

SENATE COMMITTEE ON SOCIAL CONCERNS  
MINUTES OF MEETING  
DECEMBER 10, 2007

[In these minutes: Fair Trade Coffee, Vendor Code of Conduct]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions or actions reported in these minutes represent the views of, nor are they binding on, the Senate, the Administration or the Board of Regents.]

PRESENT: Katherine Fennelly, chair, Joseph Marchesani, Jennifer Oliphant, Todd Tratz, Barbara Foster, Benton Schnabel, Kimberly Boyd, Greg Schooler, Amelious Whyte, David Fox, Ajay Skaria, Jessica Arett, Nick Curtis, Christine Dolph, Justin Drees, Jenna Erdmann, Theresa Flores

REGRETS: Richard Lidstad, Rebecca von Dissen, Ken Heller, Catherine Jordan, Mani Subramani

OTHERS ATTENDING: Lynn Holleran

GUESTS: MPRIG representatives – Matt Abbott, Annie Chen, Andrea Gonzolez, Daniel Juola, Gwen Danfelt-Martin, Allison Suhan, and Emily Walz and UDS (University Dining Services) representatives Leslie Bowman and Karen DeVet, Chief Financial Officer Richard Pfutzenreuter and Associate General Counsel Brent Benrud

I). Professor Fennelly called the meeting to order.

II). Professor Fennelly introduced the first agenda item, a resolution from MPRIG (Minnesota Public Research Interest Group), which requests the University to only serve Fair Trade Certified coffee.

Background information about MPRIG, the organization, as well as information about its trade coffee campaign was shared with the committee. In terms of the fair trade coffee campaign, the following information was highlighted:

- MPRIG launched its fair trade coffee campaign 3 years ago.
- Based on a 2005 survey conducted by MPRIG, a majority of those surveyed supported the proposal that the University should only serve Fair Trade Certified coffee. There was also a willingness by supporters to pay more for Fair Trade Certified coffee.
- Since this survey was conducted, MPRIG has been working on various educational events to spread the word out about this campaign.
- Coffee is the second largest commodity traded in the world; second only to oil.
- Given the University's size, serving only Fair Trade Certified coffee would make a big difference in the fair trade movement.
- Fair trade principles include:

- Fair price.
- Fair labor conditions.
- Direct trade.
- Democratic and transparent organizations.
- Community development.
- Environmental sustainability.
- According to MPRIG, the University should be purchasing their commodities in a just and equitable manner. These are the same values that the University instills upon its students through its classes and programs.
- MPRIG has brought this campaign to three of the University's campuses, Twin Cities, Duluth and Morris. Currently, on the Twin Cities campus, MPRIG has collected 1,489 student signatures supporting the fair trade campaign and 68 faculty signatures. Also, 16 student groups have endorsed this campaign. At UMD, where the campaign was launched just before the Thanksgiving break, already 350 or so student signatures have been collected, in addition to 15 faculty signatures. On the UMM campus, 234 student signatures have been collected, representing roughly 20% of their student body, as well as 13 faculty signatures. Vice Provost for Student Affairs Jerry Rinehart has also signed on to support this campaign.

Questions/comments from committee members included:

- How does price bartering take place when there is no middleman? In the traditional system farmers do not have access to the value of their crop, and, in many cases, end up selling it well below market price. The fair trade approach, on the other hand, is able to pay farmers more because the middleman has been eliminated. The fair trade labeling organization monitors these dealings and holds importers accountable for adhering to strict guidelines.
- Because the goal in business is to purchase a commodity as cheaply as possible, how do wholesalers view the fair trade movement? Wholesalers who purchase Fair Trade Certified coffee are marketing their product in such a way that it emphasizes that the product was purchased in a just and equitable way. People will purchase this coffee simply for the reason that they know farmers are being paid fairly for their labor. In the fair trade system it isn't the goal of the wholesaler to find the cheapest price, but to develop a relationship with a farmer who will deliver a quality product.
- Has MPRIG brought their campaign to Starbucks or Caribou given the fact they sell a lot more coffee than the University does? Both Starbucks and Caribou offer fair trade brews, and this is likely due to consumer demand. In part, this fair trade resolution is being brought forward in order to put pressure on Starbucks venues at the University to become 100% fair trade.
- If the University were to decide to only sell fair trade coffee, would the University's current vendors be able to abide by this decision? Yes, all the University's vendors have the option of buying fair trade coffee. This would mean a change of national brands, as the current national brands on campus do not support 100% fair trade venues. Examples of institutions that have changed

