the cashew's quality.

Moreover, cashew producers are recommended to follow a three-day drying period and sort out any rotten cashews. However, in the pursuit of obtaining a higher income, some cashew producers skip these steps and sell the cashews without adhering to the recommended drying period. Unfortunately, this also

³⁸ INADES, 2010, La Filière Anacarde en Côte d'Ivoire Acteurs et Organisation

compromises the quality of their cashews, which in turn affects their income, as the *pisteur* takes both the market price and the quality into account when determining the payment.

INFO BOX 4. PRACTICES IMPACTING YIELD AND QUALITY

There is a prevailing trend among producers to plant cashew trees at high densities in an effort to control undergrowth. They closely space the trees, thereby creating a dense foliage that blocks out much of the light, resulting in limiting weed growth and the need for maintenance work in the orchard. However, this approach comes with significant setbacks as it can severely restricts yields per hectare.

Nevertheless, many civil society and governmental organisations have been investing in trainings on improvement of quality for cashew producers. An increasing number of producers are adopting a more sustainable approach by thinning out their orchards as the trees mature and leaving the recommended 10x10 meter space between the trees. They achieve this by selectively felling the least productive trees.

Source: INADES, 2010, [La Filière Anacarde en Côte d'Ivoire Acteurs et Organisation](#)

As cashew is highly drought resistant and is only planted once, it does not need significant amount of water resources and chemical inputs compared to other crops. Nevertheless, **some labour and material inputs are required which may prove to be expensive for the cashew producer.** For example, weeds can be detrimental to cashew trees and interventions are required as they compete for essential nutrients, water, and sunlight, leading to reduced growth, yield, and nut quality. Weeding can be carried out manually or by using herbicides. For manual weeding, seasonal contract workers may be hired by the producer, costing around 2,000 FCFA (approximately 3 EUR)³⁹ per worker per day. In addition, after the weeding is done by the contracted seasonal workers, herbicides are applied by some producers, with prices per herbicide container reported at 2,250 FCFA (3.44 EUR). These costs can be a burden for producers who do not have transparency over the price development and potential returns on their investment. For instance, one cashew producer indicated employing 10 contractors and using 12 containers of herbicides for their 6-hectare land during a season, leaving him with significant maintenance costs and investments, while not yet knowing the price and yield for the season and whether he would get a return on his investments. Additionally, it was mentioned that the CCA only provides 5 jute bags per cashew producer, which was often considered as insufficient, leading producers to sell part of their harvest at the beginning of the season at a disadvantaged rate to earn money for buying additional bags needed to store and sell the rest of their cashew harvest.

³⁹ As of 13 Sept. 2023

From the engagement with producers it was understood that **seasonal contract workers do not seem to receive a living wage** (being paid 2,000 FCFA per day). It was also referenced that sometimes, when cashew producers do not have sufficient liquidity to pay the workers, they pay them in produce. Additionally, low wages mean the cashew sector competes with other sectors employing seasonal workers. It was explained by some stakeholders that due to the currently very low price for cashews, seasonal contract workers as well as some cashew producers were reported to be moving from cashew cultivation to working in gold mines, as gold mining provides immediate cash compared to cashew cultivation.

Cashew producers also frequently face challenges when negotiating a fair price with the *pisteur* and often find themselves having to accept whatever price is offered. Since the price is determined by the market and the quality of the harvest, cashew producers find it difficult to verify the information, particularly when it comes to assessing the quality. Their limited bargaining power leaves them unable to negotiate better terms with the *pisteur*. For example, one of the cashew producers mentioned that sometimes during the festive season, there are instances where *pisteurs* offer a rate of 200 CFA per kilo to the producers, and the producers often agree due to their immediate need for funds. Furthermore, a cashew producer highlighted that the *pisteurs* fail to consider the additional grams in a kilo, and as a result, they round it down to the nearest lower kilogram. Although this may seem insignificant, it does affect the income of the cashew producer, particularly those with smaller yields.

Owing to their **limited negotiation power** with *pisteurs* and the challenge of **low prices**, cashew producers establish informal collectives or cooperatives to enhance their organisation. Recognizing the drawbacks stemming from their weak bargaining position and lack of coordination, specific groups of producers collaborate to oversee the sale of the entire cashew harvest within the village. This enables them to wield influence over buyers and the prices they propose to the producers. In certain cases, such as one of the groups that was engaged with around these informal groups might also engage in joint activities such as leasing land, cultivating, managing farms, and conducting harvesting collectively. Despite their improved organisation, some informal groups still face fragility and their impact on prices remains constrained due to the informality of their structure. One of the engaged informal collectives highlighted that the absence of a formal license continues to hinder their access to markets and the sale of their products, as it raises doubts about their legitimacy among *pisteurs*. The informal farmer group seeks financing and direct contracts from buyers but faces liquidity issues preventing them from purchasing members' products at farm prices. Consequently, members are compelled to sell at lower prices to other buyers. Their aspiration is to transform into an official cooperative, yet bureaucratic complexities and the necessity for trust in the cooperative leader pose challenges to this endeavour. **A dearth of information and inadequate support in navigating bureaucratic procedures also often results in many producers being unable to establish effective organisational structures such as formal farmer cooperatives.**

INFO BOX 5. FARMER COOPERATIVE

Engagement took place with farmer cooperatives, although these are more commonly associated with sustainable supply chains and are less frequently encountered in conventional supply chains. Farmer cooperatives offer substantial advantages to farmers by advocating for their interests, leveraging greater negotiation power for improved prices, facilitating access to inputs and storage facilities, providing training, and more. Such cooperatives typically possess distinctive organisational structures. For instance, one of the visited cooperatives had the following structure: the cooperative comprises 531 members across 17 villages, each paying a membership fee and a social contribution. The social contribution allows for the purchase of up to 4 parts at 10,000 CFA each. The cooperative's structure includes a paid managing director (*gérant*), a governing board (*conseil administratif*) of 7 elected members, a paid president, and the general membership. Of the 500 members, approximately 6% are women, reflecting a broader pattern. Collection of raw cashew nuts (RCN) from producers is facilitated through a *pisteur*, with payment disbursed within 72 hours to 1 week. Each cashew producer is required to possess an individual booklet (*carnet d'achat*) containing recorded daily weights. Additionally, for every sold delivery, a receipt of payment (*fiche avec le prix*) is utilized to confirm accurate remuneration to the producers. This mechanism is supposed to counteract potential underpayment, which can occur when *pisteurs* buy cashews from producers at prices below the market rate. However, as seen, *pisteurs* end up paying cashew producers below the market price and CCA officials on-ground that are supposed to monitor and verify payment of the minimum price by intermediaries end up signing off on these low prices. Finally, certain involved stakeholders, who aimed to establish a cooperative, indicated that the significant obstacle to creating such a cooperative was the lack of trust among its members. In addition, lack of liquidity may also hinder them from paying fair prices to the members.

A group of cashew producers from a household also shared their experience of how climate change has affected their yields. This household, consisting of six producers and owning approximately 15 hectares of land, reported a significant decrease in their harvest, managing only 2.5 tonnes compared to their usual yield of 6 tonnes in previous years. This decline, according to them, could be attributed to reduced rainfall and higher temperatures. **This reduction in yield evidently also results in an overall reduction in their income.** Furthermore, alongside the impact of climate change, a farmer also raised concerns about a specific **insect** that feeds on the cashew fruit, which leads to a decline in the overall yield quality.

