



# Responsible Food and Beverage Procurement: A Path Forward for Higher Educational Institutions

## A. BACKGROUND

### I. Introduction

In the past decade, about a dozen laws have been discussed or implemented to encourage or mandate transparency and human rights due diligence (HRDD) in supply chains. In the United States (US), California enacted the California Transparency in Supply Chains Act in 2012 and the European Union has drafted a mandatory HRDD framework that will be implemented in the near future. In addition, the US has banned tomatoes and tomato products from Xinjiang, China. This ban has had a significant impact on tomato supply chain since China is the world's largest tomato producer, with Xinjiang growing half of the tomato production in China.<sup>1</sup> These laws point to the growing interest in holding businesses accountable for addressing labor abuses in their supply chains; they have also increased scrutiny of food and beverage companies' due diligence throughout their supply chains, all the way to farms.

These laws currently are not widely known by buyers in higher educational institutions that purchase food and beverage or other collegiate products. Educational institutions generally do not directly purchase food commodities from the source, and it is difficult to implement supply chain due diligence. Nevertheless, the laws have consequences for large food buyers like universities, as imported goods made with child or forced labor could be detained at the border by US Customs and Border Protection. Furthermore, students continue to demand products that are free from labor and human rights abuses. An educational institution's choice of vendors and suppliers may reflect the values promoted by the university and advocated by students, as it might choose companies that transparently address the challenges or businesses that ignore supply chain risks. Given the importance of the values that educational institutions promote, and that are advocated by students, several universities in the US are evaluating their food and beverage (collectively "food") procurement practices.

One such university is Ohio State University (Ohio State), which has been working with Fair Labor Association (FLA) to address the supply chain labor issues in its apparel licensing programs since FLA's inception. In 2018, Ohio State embarked on a project to gain more insight into labor issues in its food supply chains and learned that the food industry is complicated due to the large number of commodities, products, and actors involved as well as the opaque nature of the supply chains. While more educational institutions have started to request transparency when calculating the carbon footprint of food, there is a lack of understanding of supply chain transparency in general and the type of transparency that provides the right kind of information. It is challenging for

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<sup>1</sup> Swanson, A. (2021, January 13. Updated 2021, January 19). "US Bans All Cotton and Tomatoes from Xinjiang Region of China," *The New York Times*. <https://www.nytimes.com/2021/01/13/business/economy/xinjiang-cotton-tomato-ban.html>.

institutional buyers like Ohio State to explore ways to improve labor conditions in food supply chains with limited transparency and supplier cooperation.

This white paper addresses sustainable food procurement at universities, focusing specifically on social issues (such as labor conditions for workers) that universities are increasingly interested in addressing. It builds upon Ohio State's project with FLA to explore labor conditions in its supply chain and ways to improve its procurement practices. This paper highlights the project's key issues, challenges, and results, and provides useful information that may apply to other educational institutions. It concludes with recommendations to improve the food procurement practices of educational institutions.

## II. Ohio State University's journey to understand its food procurement practices

Beginning in 2018, Ohio State and FLA collaborated to map high-risk food supply chains and to understand the effects of the university's procurement practices on the conditions of workers in those supply chains. FLA led the following project activities between 2019 and 2021:

1. Review of Ohio State's food procurement practices;
2. Mapping the supply chains of the selected food commodities;
3. Desktop research and field assessments of labor conditions at the farms of the selected commodities; and
4. Development of a roadmap for Ohio State to improve its food procurement practices.

While some aspects of the project were disrupted by the pandemic, the outcome shed important light on the complexity of relationships in university food supply chains and provides some insight for how procurement staff can better address labor rights risks.

## III. Food procurement in higher education

Collectively, the US higher education industry has significant purchasing power in food procurement and pouring rights (i.e., a right of a beverage company to have its products sold exclusively at a particular venue or institution).<sup>2</sup> While aggregated food purchase volumes or values by higher education are not publicly available, a large university in the US likely spends at least \$10 to \$20 million each year on food procurement.<sup>3</sup>

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<sup>2</sup> An in-depth review of the pouring rights licensing practices of the universities was not part of this project. Nevertheless, FLA held dialogue about pouring rights with several affiliated universities during 2020 and 2021. Based on those discussions, pouring rights licenses is an area where universities should apply sustainable procurement policies and procedures to companies bidding to supply various beverages at university campuses, stadiums, sporting events, dining halls, and vending machines, similar to other food procurement areas.