- their food service providers in order to be able to offer fair trade coffee exclusively include University of Chicago at Loyola, Macalester and Hamline.
- Is there an adequate Fair Trade Certified coffee supply to meet the demand that the University would create if it went 100% fair trade? All coffee can be purchased fair trade.
  - If all coffee can be purchased fair trade than why doesn't Starbucks and Caribou purchase and sell only Fair Trade Certified coffee? Price is likely a factor; however, when the price is broken down to a single cup, the price increase is fairly insignificant. In the 2005 survey, respondents were willing to pay more for Fair Trade Certified coffee.
  - Why does Starbucks refuse to sell Fair Trade Certified coffee? Anecdotally, Starbucks was established by exploiting farmers. It would require work on the part of Starbucks to commit to selling only Fair Trade Certified coffee. Several coffee establishments that sell fair trade coffee do so in order to market themselves as conscientious merchandisers. The University should set the precedent in the fair trade coffee movement by going 100% fair trade.
  - Are coffee beans interchangeable? Is it not in the best interest of some coffee establishments to only offer Fair Trade Certified coffee because they cannot get all the flavors or types of beans their customers want? Does selling only Fair Trade Certified coffee prevent a company from offering certain types of coffee? In terms of the different types of coffees such as decaffeinated and espresso, no – this is all in the roasting process, but there could be an issue when it comes to flavored coffees.

Next, Professor Fennelly welcomed University Dining Services (UDS) guests Leslie Bowman, director of University Dining Services Contract Administration, and Karen DeVet, associate director of dining.

Ms. Bowman began by saying that before MPRIG initially launched its fair trade coffee campaign, MSA (Minnesota Student Association) brought a resolution to UDS asking it to introduce fair trade coffee on campus. UDS complied and slowly began introducing this product on campus as it found sources. Since that time, great strides have been made, and currently all venues on campus offer at least one fair trade brew.

Karen DeVet distributed a handout, which highlighted:

- Where fair trade coffee is served on campus.
- The brands that are sold.
- How much fair trade coffee is sold.
- University efforts to support the fair trade coffee campaign.

She stated that MPRIG has done a good job today of defining fair trade coffee. It should be noted, however, that there is a cost Fair Trade Certification. Having said this, Ms. DeVet reported that Starbucks has their own corporate social responsibility program (<http://www.starbucks.com/aboutus/csr.asp>), which supports many of the same principles of the fair trade organization. Starbucks, however, has verbalized to the University that it is not interested in paying for the cost of certification, but, again, within their corporate

social responsibility platform they adhere to many of the same principles and ideals as the fair trade organization.

Java City is well represented on the Twin Cities campus. It is a national brand headquartered in California. They have an Eco-Grounds Program (<http://www.javacity.com/ecogrounds.php>). The University has two exclusive Eco-Grounds venues on campus, the Left Bank and the Hay Loft. These locations serve Fair Trade Certified coffee, Rainforest Alliance coffee and organic coffee. Within the Java City available roasts and flavors, there are 4 fair trade roasts and 1 flavored coffee.

In response to the MSA resolution, UDS converted to 100% fair trade coffee in all residential dining facilities. Over the summer, UDS worked with MPRIG to switch from a McGarvey brand to a program called CityKid Java (<http://www.citykidjava.com/>). The coffee purchased from CityKid Java is not Fair Trade Certified, but rather adheres to true trade ([http://www.citykidjava.com/true\\_trade.php](http://www.citykidjava.com/true_trade.php)) principles, which includes paying at or greater than fair trade prices for its beans. All of CityKid Java's profits are funneled back into a local community development organization, Urban Ventures (<http://www.urbanventures.org/>).

Ms. DeVet turned members' attention to a list coffee locations on campus:

- Starbucks - There is currently one fully-licensed Starbucks on campus and a second will be opening in Hanson Hall. There are also several Starbucks *We Proudly Brew* locations on campus. This means the University is permitted to use the Starbucks' name and coffee roasts but these are not fully-licensed locations, which means these locations will not have the full range of offerings a licensed Starbucks would offer.
- Dunn Brothers - Recently, Dunn Brothers, a local Minneapolis company, was brought on campus and has two locations, Wilson Library and the Education Sciences Building.
- Java City has 6 locations on campus, Blegen Hall, St. Paul Student Center, Moos Tower, Art School, Walter Library and the Ben Pomeroy Student Center. In addition, Java City coffee is served in a number of other operations on campus, e.g. Minnesota Landscape Arboretum, which is an Eco Grounds location.
- Peace Coffee is served in the M deli in Coffman Memorial Union.
- Einstein Bros. has their own brand of fair trade coffee that is brewed daily.
- CityKid Java's true trade coffee is served in all 6 residential restaurants.
- Fair trade coffee is also offered in catering and will become exclusively fair trade sometime this spring.