Finally, cashew producers that were engaged with relied exclusively on seasonal earnings (January to June) to meet their overall financial requirements, encompassing essential household necessities such as electricity, water, children's education, transportation, and healthcare. The average household is able to cover a substantial portion of its food needs, largely attributed to a significant portion of the

participating producers engaging in the cultivation of crops such as cassava, peanuts, yams, and palm nuts. Nonetheless, nutritional challenges persist due to limited access to well-rounded nourishment. Some cashew producers also expressed that poor nutrition is exacerbated by lack of land for subsistence agriculture. The shift towards cashew farming has led to the decline in cultivation of other food crops such as millets. Therefore, communities went from growing food crops that may not have been as profitable, to cash crops with uncertain return on investment.

The engaged producers expressed that they start facing financial constraints towards the end of year, struggling to set aside savings and meet their financial obligations. This is particularly pronounced in years characterized by low market prices. This may result in some cashew producers taking credit from *pisteurs* to cover expenses for herbicides, labour needed to maintain the farm, and household expenditure. This can lead to a dependent relationship with the *pisteur*, forcing the cashew producer to sell their stock at a lower price to the *pisteur* to repay the credit thereby impacting income.

4.1.2 Impacts on the right to equal treatment and non-discrimination



The right to be treated equally and in a non-discriminatory manner is a cross-cutting issue of concern in different UN human rights instruments, such as Articles 2 and 26 ICCPR or Article 2(2) ICESCR. The elimination of discrimination at the workplace constitutes also one of the fundamental principles and right at work according to ILO Declaration on Fundamental Principles and Rights at Work. In the assessment, adverse impacts to the right to women to equality and non-discrimination were identified, in particular in the context of access to land and finance.

While not owning extensive farmlands, women play a crucial role as a significant workforce, particularly in the cultivation and commercialization of food crops in Côte d'Ivoire.⁴⁰ Over 80% of the production, processing, and marketing of food crops is carried out by women.⁴¹ Women constitute approximately 20% of the total count of cashew nut producers in Côte d'Ivoire, with an added dimension of around 1.5 to 2 million women actively partaking in the collection and processing of cashew nuts.⁴²

Women's involvement in cashew production takes on three forms: (a) as landowners, (b) as members of farming families, or (c) as seasonal contract labourers. The engagement predominantly involved women encompassing the first two categories. While Ivorian law does not have a distinction between men and women in acquiring property, **women face challenges in owning land due to customary law**, i.e., customs and beliefs practiced in society. This situation was particularly exacerbated during the civil war, leading to even less land access for women. According to data from November 2021 provided by the Agence foncière rurale (AFOR), women only constitute approximately 12% of recipients of land certificates.⁴³ The majority of women who own land are of older age. One of the engaged producers was an older woman who worked the

⁴⁰ UN Women Africa, 2022, [La Côte d'Ivoire en bref](#)

⁴¹ UN Women Africa, 2022, Une initiative pour soutenir les coopératives féminines du secteur du vivrier en Côte d'Ivoire

⁴² CGAP, 2022, [L'agritech pour renforcer l'inclusion des femmes dans la filière de la noix de cajou](#)

⁴³ Agence Ivoirienne de Presse, 2022, [Promouvoir les droits d'accès des femmes à la terre pour réduire les conflits fonciers et favoriser leur potentiel de développement](#)

land herself with her daughter and her daughter's adult children. Younger women, on the other hand, tend to either assist on farms owned by their husbands or family members, or they participate in informal land rental arrangements within women groups. An instance of such an informal group was encountered, which had collectively rented land for cultivating cashews. However, due to the absence of formalization in the rental agreement, the landowner was able to reclaim the property. Consequently, the women's group is presently inactive leading to a loss of crucial income. The women also indicated that they received reduced prices for their produce. This was attributed to their inability to invest in the rented land and implement proper agricultural practices, which ultimately affected the overall yield.

Apart from exclusion from land holding, women are also often precluded from financial decision making, be it within the household or in economic activities outside of home. During the interaction with the previously mentioned women's group, it was highlighted that there is a lack of transparency in family finances, i.e., financial decision making, and overall control of finances is in the hands of the man. Despite the man earning more, all expenses are divided equally between the man and the woman. Women also have lower access to credit to manage inputs and lack access to markets to sell their harvests at a fair price. Many of them rely on informal groups called 'Tontine', thereby creating a common fund where everyone contributes equal amount of money. Additionally, some may also use gold as a form of insurance. However, they often lack access to formal banking institutions.

Moreover, in addition to participating in income-generating activities, women also do unpaid and invisible household and reproductive work in the form of being primary caregivers and responsible for managing household chores and childcare. Many women even bring their infants to the fields and attend to their needs while working. The women involved in the discussions shared that their typical workday begins at 8AM, and after returning home at 11AM to prepare lunch for their families, which often includes their husbands who are also engaged in cashew production, they resume working on the farm from 2PM to 5PM. They then return to their household and reproductive work until evenings. This highlights the double burden that women face which is often undervalued in societies.

INFO BOX 6. PROPERTY RIGHTS IN CÔTE D'IVOIRE

Property rights in Côte d'Ivoire are influenced by its past as a colony and the economic strategies of the post-independence era. The legal structure encompassed two primary approaches to acquiring land: statutory law, and customary law. Despite the government's claim to unregistered land in 1935, customary law retained its importance in regulating land rights, particularly in rural regions. The 1998 law (*Loi relative au domaine foncier rural*) aimed to merge customary practice into modern law, allowing farmers a period of ten years to register their customary rights and gain legal ownership over the land.

Source: Conseil Norevégien pour Les Réfugiés, Droit au logement, à la terre et aux biens des femmes déplacées dans l'Ouest de la Côte d'Ivoire dans la période post conflit; Government of Côte d'Ivoire, Loi n98-750 du 23 décembre 1998 relative au domaine foncier rural; INADES, 2010, La Filière Anacarde en Côte d'Ivoire Acteurs et Organisation

4.1.3 Impacts on the right to safe and healthy working conditions



Decent work is safe work. Another key component of the right of everyone to just and favourable conditions of work as set out in Article 7 of the ICESCR is the right to safe and healthy working conditions.⁴⁴ Thus, prevention of occupational accidents, access to safe drinking water, adequate sanitation facilities that also meet women's specific hygiene needs, and materials and information to promote good hygiene and safe working conditions are essential elements of a safe and healthy working environment.⁴⁵

The agricultural sector is one of the most hazardous of all sectors and the contributory causes for occupational accidents and illness include, among others, working with machines, tools, and animals; exposure to dust and other organic substances, chemicals, and pesticides; musculoskeletal disorders due to repetitive movements, forceful posturing or lifting weight and the exposure to extreme temperatures.⁴⁶

It is important to note that cashew harvesting is done manually by picking ripe fruits off the ground and separating the fruit and the drupe seed. This task is typically carried out by women. Among cashew producers, the most frequently mentioned concern is musculoskeletal strain. During the engagement, the women working on cashew farms also expressed that they encountered back and leg pain during the harvesting process. Cashew Nut Shell Liquid (CNSL), which contains caustic acids, is present within the cashew shell and has the potential to cause skin irritation and burns upon contact. Even though cashew producers might have a lower susceptibility to burns from CNSL compared to cashew shelling workers as the majority of CNSL is concentrated in the cashew shell, there remains a possibility that cashew producers could still be at risk of experiencing mild CNSL burns while engaged in the process of separating the cashew fruit from the drupe. Additionally, skin and eye irritation also seem to be common due to herbicide and

⁴⁴ Also connected with the right to the highest attainable level of physical and mental health. (Article 12.2 (b) and (c) of the Covenant on Economic, Social and Cultural Rights (ICESCR).