<sup>3</sup> Ohio State spent over \$30 million each year in 2017 and 2018 (an internal presentation by the Ohio State Panel on Food Sustainability, December 2018); the University of California, Davis 2015 Sustainability report noted that Resident and Retail Dining Program purchases at the University of California Davis Campus totaled over \$10.5 million (University of California Davis Dining Service. Progress Report 2015-2016. [http://housing.ucdavis.edu/pdf/sustainability/SustainabilityReport2015-16\\_Final.pdf](http://housing.ucdavis.edu/pdf/sustainability/SustainabilityReport2015-16_Final.pdf)); Institutional Food Purchasing: Michigan Good Food Work Group Report Series, Report No. 3 of 5 (2010) indicates that the annual food purchasing budgets of Michigan's colleges and universities range from \$80,000 to \$18 million, with an average budget of \$3.8 million. (Michigan Good Food. Institutional Food Purchasing: Michigan Good Food Working Report Series Report No. 3 of 5. [https://www.canr.msu.edu/michiganfood/uploads/files/Inst\\_Food\\_Purchasing\\_Report.pdf](https://www.canr.msu.edu/michiganfood/uploads/files/Inst_Food_Purchasing_Report.pdf)); Farm to Institution New England conducted the surveys in 2015 and 2017 and the result showed that the average annual food budget ranged from \$23,000 to \$25 million annually for the college sector (Sustainability Institute (2017, October 30). Measuring Up: Working Within the System – Institutional Budgets, Operational Characteristics and Local Food

Universities purchase similar food categories. In 2021, the University of Michigan conducted a survey of more than 70 universities on sustainable food procurement practices. The general information indicated that universities spent most on meat, fresh produce (fruit and vegetable), and poultry and eggs.<sup>4</sup> These food categories have known labor concerns, such as harsh working conditions in [meat and poultry processing plants](#) and low-paid [seasonal harvesting workers](#) in fresh produce.<sup>5, 6</sup>

Even though the popular food categories may have known labor concerns in the supply chains, gaining visibility into these upstream supply chains and taking action to address these concerns can be challenging. The first hurdle is obtaining information about the supply chains. The supply chains for many food commodities are long and complex. While universities purchase some locally produced items directly from producers and processors, some items involve a long chain of suppliers, intermediaries, and vendors. Some actors play multiple roles (traders, transporters, processors, aggregators, etc.) in the supply chain. A supplier who acts as a processor may know the origin of products, but they may not know the origin when acting as a trader, even for the same commodity.

## B. FOOD SUPPLY CHAINS

### I. From farms to universities

The Ohio State project mapped three commodities that represent some of the top food categories for university buyers: fresh produce (tomatoes), poultry (chicken and eggs), and coffee. Starting from the Ohio State campus, FLA undertook a mapping exercise of these three commodities.

Multiple internal entities are involved in food services operated by the University:

1. University-operated dining services;
2. Third-party foodservice providers (who may run a universities' dining services or other services managed by different divisions of universities such as athletic venues); and
3. Restaurants and other food vendors on campus such as Wendy's, Starbucks, etc.

Each entity type operates separately and has its own university customer bases. Even if some of the procurement processes are common among them, such as vendor registration and contract thresholds, other policies, such as the food quality and preparation requirements, may be different, even for the same product. Universities may know the producers when dining services directly works and negotiates with the producers. If this is the case, Ohio State has visibility into the supply chains. However, if third-party food service providers and restaurants manage all their

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Procurement. [originally posted on the Farm to Institution New England (blog)]. <https://foodsolutionsne.org/measuring-up-working-within-the-system-institutional-budgets-operational-characteristics-local-food-procurement/>.

<sup>4</sup> Hoppe, L. (2021, October, unpublished). Evaluating the Role of Sustainability in University and College Dining and Food Procurement [University of Michigan summer internship with Fair Labor Association]. The survey response rate was about 26%.