When UDS first started talking about offering fair trade coffee back in 2005 it agreed to offer at least one fair trade coffee in all of its retail sites on campus. The University's total purchase of fair trade coffee is up 48% over last year. Java City alone has increased its fair trade sales by 21% over the prior year. Almost 30% of University Java City customers are purchasing fair trade coffee. The University purchased over 6 tons of fair trade coffee last year.

UDS markets fair trade coffee, its availability and perceived benefits through a group of interns, the UDS Green Team. These interns are often found in the residential restaurants educating students about fair trade coffee as well as the other items on the UDS sustainability platform. In addition, noted Ms. DeVet, at the urging of MPRIG, UDS converted to offering fair trade tea in the University's residential locations in October.

It has always been UDS's practice to offer its customers a choice. The cost of fair trade coffee to the University ranges from 9% - 50% more per pound than non-fair trade blends. By offering customers a choice, UDS has been able to maintain pricing competitive with the local market.

From a conversion to fair trade coffee perspective as it relates specifically to Starbucks, University customers have specifically requested Starbucks on campus. Starbucks, as noted earlier, does not have a fair trade certified program, so for the University to go completely fair trade would require a change in the choice that customers will have on campus. Ms. Bowman reiterated UDS's platform, which is to be supportive of increasing fair trade on campus while still offering the customer choice. There are a lot of constituents at the University with a variety of food and beverage preferences.

Questions/comments from members included:

- What percentage of the total coffee sold at the University is fair trade asked a member? Fair trade coffee represents approximately 30% of the coffee sold at the University noted Ms. Bowman.
- How important is it to MPRIG that the University contract with vendors that purchase coffee that is Fair Trade Certified as opposed to, for example, similar products offered by Starbucks? Ms. Bowman stated that MPRIG was very supportive of the University as it identified its true trade vendor, CityKid Java. It has been the University's position that the CityKid Java arrangement was a win/win alternative to Fair Trade Certified coffee for both the University and MPRIG. A representative of MPRIG stated that MPRIG likes the idea that CityKid Java is a local organization that donates 100% of its profits into programs that benefit at-risk kids. However, MPRIG believes that some companies have adopted their version of Fair Trade Certified coffee as a marketing tool to meet customer demand without actually adhering to all the principles of Fair Trade Certified coffee. MPRIG feels strongly that the Fair Trade Certified label is important. In response, Ms. DeVet encouraged members to review Starbucks' corporate social responsibility platform. Many of Starbucks practices, which they call C.A.F.E. (Coffee and Farmer Equity), support fair trade principles. She added that while she understands MPRIG's 100% fair trade position, it would be naïve of the University to assume that if it decides to only offer Fair Trade Certified coffee on campus that this would persuade Starbucks to dissolve its C.A.F.E. principles in lieu of fair trade certification. Starbucks is a huge global company; if they lose their stores on the University campus, they will likely open stores just off campus.
- What would Starbucks response be if the University asked it to limit the products it sells at the University? According Ms. DeVet, limiting the products that