⁴⁵ UN Committee on Economic, Social and Cultural Rights, General Comment No. 23 on the right to just and favourable conditions of work (Article 7 of the ICESCR) UN Committee on Economic, Social and Cultural Rights (CESCR), para 30

⁴⁶ ILO, Safety and Health in Agriculture, Code of Practice (2011) para 2.1.3

insecticide use. Moreover, as noticed in the engagement, most cashew producers and workers do not wear personal protective equipment when separating the cashew fruit from the nut and when spraying herbicides and insecticides, thereby increasing the change of health risks.

Cashew producers and workers also often lack access to sufficient drinking water and sanitation facilities. This can specifically be a problem for women working on the farms. This may increase the risk of significant health implications including an increased rate of urinary tract infections and barriers to managing menstrual hygiene. Often households do not have proper access to water, due to lack of infrastructure. Additionally, water infrastructure, such as handpumps requiring manual pumping, can be detrimental to pregnant women's well-being.

An additional health and safety concern raised pertains to the stress associated with harvesting the seeds from fallen cashew fruits as swiftly as possible. This urgency stems from the need to expedite the harvesting, drying, and sorting process in order to sell the nuts at the best quality and thus price.

Lack of access to healthcare also seems to be a problem, with malaria standing out as the most prevalent disease. Many communities, especially those in rural areas, encounter barriers when accessing healthcare. Challenges such as insufficient infrastructure, and inadequate transportation may hinder access to medical facilities.

4.1.4 Impacts on the rights of the child – Potential indications of child labour



Based on limited evidence, child labour may exist on certain cashew farms. Child labour is defined as work that disrupts schooling and jeopardizes a child's well-being and personal development. According to ILO, child labour refers to work that: is mentally, physically, socially or morally dangerous and harmful to children; and/or interferes with their attendance to school by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work.⁴⁷

In discussions with cashew producers, it was noted that their children often assist the family during the harvest season, usually after school hours, on weekends, or on holidays. However, there are indications that a shortage of labour in some farms might lead to the employment of children. Additionally, it was highlighted that although education levels have improved in the past decade, there are still instances where some children lack access due to challenges related to obtaining birth certificates. These challenges may arise from the distance of the nearest town with necessary facilities, or due to their parents' lack of identity cards, which is a requirement for obtaining birth certificates and subsequently enrolling children in school.

Furthermore, while primary schools are typically accessible even in smaller villages, the availability of secondary and high schools is often concentrated in larger towns or cities. Consequently, children may be required to reside with relatives in these more urban areas to receive an education beyond the primary level. However, not all families may possess such social connections, and financial constraints might hinder their

⁴⁷ See ILO Convention no.138 and 182

ability to send their children for further education. As a result, some children may be unable to pursue higher education beyond primary school and may find themselves engaged in farm work instead.

4.1.5 Observation regarding the loss of biodiversity in the region



While the focus of this HRIA is on human rights, it is nevertheless important to highlight the observations made regarding the loss of biodiversity due to their potential impact on human rights of communities. Loss of biodiversity can impact several human rights such as the rights to life, food, water, culture, and a healthy environment.⁴⁸ It is worth noting that some stakeholders have raised concerns regarding biodiversity management due to the spread of cashew farms. At first introduced to combat desertification and soil erosion, cashew trees are now cultivated on land that has been cleared of trees, often through the use of fire. Another concerning aspect during the establishment of cashew tree plantations is the removal of naturally regenerating trees through weeding, resulting in the formation of a monoculture. Unfortunately, cashew farms are rapidly replacing the growth of other diverse crops such as mango, shea, cotton, and cereals, thereby negatively impacting biodiversity.⁴⁹

4.2 Intermediaries



Main adverse human rights impacts identified: Intermediary level

The right to a living income

The right to a living wage

Health and safety

This sub-section offers a summary of the primary human rights impacts identified within the intermediaries operating within the cashew supply chain, spanning from the producer level to cashew exporters or processors. While the HRIA primarily centred on the producer level, interactions with numerous intermediaries occurred during the engagement phase, albeit to a lesser extent with rightsholders. Nevertheless, **the findings are important to share in order to understand the dynamics between stakeholders in the supply chain.**

As detailed earlier in section 3.3, intermediaries encompass LBAs, *personne physique*, as well as *pisteurs*. This sub-section will also consider workers that are employed by the intermediaries who perform tasks like drying, sorting, and carrying bags. The intermediary landscape can be characterized by two tiers, wherein

⁴⁸ United Nations Office of the High Commissioner for Human Rights, 2022, [Integration Human Rights in National Biodiversity Strategies and Action Plans](#)

⁴⁹ Mongabay, 2021, [Forests falling for cashew monoculture: A repeated mistake in Côte d'Ivoire](#)

LBAs may consist of *pisteurs* themselves or procure directly from distinct *pisteurs* thereby acting as merchants. LBAs composed of *pisteurs* may also work in a cooperative setting where *pisteurs* hold shares. LBAs and *personne physique* specifically need to be registered and licensed by the CCA. **All the actors in the intermediary stage are considered as rightsholders as their human rights can be disproportionately impacted due to supply chain structures, dynamics and power imbalances.** Here, the specific reference is to individual *pisteurs*/small LBAs and workers involved in sorting and drying.

Moreover, there are three primary categories of *pisteurs*: *pisteurs mobiles*, *pisteurs résidents*, and *Grands-Pisteurs*. *Pisteurs mobiles* operate within larger towns or villages, receiving pre-financing from LBAs or processors or exporters, and conducting cashew collection across multiple villages. *Pisteurs résidents*, often local producers or traders, engage in the purchase and resale of cashews, benefiting from their local presence. *Grands-Pisteurs* are frequently important figures in villages such as village chiefs, who collect large cashew quantities and negotiate with *pisteur mobiles* or LBAs.⁵⁰ Moreover, *personne physique* also tend to be individual buying agents but having legally been registered.

Because Lidl's main supplier pre-selected the intermediaries to interact with in the supply chain, the assessment team visited additional intermediaries, to broaden the analysis, thanks to our network of local consultants. While these intermediaries were not directly chosen by the main supplier, some may have links to the main supplier's supply chain.

4.2.1 Impacts on the right to a living income for intermediaries and living wage for (sorting) workers



Multiple factors such as the market price volatility, demand, size of the intermediary, financing and sufficient transportation and storage can impact the right to a living income of intermediaries.