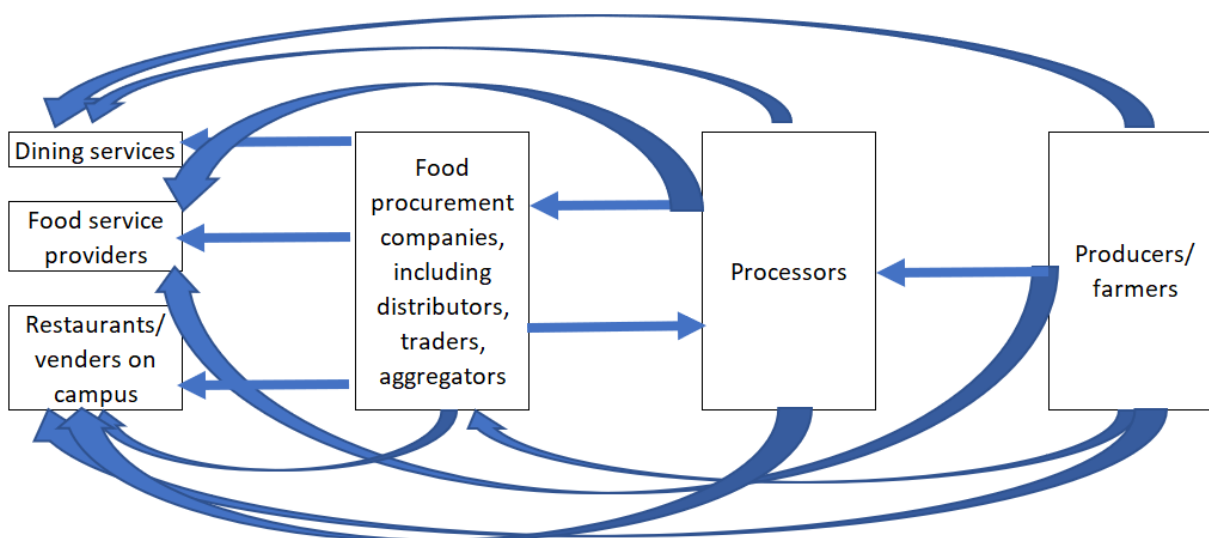
<sup>5</sup> Oxfam America. (2015). Lives on the line: the high human cost of chicken. <https://www.oxfamamerica.org/livesontheline>

<sup>6</sup> Marosi, R. (2021, December 31). "U.S. blocking tomato shipments from Mexican farms accused of abusing workers". *The Los Angeles Times*. Retrieved from: <https://www.latimes.com/california/story/2021-12-31/u-s-blocks-tomato-shipments-from-mexican-farms-accused-of-abusing-workers>.

procurement through their intermediaries without university involvement then Ohio State will not have any visibility into the supply chains.

Local suppliers may transport food items directly to a university, while other suppliers may involve multiple transporters and distributors, and some universities' food procurement involves a combination of service providers, transporters, distributors, traders. Figure 1 illustrates possible supply chain complexities in university food procurement. The supply chain structure may differ depending on the commodity, the product, or the actors involved.

**Figure 1: Example of universities' food procurement supply chains**



## II. Universities' reach beyond Tier One

As illustrated above, agricultural commodities can reach a campus in many ways. Ohio State can identify and reach its suppliers and vendors with whom it has direct contracts. However, finding out the supply chain for a commodity beyond the immediate supplier is not easy. During the project, it was difficult for FLA to gain access to Ohio State's upstream supply chain suppliers. The upstream suppliers declined to speak with FLA, or the intermediaries provided only limited information, such as the company's official sustainability information. Many suppliers said they could not trace the product further upstream without specific product numbers or codes and provided no information about their suppliers or producers.

Upstream suppliers stated that they had never been asked for upstream supplier data or information on labor conditions from a university. A chicken supplier expressed their surprise at Ohio State's request for a visit with FLA to a local hatchery and meat processing unit. Other suppliers didn't know what to expect and thus were reluctant to engage. Some supply chain stakeholders were concerned about being linked to poor labor conditions or finding problems that they would not know how to address or correct.

Meat products are highly regulated for food safety and require precise tracing of products to the processing plant. However, tracing from the universities' direct suppliers to the processing locations was not easy. Ohio State's suppliers do not always know where the chicken they sell has

been produced. By calling the chicken processing companies directly with the product codes obtained from the intermediary, FLA was able to identify the exact processing plant for the chicken eaten on campus; however, the processing companies did not provide any other information, such as the processing plant's contact information or address.

Universities have the most leverage for transparency when the supply chains are shorter and less complex, such as direct sourcing from processors or farms. Intermediaries and traders do not understand the point of requests for information or are unwilling to comply with the buyers' request for information. In direct sourcing relationships, university procurement staff can more easily explain transparency requests and the sellers are more likely to comply with requests for information.