Like producers, intermediaries in the cashew supply chain also experience the adverse effects of price instability. The profit margin earned can fluctuate significantly based on the timing within the year and the prevailing market rates for cashews. A big factor to consider is also the size and network of the intermediaries. Larger or more influential intermediaries often have higher bargaining power compared to smaller ones. They may also have sufficient funds to finance the payment of producers or the *pisteurs* working under them. However, smaller and/or less influential intermediaries, who do not receive advance financing from processors or lack sufficient capital, may encounter liquidity challenges. This means they might struggle to maintain the necessary funds to promptly compensate the cashew producers for their products. Smaller intermediaries may also not be able to buy large amounts of raw cashew nuts (RCN) and therefore may struggle to access markets where they can make profits. One intermediary mentioned that cooperatives need to be large enough to get financing from processors. Initially, he operated as an individual entity (*personne physique*), but his capacity to be a reliable sourcing partner for exporters was constrained due to insufficient volume. His collection was limited to 300-500 tonnes. To address this, he joined forces

⁵⁰ INADES, 2010, La Filière Anacarde en Côte d'Ivoire Acteurs et Organisation

with five other *pisteurs*, enabling them collectively to collect over 1000 tonnes of cashews. Therefore, some *personne physique, pisteurs*, and even cashew producers tend to move towards forming LBAs with others in order to be able to sell directly to processors and exporters.

The local market, which acts as a storage area for LBAs and *pisteurs*, was also visited during the engagement. Here, it was conveyed to us that many *pisteurs*, striving to maintain their profit margins, often go to villages with the lowest prices. One *pisteur* stated, 'There is no loyalty in the industry. Everything is about the price.' Sometimes, intermediaries can engage in exploitative practices by misappropriating funds during sales and giving cashew producers an unfair price. This can lead to criminal liability, resulting in many intermediaries being shut down or even resulting in prison sentence. Additionally, when market prices are low, one of the *pisteurs* from the village expressed that they often find it difficult to tell the producers regarding the low price of the cashews. However, other *pisteurs* that were engaged within the villages seemed to have a closer relation to producers they procured from, therefore resulting in a more cooperative relationship.

Maintaining quality is another significant concern for intermediaries. Should the cashews be transported to processors or exporters and fail to meet the required quality standards, the intermediaries not only lose out on sales but also bear the burden of the transportation costs. One of the engaged intermediaries highlighted that there are instances where cashew producers fail to adequately dry and sort the cashews, which subsequently compels intermediaries to undertake these tasks themselves. This ultimately leads to a reduction in the quantity of cashews that can be sold at a desirable quality. However, this can often be a point of contention between the intermediaries and producers and potentially resulting in legal ramifications for *pisteurs* who may be accused of improper compensation due to the reduced weight of the cashews.

In addition, intermediaries are responsible for arranging transportation and storage facilities, which result in extra costs. A *pisteur* explained that he uses a motorcycle for collecting smaller volumes from small producers, while he rents a three-wheeler for procuring more than one sack of cashews. When utilizing a three-wheeler, he gathers three sacks and compensates for the three-wheeler expenses by deducting one kilogram from the amount paid to the farmer. Insufficient warehousing can pose a challenge for smaller intermediaries, as they might lack the capacity to store cashews under optimal conditions. This situation can compel intermediaries to sell the cashews quickly, potentially leading to financial losses if the market price is unfavourable at that time.

Additionally, and very importantly, some LBAs also employ **contracted workers** who tend to be mostly women to dry and sort the cashews. These women typically originate from neighbouring villages and participate in informal work arrangements. During our discussions with these women, they shared that their daily earnings range between 1,700-2,000 FCFA, (2.59-3,05 EUR) which they explained to be inadequate to cover their basic sustenance such as food. Moreover, due to the lack of formal employment status, these women tend to lack a stable source of income. **Notably, these contracted labourers appear to remain unnoticed within the broader context of the supply chain, existing as a hidden workforce with higher levels of vulnerability.**

4.2.2 Impacts on the right to safe and healthy working conditions



The contracted women workers for drying and sorting often work under very high temperatures without sufficient shade, access to water, and sanitation. During the engagement, two of these women came up to ask for water due to the heat. As previously mentioned in section 4.1.3, lack of access to water and sanitation can cause significant health implications including dehydration, heat strokes, increased rate of urinary tract infections and barriers to managing menstrual hygiene.

Additionally, young men are also employed, particularly to conduct tasks such as loading, unloading, and storing sacks of cashews. Given that these activities involve substantial physical effort, and the sacks can weigh as much as 80 to 90 kilograms, there is a notable risk of increased occurrences of injuries.

4.3 Processing Level



Main adverse human rights impacts identified: Processing level

The right to a living wage

Health and safety

The right to equal treatment and non-discrimination

This sub-section provides an overview of the main adverse human rights impacts identified at the cashew processing stage. As mentioned previously, the focus of the HRIA was on the farm level, however during the engagement phase, two processing facilities of Lidl's main supplier of processed cashew kernels in Côte d'Ivoire were visited in the outskirts of Abidjan, one in Bouaké and one in Anyama. The scope of these visits was not to conduct a full facility assessment or audit, but to get an impression of the rightsholders' situation at this last value creation step in Lidl's processed cashew supply chain. This last supply chain step, before the processed cashew kernels are shipped to Lidl, is also the stage of the supply chain where traceability of cashew is still given, and potential and actual impacts can be assessed with more certainty. Further, the engagement team also visited a good practice example of a processing facility in Bouaké for context.

Additionally, it's worth highlighting that unlike some other processing companies that may slow down or shut down operations during the off-season, the main supplier's factories operate year-round due to their ability to accumulate a substantial quantity of cashews, allowing them to maintain continuous operations throughout the entire year.

As mentioned in section 3, processing of RCN into cashew kernels is a value chain step that is relatively recent in Côte d'Ivoire compared to Asian countries, with in general only around 7% of raw cashews actually

being processed in the country (although numbers are increasing yearly).⁵¹ The processing steps needed to transform the RCN into the clean kernel to be shipped, and include, amongst others, the boiling, cracking, and shelling of the hard raw nuts, revealing the kernel in its skin, and then the steaming, peeling, drying, final cleaning of the kernel and its subsequent sorting. While there are some highly mechanised and automated parts of the process (depending on the facility), there are several steps along the process where manual labour is required. Similar to the upstream supply chain, women make up a large percentage of the workforce in the processing stage, particularly when it comes to the shelling and kernel cleaning stages.

During our visit to the facilities, the different processing stages and the respective workers' tasks were explained. The assessment team also visited locations such as the infirmary, childcare facility, canteen, and sanitary facilities. Staff of the processing facilities were engaged with, and eight worker interviews were conducted. In a debriefing meeting, observations and findings were discussed with factory management and Human Resources and remedial actions were recommended.

4.3.1 Impacts on the right to a living wage



The workforce at the processing facilities visited is made up of different types of employees, with some being directly employed by the factory and some being employed through contracting agencies. The temporary workers employed through the agencies are either daily workers or monthly workers, while workers employed by the factory usually have a permanent contract. At the factories visited, only 10% of the workforce was directly employed. Each facility usually has different labour contracting agencies. In contrast to this, most of the management and administrative staff are directly employed and permanent. On the other hand, the majority of the contracted workers are usually lower skilled workers on the factory floors. Lower skilled workers typically engage in tasks such as warehousing, cooking, shelling, peeling, and cleaning stages, with manual peeling making up 50-60% of the whole workforce. However, skilled workers (e.g., for technical maintenance) are sometimes engaged through agencies and usually work on monthly engagements.

Each contracting agency has its own structure and hierarchy, with certain processing sections having units with their own heads and a supervisor who oversees the whole section. Information is provided by supervisors to contracted workers. This includes health and safety as well as wage-related information.

While permanent workers at the factory are directly employed by the supplier, contracted workers received their salaries through their agency, mostly through mobile money such as MTN, Orange and Wave. Daily workers received their salary at the end of each workday or at the end of each week. However, it should be noted that daily workers can work at a specific factory for many years. This was the case with most of the workers engaged with one worker having been with the factory for 12 years.

When asked about the wages, the workers told us that it depended on the section. Wages were calculated as a combination of the minimum daily wage, which would only be paid when a certain productivity threshold

⁵¹ World Bank, 2018: [Côte d'Ivoire: Improving Opportunities Through Cashew Value Chains](#)

was reached (piece rate), and additional premiums paid for higher productivity, productivity being calculated in output in tonnes or kg (depending on RCNs or cleaned kernels).

INFO BOX 7. MINIMUM WAGE IN CÔTE D'IVOIRE

SMIC, standing for 'Salaire Minimum Interprofessionnel de Croissance', is the minimum wage in general for all workers except agricultural workers. The current SMIC in 2023 is 75,000 FCFA (114.34 euro) and was raised from 60,000 FCFA (91.5 euro) in 2022.

Source: [Government of Côte d'Ivoire, 2023, Emploi de protection sociale: Le SMIG passe de 60,000 FCFA à 75,000 FCFA au 1er Janvier 2023](#); ES, 2010, [La Filière Anacarde en Côte d'Ivoire Acteurs et Organisation](#)

During the engagement, the workers told us that their wages depended on their productivity. This could be impacted by factors out of the control of the workers. For instance, wages for workers conducting tasks such as shelling, and peeling depended on the quality of kernels. For workers conducting cleaning of the kernels, impurities can lower the output in a day as it takes longer to clean each individual kernel. Quality of kernels could also be impacted by bad conditions of machinery, which in turn also adversely impacts productivity.

The wages for workers varied depending on their specific tasks and skill levels. It appeared that contracted workers at Anyama processing cashews would receive a minimum wage or higher if they worked on a daily basis, but most workers did not work every day. For instance, at the Anyama factory, one contracted worker mentioned earning 25,000 FCFA (38.12 EUR) per week. If they worked every day of the week, their monthly earnings would total 100,000 FCFA (152.49 EUR) which would be above the current minimum wage. However, they also indicated that their monthly rent was 45,000 FCFA (68.62 EUR), and they spent an additional 3,000 FCFA (4.57 EUR) per week on food. These expenses did not cover other housing-related costs and educational expenses for their children.

On the other hand, at the Bouaké facility, another contracted worker mentioned earning 3,000 FCFA (4.57 EUR) per day, suggesting that it is insufficient. In addition, according to some workers, the current wage does not appear to provide sufficient income for savings after covering basic expenses.

4.3.2 Impacts on the right to safe and healthy working conditions



As explained, workers at the facility perform different tasks which are connected to different levels of risk exposure. For the factories, hygiene seems to be a priority to meet stringent food safety standards. Similar emphasis was placed on health and safety, as evidenced by conducting weekly safety meetings for their entire workforce, having an infirmary, an ambulance and a *Comité de sécurité et santé*. However, the site

visits revealed instances where certain workers either lacked proper personal protective equipment (PPE) or were using incorrect PPE. Examples included inadequate or damaged safety shoes, as well as instances of lack of hearing protection and gloves. This becomes particularly relevant when taking into consideration CNSL, which is in the outer shell of the cashew nut and causes burns when in contact with skin – a risk most present/relevant at the shelling stage of processing. Moreover, the factory also had high noise levels in certain sections, which combined with lack of hearing protection, can be detrimental to workers' hearing.

Workers in the cleaning and peeling stage also sometimes used small hand-held machines to clean the kernel. If proper PPE is not adequately worn, this process can lead to the inhalation of a significant amount of dust from the cashew kernels by the workers. Further, the temperatures in facility buildings were very high, leading to high exhaustion and fatigue levels amongst workers. Connected to the heat, one worker told us that despite the very high temperatures at work, she did not dare to drink much water for fear of having to use the sanitary facilities, which in her description were too few and very unhygienic.

Further general impacts associated with factory work such as heavy physical and manual labour were observed. This included ergonomic challenges, manual work under bad lighting, and repetitive work. Moreover, there is currently no established formal mechanism for tracking worker attendance. Typically, this responsibility falls on the supervisors from each contracting agency overseeing their respective sections. However, it was observed that certain supervisors did not consistently record the arrival and departure times of individual workers, which could potentially raise safety concerns. This is due to the fact that if there is a safety concern such as a fire, the factory would not know who is still in premises.

It can be said that health and safety is generally addressed at the facilities, with management systems in place to address hazardous conditions. However, the level of adherence to these processes and remedial action in cases of complaints could be improved.

4.3.3 Impacts on the right to equal treatment and non-discrimination



The workforce in cashew processing and in the specific factories seem to be mostly represented by women. While the women workers generally did not express the presence of any kind of discrimination, it is important to note there is a lack of representation of women at the management level. This pattern has been observed in various industries and can be attributed to underlying discriminatory factors.

Additionally, there was insufficient presence of Ivorian individuals in managerial positions. The majority of management colleagues have backgrounds outside of Côte d'Ivoire, i.e., Indian or Lebanese.

4.3.4 Impacts on the right to freedom of association



The right of workers to form and join organizations of their own choice is an integral part of a free and open society and serves the purpose of protecting and promoting the right to work (Art. 22 of the ICCPR). This is a key human right at the workplace and the prerequisite for sound collective bargaining, through which employers and trade unions can establish fair working conditions and wages. Both are recognised as

fundamental rights at work in ILO Declaration on Fundamental Principles and Rights at Work and enshrined respectively in ILO's fundamental Conventions.

This topic was not raised as a focus topic or concern during the desktop research nor during the engagement with stakeholders. Yet, due to its significance, it was certainly included in our engagement with rightsholders. When asked regarding the right to freedom of association for factory workers at the supplier, it was indicated that workers are represented by *délègués du personnel* who meet on a monthly basis and have minutes of the meeting. Contracted workers did not seem to raise concerns about the representation level and also mentioned they could forward grievances to the *délègués du personnel*. No indication of a union was provided and hence questions remain as to whether the *délègués du personnel* represent adequate enjoyment of the right, that could lead to a potential adverse impact.

4.4 Access to Effective Remedy



Any person whose rights and freedom are infringed shall have access to effective remedy (Art. 2 ICCPR) on equal terms (Art. 14 ICCPR). Notwithstanding the important role of the State in guaranteeing access to remedy (e.g. through courts or national ombudsman), businesses should establish or participate in effective operational-level grievance mechanisms for individuals and communities who might be adversely impacted.⁵² During our engagement at the **producer** as well as the **intermediary level** with the rightsholder groups of farmers and their families, local communities, contracted workers and *pisteurs*, no formal effective grievance channels were identified.