### III. Farm access for universities and other institutional buyers

Ohio State piloted including specific language on labor compliance in their food procurement contract; unfortunately, it did not lead to more supply chain transparency or access. Specific language about labor compliance standards in the contracts did not change the behavior of suppliers because they did not understand and/or implement the requirements with their upstream suppliers.

Despite this language, suppliers remained reluctant to accept FLA site visits. Intermediaries informed FLA that the producers declined any visit or request for communication (phone interviews or emails). This lack of access makes obtaining information extremely challenging.

FLA site visits were limited to locations where Ohio State or its suppliers have strong relationships, or sites with higher labor standard adherence. FLA visited a chicken processing plant and tomato and coffee farms to better understand current labor conditions.

### IV. Labor conditions at processor or producer facilities

Even when the on-site visits were possible, their scope was limited. The FLA and OSU team was not allowed to talk to workers or was denied access to certain records. Given the suppliers' reluctance to disclose the supply chains, they were also reluctant to receive a third-party visit to review their labor conditions. Thus, the scope of the field visits was limited and adjusted to meet the suppliers' expectations. Despite the limitations, three field visits were conducted to learn about the labor conditions, and three comprehensive reports were submitted to OSU based on these site visits. Below is a summary of the findings for the following locations:

**A tomato farm in Florida** – The only tomato farm that accepted the site visit adheres to a voluntary labor standard under the Fair Food Program. The labor conditions observed and reviewed were good. The farm had made investments to better monitor and improve labor conditions, such as hiring additional HR staff to better serve seasonal workers and security guards at the dormitories. They also investigated the travel route of their foreign migrant workers to assess the safety of the travel routes and methods. This level of engagement would not be possible at a smaller farm.

**A chicken processing plant in Ohio** – The plant appeared to have good working conditions and has been implementing improvements such as subsidies for work boots. Risks to workers include limited communication channels in their first language (many speak an Indigenous language as their primary language and Spanish as a second language),

legitimacy of legal work permits, and harsh working conditions at the plant as well as harsh conditions for workers conducting outsourced tasks such as chicken catching and sanitation.

**Coffee farms in Guatemala** – The labor conditions at smallholder coffee farms in Guatemala are generally poor. Issues range from below-minimum wages, long hours, unclear employment relations, and inadequate accommodation conditions. Ohio State’s supplier does not require the farmers to meet any specific labor standards although the supplier implements social and economic improvement projects.

These visits provide only a snapshot of the working conditions at one tier of these supply chains. It was clear that labor conditions seem to improve when the industry as a whole or a specific facility is exposed to external influence and/or scrutiny. The tomato farm committed to meeting the specific labor standards and had made improvements in working conditions based on external pressure. Already under public scrutiny for poor working conditions, the chicken processing plant had begun making changes because of industry-wide criticism. Labor conditions on the coffee farms are not subject to outside pressure or engagement and remain unchanged.

## C. Findings and Recommendations

Upon completing the four project activities (review of Ohio State food procurement practice, mapping of supply chains, labor conditions research, and producer or farm visits), the FLA reviewed the information and prepared the following main findings and recommendations from this project:

- 1. Universities and their supply chains do not necessarily know their producers (farms).** Therefore, producers do not know universities as their customers. Without establishing traceability, the farmers and producers will not know that universities are among their final consumers or buyers. For example, the tomato farm and the coffee farms that FLA and Ohio State visited did not know Ohio State as their customer. Producers and farmers only knew the intermediary retailers and distributors as their buyers. In such relationships, it is difficult for universities to exert any influence over the producers' practices which would allow cascading of requirements through their chain of suppliers to take place.
- 2. University buyers must work beyond their direct relationships and reach out to upstream suppliers.** The project showed that it is not easy to obtain full supply chain traceability. While universities can develop direct and close relationships with some suppliers, it will take more work to reach all suppliers. If efforts are limited only to direct suppliers, universities will not be able to address their full food supply chains. Universities must establish and require a set of standards to be passed down in the supply chain for food procurement to become more socially sustainable beyond the few direct suppliers.
- 3. Pressure on universities to improve their social sustainability in food procurement is growing.** The advocacy of students and labor rights organizations are increasing the demand for fair labor practices for foods and ingredients sold on university campuses. The Fair Food Program has campaigned against the major food retailers on campuses and motivated university students to join in these campaigns. There is growing pressure on university administrators to respond to criticisms of food procurement policies and address the labor risks in the school's food supply chain.