At the **processing stage**, different grievance channels were explained by the supplier, including complaint boxes, supervisors, health and safety officers, and worker representatives. The supplier also has a formal online whistleblowing system in the form of an email address. When asked whether they knew how to report a grievance or a concern (e.g., about sanitary facilities or excessive heat), contracted workers at the processing facilities reported knowing about the complaint box but not having used it, as well as not being sure about whom to contact to voice any concerns personally, thereby raising questions on the effectiveness of the grievance mechanisms and its associated communication.

As a summary it can be said that grievance channels are available at the processing stage, where the supplier is directly expected to adhere to the Supplier Code of Conduct. However, no formal grievance channels have been established further up the supply chain.

4.5 Structural Drives of Adverse Impacts



The identified impacts on human rights need to be considered in a wider social and political context. For that, it is important to understand the underlying structures that shape the actions of stakeholders along the

⁵² Principle 29 of the UN [Guiding Principles on Business and Human Rights](#)

supply chain. While some of them have been touched upon when describing the impacts above, the following should be highlighted:

The retail sector in the agri-food industry is characterized by **very high competition**. Low pricing strategies have proved to be successful for business, resulting in higher profits for supermarkets. Pricing has become a very sensitive topic for retailers due to customer behaviour. The slightest difference in price can turn into a competitive disadvantage. This also can be observed in the cashew sector. For instance, as noted in the engagement, due to the COVID-19 pandemic as well as the recent cost of living crisis, consumer demand for cashews has decreased, leading in turn to a decrease in price for RCN at producer level. The volatility in prices is favoured by tender-based buying practices that are prevalent throughout the industry. More long-term planning is necessary to have a positive effect on volatility. Producers are not only confronted with this concentration of buying power but also have to compete on a globalised market, for example, cashew growing and processing in India or Vietnam.

The **remoteness and structural disadvantage** of most cashew producers further underpins this dependence of volatile prices, as producers have limited transparency over prices, lack access to markets in part due to lack of infrastructure. Furthermore, the cultivation and harvest of cashews in Côte d'Ivoire is characterised by **seasonality**, which makes producers' profit margins very dependent on the season and weather conditions. The structural disadvantage of the largely poor communities is also in part due to their **lack of access to basic infrastructure** such as health care, education, water and transport infrastructure. For their income, farmers are largely dependent on cashew as their only cash crop. At the same time, cashew farmers often face **limited economic opportunities** beyond cashew. This is due to the climatic conditions in cashew growing regions, allowing for the growing of few other cash crops, getting more challenging every year with the effects of **climate change** being felt also in cashew production. This dependence on cashew for income is further enforced by **high barriers to exit** for cashew producers, as the plantations with cashew trees are difficult to be converted into land for other crops on a short notice. This was a common topic also in our engagement, where communities had heavily invested in cashew plantations during the price peaks before the pandemic and are now faced with a situation in which the price for cashew has plummeted.

The global food trade has led to fragmented supply chains. The presence of many different actors involved leads to challenges in **supply chain visibility and to a power imbalance**. This has been also observed in the context of the cashew supply chain in Côte d'Ivoire: producers appear to lack influence pricing, even though they bear a high risk. There is currently **no sector wide alignment** on a living wage measurement systems or approaches. In addition to price pressures, producers are also faced with challenges concerning the **improvement of yield and quality**, which has a decisive effect on the prices for RCN achieved and thereby producer income.

The described sector dynamics and driving factors are leading to a challenging environment in Côte d'Ivoire, not only for producers of cashews and their communities but also certainly for workers. The transparency and information sharing between the different players in the value chain is limited, which might lead to a non-transparent environment and **uncertain income prospects**. Producers are expected to deliver the

required volumes and meet quality standards for the lowest price possible, since they are dependent on only a few buyers. **Their efforts, however, are not well reflected in the negotiated prices.** The complex, untransparent and fragmented conditions in the supply chain in the cashew sector along with the current purchasing practices lead to **opaque conditions in the trading process.** The sector is relying on **vulnerable groups** like migrants, women, and disadvantaged communities. Coupled with the absence of adequate governmental responses and the lack of concerted corporate action, it has resulted in the **weak enforcement of labour and social standards, especially concerning living income.**

5 Prioritisation of Impacts and Lidl's Linkage

As explained in detail, **some issues identified during the HRIA can be linked to structural challenges in the more rural areas of cashew production in Côte d'Ivoire and less to the cashew sector business activities per se.** Other impacts, however, indicate a clear link to the cashew sector business activities.

5.1 Assessing the Severity and Linkage



Understanding the severity of impacts is an important step of any HRIA. Where unable to address all adverse human rights impacts simultaneously, prioritisation of action might be necessary, starting with the actions that address the most severe impacts. For that, it is important to consider that severity is not an absolute concept in this context but is relative to the other human rights impacts' identified in this case.⁵³

The following table shows the severity classification of the adverse identified human rights impacts identified for the cashew supply chain in Côte d'Ivoire.

Following the UN Guiding Principle on Business and Human Rights, severity was assessed considering the following factors:

- the gravity of the impact (its scale),
- the amount of people that are or will be affected (its scope), and
- the ability to restore those affected to the same or equivalent situation before the adverse impact (its irremediability).

Another important aspect is to understand the **relationship of Lidl to the impact** (i.e. the attribution). This is key to understanding Lidl's response to the impacts and in defining appropriate measures. As shown, Lidl has either contributed to (for example, through its business practices) or is linked to the identified impacts (for example, linked through its business relationship).

Following the OECD Due Diligence Guidance⁵⁴, in the case of contribution, Lidl is advised to cease or prevent such contribution and use its leverage to mitigate any remaining impact to the extent possible. In case of being linked to the impact, Lidl needs to use its leverage to influence the entity causing the adverse impact to prevent or mitigate the impacts.

⁵³ Principle 24 of the UN [Guiding Principles on Business and Human Rights](#)

⁵⁴ OECD [Due Diligence Guidance](#)

Table 2 – Overview with prioritised impacts according to severity

Human rights adversely impacted	Severity & Relation to the impact	Main rightsholder group affected
Producer level		
The right to a living income & living wage		Producers (smallholder farmers and their families) and contracted workers
The right to equal treatment and non-discrimination treatment		Women members of the farming communities
Health and safety		All people involved in the harvesting (producers and contracted workers)
Child rights – Instances of child labour		Children living in the farming communities
Intermediate level		
The right to a living income		Local buying agents/ <i>pisteurs</i>
The right to a living wage		Workers involved in the sorting; loading of the cashews
Health and Safety		Workers involved in the sorting; loading of the cashews
Processing level		
The right to a living wage		Workers at the processing level
Health and Safety		Workers at the processing level
The right to equal treatment and non-discrimination		Women workers at the processing level
The right to freedom of association		Workers at the processing level
All levels of supply chain		
Access to effective remedy		All people involved in all stages of the supply chain (from producing to processing)

Legend


 **Contributed to**
 **Linked to**

The results of severity range from low; low medium; medium; medium-high; high to very high. The impact scale is based on a scoring system that combines scope; scale and remediability.

6 Recommendations

Lidl is an important client for raw and processed cashews from Côte d'Ivoire. Therefore, it has leverage to contribute to positive change and improve social standards along the supply chain. Lidl is committed to respecting human rights and encourages its suppliers to do so by introducing its Supplier Code of Conduct in negotiations with suppliers as part of the contract. The company has conducted a risk assessment of its supply chain, identifying cashews from Côte d'Ivoire as one of its priorities for an in-depth assessment. In this context, Lidl took the recommended steps to identify adverse human rights impacts by commissioning the present HRIA. Lidl has been publicly reporting its journey on improving its human rights due diligence. However, additional action is needed at different levels of the supply chain. In this part of the report, recommendations will be shared, clustered into immediate action and longer-term recommendations as well as recommendations regarding the different rightsholder (farmers, workers, etc.) and stakeholder groups (suppliers, buying department, etc.). The recommendations consider the severity of the identified impacts ([Section 5](#)), the attribution to Lidl and its leverage to address them.

It is worth acknowledging that the in-scope supplier has a traceable supply chain, which is named as the more sustainable option as opposed to the conventional supply chain. It is yet to be assessed whether sourcing from the sustainable channel would indeed tackle all the identified adverse impacts. The following recommendations aim at addressing the identified adverse impacts in the conventional supply chain with the objective of providing Lidl with a course of action for its overall cashew supply chain in the country.

6.1 Recommendations for immediate action



The following immediate action recommendations have been chosen either due to their pressing nature in terms of severity of the impact addressed, their direct linkage to Lidl activities and leverage or both, or because they build the basis for longer-term improvements.

6.1.1 Improving traceability



- It is vital to enhance traceability of the cashew supply chain beyond the processor to better understand the actual impacts that Lidl might cause, contribute, or be linked to in their supply chain.
 - One approach could involve working to enhance traceability within the conventional supply chain with a more enduring objective. To enhance traceability in the conventional supply chain, a pilot initiative could entail providing resources for intermediaries to establish traceability systems, such as attaching labels on sacks during farm-level transactions.

- Collaborate with other retailers to advocate for traceability standards across the sector is also essential. It is important that this advocacy work is complemented by investments, as the responsibility of ensuring traceability should not solely rest on stakeholders located further upstream in the supply chain. Lessons drawn from the cocoa industry's experiences could serve as valuable insights for consideration.

6.1.2 Buying responsibly



- Expand human rights due diligence expectations vis-à-vis with direct suppliers beyond the Supplier Code of Conduct by including product specific requirements, such as traceability or third-party certification.
- Ensure that human rights and social compliance requirements are embedded in contracts with suppliers and include the identified human rights risks, while promoting a shared responsibility approach. Consider integrating the obligations for Lidl as a buyer into contract clauses. This way a typical regime of warranties, with concomitant strict contractual liability, that incentivizes suppliers to hide problems for fear of contractual sanctions could be avoided. Instead, Lidl's commitment to responsible sourcing could be part of the contractual relationship, providing written obligations to avoid contributing to adverse human rights impacts. For example, the [ABA Working Group Model Contract Clauses 2.0](#) provide a helpful orientation, how to translate the UNGPs into contractual obligations.
- Ensure that all suppliers acknowledge and are able to follow the Supplier CoC. For this, appropriate capacity building and control measures should be defined, beyond the mere signature. The German Supply Chain Due Diligence Act and respective communication from the authorities refer to trainings, dialogues on the topics, audits etc. In addition, the [BAFA Guidance on Collaboration in the Supply Chain](#) provides recommendations for constructive collaboration with suppliers which should be considered.
- Set-up a living wage strategy, in cooperation with suppliers and give guidance and support in implementation.
 - This topic can become very relevant in the context of upcoming legislations such as the Corporate Sustainability Due Diligence Directive (CSDDD), being currently at the final stage of the negotiations for a final text among EU institutions. In fact, the European Parliament has proposed to include the obligation for companies to adapt business models and strategies, incl. purchasing practices, including those which may contribute to adversely impact living wages and incomes (See [Amendment 187](#) on the European Parliament's position).

- Exchange on lessons learnt from the program [Way To Go Cashew](#) in Tanzania led by Lidl NL aimed to improve the incomes for cashew farmers and explore possible implementation of the program in Côte d'Ivoire.
- Reiterate the expectation formulated in the Supplier CoC towards direct suppliers, such as the cascading of requirements along their upstream supply chain, putting a focus on an income and wage that covers the cost of living.

6.1.3 Monitoring expectations



- Increase monitoring of direct suppliers as to their adherence to the above-mentioned requirements (and in the future also indirect suppliers), also here putting a focus on living income. In practice, this could include monitoring if all supply chain actors adhere to the price floor defined by the CCA. This recommendation presupposes that supply chain partners upstream are known and traceable.
- Regularly monitor adherence to the expectations set out in the Supplier CoC and remediate any shortcomings such as by undergoing a SMETA audit. A follow-up on the results and providing support to the suppliers with necessary remediation is recommended.
- If considering third-party audits as a necessity for suppliers, ensure that they contribute to creating sustainable change. As research has shown, audits often fail in detecting human rights violations due to different factors like poor execution (e.g., interviewing workers in front of their employer) or audit-fraud, but also because systemic human rights issues such as low wages, gender-based violence, chronic unpaid over-time, harassment, and discrimination as well as denial of fundamental rights to freedom of association and collective bargaining are difficult to detect.
- Specifically concerning the workers at the main supplier's processing facilities in Anyama and Bouaké, the following remedial steps are recommended to be communicated and monitored, based on the impacts identified during our visit:
 - Ensure all staff have appropriate PPE at their disposal, including e.g., safety shoes, gloves for protection from acid and hearing protection.
 - Ensure decent temperatures in facilities also during hot periods, e.g. by increasing ventilation.
 - Ensure sanitary facilities are in good conditions so that workers feel comfortable to use them, and implement a grievance channel for workers to signal if this is not the case.
 - Ensure wages allow for a decent standard of living for all workers, specifically regarding more vulnerable temporary workers (*daily-journaliers*, as well as monthly). This can be done by conducting a living wage analysis.
 - Understand better the current situation on freedom of association and representation of contracted workers (*journaliers*), for example in collective bargaining structures.

- Set up effective grievance mechanisms that are accessible to workers and by ensuring confidentiality and non-retaliation. Conduct trainings on grievance mechanisms.

6.1.4 Improving purchasing practices



- Ensure that Lidl's internal responsible sourcing processes and the respective trainings address implications of unethical purchasing practices (e.g., power imbalance in buyer and supplier relationship, inaccurate product specifications and forecasting, frequent changes to specifications, aggressive price negotiations, lack of support to meet social and environmental standards). If it has not been part of the development of the responsible sourcing strategy yet, ask external experts to identify gaps and potential for improvement in sourcing process.
- Consider expanding the internal 'Buyers Handbook' by including the formalisation of the sourcing strategy to reach 100% African processed cashew kernels.
- Incorporate the minimum cashew price established by the CCA into standard supplier negotiations and oversee the compliance with this prescribed minimum price throughout the supply chain, ideally extending down to the level of producers.
- Consider changing the buying strategy to a more stable forecasting model instead of tendering multiple times a year, thereby contributing to reduced price volatility.
- Build and retain more direct and long term relationships with strategic suppliers (and agencies) in order to achieve more cooperation on challenges where concerted action is necessary, such as the more structural impacts including living wages explained above.