4. **University procurement practices must change so supplier behavior can change.** The following issues were identified as potential areas of improvement to university food procurement practices:
- Universities may not have a unified approach to food procurement, resulting in **inconsistent procurement requirements and practices** on campus.
  - There is a **lack of specific requirements or standards for the food and beverage suppliers**, both conceptually and contractually.
  - **Internal staff knowledge and capacity to convey the standards or requirements are weak and/or inconsistent**, even if they exist.
  - The lack of universities' internal capacity and requirements lead to **insufficient information provided to suppliers** to act, including to improve transparency.
  - Even when procurement standards exist, the university may **not effectively assess a supplier's labor risks** and instead rank suppliers based on price, quality, or other specifications.

These challenges will take time to overcome. However, universities can take steps to begin reform while navigating the complex supply chains and working with food service providers and intermediaries. Any university can take the following steps to make progress toward responsible food procurement practices on campuses.<sup>7</sup> Broadly speaking, universities should consider establishing a human rights due diligence (HRDD) system and training internal staff involved in food procurement.

HRDD is a risk management tool for organizations and the process allows organizations to identify, prevent, mitigate, and account for how they address actual and potential adverse human rights impacts in their operations, their supply chain, and other business relationships. Various components of HRDD have been included in international standards and legal frameworks. The purpose of HRDD is preventative: organizations should prioritize due diligence to avoid causing or contributing to adverse human rights impacts on people, the environment, and society.

Universities can undertake the following components of HRDD:

1. **Establish clear standards and requirements for the suppliers.** Universities should establish clear labor standards for their food supply chains and develop a set of requirements for suppliers to adhere to.
2. **Communicate standards internally and externally.** Universities should communicate these standards internally to all departments, publish them on its website, and plan awareness sessions for current and potential food suppliers on an ongoing basis.
3. **Establish a team to oversee the implementation of standards, allocate resources, and train relevant internal staff.** University staff who contract with the suppliers should be

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<sup>7</sup> FLA submitted a detailed version of the recommendations to OSU.

able to explain the supplier requirements and expectations, how the university may check compliance and use the compliance information.<sup>8</sup>

4. **Incorporate the requirements into supplier contracts.** Universities should state the “asks” explicitly in the supplier contracts, including, but not limited to, supply chain disclosure, supplier awareness, implementation of the requirements, adherence to the university code, and monitoring and remediation activities.
5. **Conduct risk assessments and prioritize high-risk commodities and geographies:** Universities need to take a risk-based approach to allocate resources efficiently and effectively. This could be based on consideration of high-volume purchases in high labor risk industries.<sup>9</sup>
6. **Develop tools and ask for information from suppliers to evaluate them.** Once the requirements are established, universities should establish an ongoing relationship that allows the university to understand implementation of the requirements. Universities should use standardized tools to ask for information from the suppliers so that all procurement departments have an aligned approach to supplier assessment.
7. **Internally share the supplier evaluation and conduct informed decision-making.** The supplier evaluation should be shared internally, ideally across the different divisions that carry out their food procurement within a university. Labor standards should be a core criterion for ongoing engagement with a food supplier as well as a metric for termination if the supplier does not meet the standards.
8. **Collaborate with other like-minded universities.** Universities collectively represent a large food buyer in the US and procure common food items. Universities can learn from one another to advance the labor standards in the university food supply chains as their supply chain structures and commodities are similar.
9. **Share efforts and findings with stakeholders.** Universities should engage with students, labor rights activists, and civil society organizations to share their activities, results, and challenges in both closed and open forums. They should solicit feedback and incorporate relevant suggestions to improve their responsible procurement programs.

These steps can advance a university's food procurement practices toward responsible and socially sustainable food procurement. While the exact requirements, procurement practices, or amount of the food purchased may differ, universities can share challenges and best practices and work together to normalize labor rights requirements within the industry. In turn, intermediaries and suppliers may become more accustomed to these requirements from universities and will hopefully adjust their business accordingly.

FLA acknowledges and thanks the representatives of Ohio State University who were instrumental in bringing this project to fruition. Their willingness to publicly share these findings and recommendations is an important step toward improving university food procurement practices and thus improving working conditions in global food supply chains.

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<sup>8</sup> FLA offers training programs on this topic for affiliated companies and universities.

<sup>9</sup> FLA offers a risk assessment tool for affiliated companies and universities to identify high-risk commodities.