6.1.5 Addressing adverse impacts in the deeper supply chain



- Train the main supplier's buying staff to understand how living wages and living income can be considered during the sourcing process and negotiations with suppliers. Also consider training the main strategic suppliers more generally on purchasing practices and implications for living wages and income.
- Request the main supplier to provide a break-down of costs from their supplier to understand wages received by sorting workers.
- Use (or seek) leverage on business partners to raise awareness and implement capacity building to address health concerns at the producer level, for instance, the use of PPE when handling RCN due to the risk of CNSL burns as well as pesticides and herbicides use.
- One of the key objectives of the assessment was to gain an understanding of Lidl's cashew supply chain in Côte d'Ivoire. The report highlights that traceability poses a significant challenge within the cashew supply chain, particularly due to aggregation at the intermediary level. As transparency of the supply chain is one important driver to enable due diligence measures to be effectively implemented, Lidl's interest is to find ways to increase traceability. However, **as many human rights**

impacts are systemic, the identification of individual cashew producers to address such risks is not the sole approach. Instead, companies are encouraged to explore different ways to increase leverage to contribute to meaningful preventive and remedial actions. Collaborating with sector-wide or cross-sector initiatives, or with NGOs engaged in addressing identified human rights risks, including the identified potential adverse impact on child labour and the impact on the right to equal treatment for women, in particular on access to land and finance, presents an additional path to address human rights impacts. Examples of NGOs to engage with are: [INADES](#); [FarmStrong](#); [Solidaridad](#) or [INKOTA-Netzwerk](#). Additionally, the ILO provides a Multinational Enterprises and Enterprise Engagement Unit (MULTI) that can be engaged to learn about current ILO activities and works directly with companies via [the ILO Helpdesk](#).

- Explore ways of collaborating with main supplier and within the sector to set-up effective grievance mechanism and access to remedy down to producer level, incl. vulnerable groups such as migrant and contracted workers.

6.1.6 Internal communication and follow-up



- Communicate the findings of the present HRIA to leadership and colleagues of the buying department as well as other relevant functions.
- Establish an internal working group including buying, CSR professionals as well as other relevant functions to ensure implementation of these recommendations.
- Communicate the findings of the present HRIA to the agency and all cashew suppliers and set common targets and a clear timeline to work together on implementing the proposed recommendations. Consider a dialogue with the relevant business as well as civil society actors, including suppliers and farmers.
- Assess how far the findings for cashew supply chains in Côte d'Ivoire could be relevant for other sourcing countries and engage with relevant stakeholders such as suppliers and agencies.

6.2 Longer-term Recommendations



6.2.1 Improving purchasing practices



- Integrate responsible purchasing key performance indicators (KPIs), incentives and goals into buyer's job description and professional development plans. For example, make sure that environmental and social standards become an integral part of the purchasing decision.
- Support professionals from the procurement department to implement responsible purchasing practices, for example through trainings.

- Continuously monitor how purchasing practices might be negatively impacting workers and farmers on the ground. For example, engage with the agency in order to reach out to suppliers, producers and workers to reassess impacts.

6.2.2 Enhancing traceability through digitalisation



- Further foster traceability in the supply chain by implementing digital traceability solutions as well as digital payment methods to ensure fair and transparent prices at each stage of the cashew supply chain, down to farmgate level. This could, for example, be achieved in cooperation with government agency CCA or other stakeholders.

6.2.3 Other



- Currently Lidl is buying from international suppliers operating facilities in Côte d'Ivoire. In the future, it might be beneficial to also buy from more locally owned and operated processors.
- Support further local value addition in Côte d'Ivoire by buying not only locally processed but also locally seasoned and packaged cashew.
- Engaged stakeholders stressed the importance of holistic agroforestry approaches concerning the challenges of monocultures, biodiversity loss and dependence on single cash crops as well as malnutrition. Consider including this approach when working on living income solutions.
- Consider weather-based insurance schemes to support producer communities in dealing with climate change caused weather extremes.
- Collaboration with microfinance institutions such as CGAP to support women cashew producers financially. Providing access to credit and financial resources can empower women and improve their livelihoods due to impact on farming practices and yield.

7 Conclusion

In this HRIA commissioned by Lidl, actual and potential adverse impacts were identified for the different rightsholder groups engaged within the cashew supply chain. The main rightsholder groups are distributed along the three main stages of the supply chain: (a.) the producer level, which includes smallholder farmer families and migrant contract workers, (b.) workers at the intermediary stage, and (c.) workers at the processing stage in the factories. The most severe actual adverse impacts identified include **lack of living income or living wages**, particularly, and **health and safety concerns**.

While Lidl has some basic human rights due diligence processes in place such as its Supplier Code of Conduct, as well as an informal strategy to source more processed cashew kernels directly from countries in the African continent, no monitoring or training activities have been implemented yet. Additionally, there is currently no traceability for the conventional cashew supply chain beyond the processing stage, making the analysis of impacts and subsequent remediation and monitoring more challenging.

Therefore, the report suggests prioritising buying responsibly, improving purchasing practices, monitoring expectations, and addressing adverse impacts in the deeper supply chain.

While traceability or transparency in the supply chain is important, many human rights impacts identified are more systemic. This makes it difficult to identify individual cashew producers to target solution approaches. Instead, Lidl is encouraged to explore different ways to increase leverage and contribute to meaningful preventive and remedial actions such as participating in sector-wide or cross-sector initiatives.

8 Abbreviations

RCN	Raw Cashew Nuts
LBA	Local Buying Agents
CCA	Conseil du Coton et de l'Anacarde
CNSL	Cashew Nut Shell Liquid
SMIC	Salaire Minimum Interprofessionnel de Croissance
ABA	American Bar Association (Professional association of lawyers)
AFOR	Agence foncière rurale
AM	Before midday ("ante meridiem")
BAFA	Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle)
CFA francs	Franc de la Communauté Financière Africaine
CoC	Code of Conduct
CSDDD	Corporate Sustainability Due Diligence Directive (Richtlinie über die unternehmerischen Sorgfaltspflichten im Hinblick auf Nachhaltigkeit)
CSR	Corporate Social Responsibility
EUR	Euro (currency)
FCFA	Franc de la Communauté Financière Africaine
FOB	Free On Board
GDP	Gross Domestic Product
HDI	Human Development Index
HRIA	Human Rights Impact Assessment
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
ILO	International Labor Organization
INC	International Nut & Dried Fruit Council
kg	Kilogram
KPI	Key Performance Indicator
Lidl NL	Lidl Netherlands
LkSG	German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz)
MTN	Mobile Telephone Network (telecommunications company)
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
PM	After midday ("post meridiem")
PPE	Personal Protective Equipment
SMETA	Sedex Members Ethical Trade Audit
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNGP	United Nations Guiding Principles