- Starbucks sells at on campus would be a contract compliance issue for the University, which would put the franchise agreement at risk.
- In terms of the food and beverage contract that is currently out for RFP, if the University would choose another vendor besides ARAMARK, could it change its coffee vendors on campus? Ms. Bowman stated that the RFP that is currently out for bid was written in such a way that the coffee venues that exist on campus would remain the same.
  - Is the University considering other ways that it can promote fair trade coffee on campus? This is something that can definitely be explored as new coffee locations are being looked at for the campus stated Ms. DeVet. The University is willing to work with its vendors to encourage them to brew fair trade coffee options. Starbucks did not offer a fair trade roast as part of their daily brew program until 2006. She added that where the University is able to offer fair trade coffee it does, and that is in the residence halls.
  - Is fair trade coffee more popular than other coffee options on campus? Anecdotally, stated Ms. DeVet, some customers are looking specifically for fair trade coffee while others may prefer the taste of a particular flavored coffee. As stated earlier, fair trade coffee sales on campus have increased significantly as it has become more available.
  - Has there been any attempt by the University to get employees at the various coffee venues to up-sell fair trade coffee? The suggested sale approach has not been discussed noted Ms. Bowman and Ms. DeVet.
  - Given MPRIG's survey results, there seems to be a considerable amount of support for the campus to offer only Fair Trade Certified coffee. What would it take for UDS to support a shift to 100% fair trade coffee? Ms. DeVet stated that decisions on what brands of coffee the campus would offer would need to be made. She reiterated that in the University's non-branded sites, such as the residence halls, the University has chosen to offer only True Trade coffee. UDS' position is to offer its retail customers choice and variety. An MPRIG representative noted that if the University decided to sell only Fair Trade Certified coffee, Starbucks would have the opportunity to decide whether they wanted to comply. Ms. DeVet stated that if the University was to decide to offer only Fair Trade Certified coffee it would be in non-compliance and would put the Starbuck contract at risk. Starbucks could shut their campus operations down.
  - Would MPRIG be open to gradually increasing the amount of Fair Trade Certified coffee offered on campus? An MPRIG representative stated that its is MPRIG's goal that the University only offer 100% Fair Trade Certified coffee. Naturally, any increase in the amount of fair trade coffee sold on campus is a step in the right direction.

Professor Fennelly asked committee members if they needed any additional information on this topic before a vote is taken. A member clarified to the committee and visitors present that a vote by the Social Concerns Committee to endorse this resolution is not binding on the University. If the Social Concerns Committee were to endorse this resolution, it would then go to the University Senate for endorsement and finally onto the President.

The committee indicated that it was ready to vote on the MPRIG resolution today. The vote was 10 in favor, 3 opposed and 1 abstention. The resolution was approved.

III). Professor Fennelly welcomed Vice President and CFO Richard Pfutzenreuter who was invited to provide the committee with an update on the Vendor Code of Conduct approved by the committee and the University Senate in the spring of 2006.

Vice President Pfutzenreuter reported that the President is still committed to having the University conduct its business in a socially responsible and ethical manner. The primary challenge in writing a University Vendor Code of Conduct has to do with the difficulty in monitoring and ensuring compliance.

The University deals on average with 15,000 vendors per year. While there is no dispute that the University should have some type of Vendor Code of Conduct, the question is how to enforce such a Code. It will be very important that the University's Vendor Code of Conduct once crafted be compatible with trademark and licensing developments as it relates to the Designated Suppliers Program (DSP). Vice President Pfutzenreuter called on Brent Benrud from the Office of the General Counsel to speak to these developments.

Mr. Benrud reported that President Bruininks has formed a working group to assess the DSP, a program for enhancing the enforcement of university codes of conduct, and to look more broadly at the University's Trademark Licensee Code of Conduct. The catalyst for a Vendor Code of Conduct arose, in part, from the University's Trademark Licensee Code of Conduct. Having said this, crafting a Vendor Code of Conduct needs to be done in conjunction with a review of the University's Trademark Licensee Code of Conduct.

Given the number of vendors the University works with on an annual basis, noted Vice President Pfutzenreuter, it is likely the University's Vendor Code of Conduct will be a value statement like other institutions have adopted. These types of codes put the burden of enforcement and compliance on the vendors themselves rather than having to create a massive administrative super-structure to do this work. He asked the committee if this is what they envisioned when they approved the Vendor Code of Conduct resolution.

A member asked Vice President Pfutzenreuter if he thinks there is enough support for a Vendor Code of Conduct among major universities so that an organization that parallels the Workers Rights Consortium (WRC) could be established to oversee enforcement and compliance. It would be difficult to imagine such an organization stated Vice President Pfutzenreuter. Professor Fennelly stated that as in other industries there could be ways to do spot checks and have vendors sign contracts. This is conceivable, noted Vice President Pfutzenreuter, but doubted the likelihood of a super organization to monitor vendor conduct.

A member asked if a vendor were to be found in non-compliance with the University's Vendor Code of Conduct whether the vendor's contract would be automatically

terminated. Vice President Pfutzenreuter is unsure whether this would be written in the University's Vendor Code of Conduct per se, but, clearly, if a vendor violated the University's value statement a full investigation would be conducted and a decision would be made about the status of that vendor's contract.

In light of time, Professor Fennelly suggested that this item be brought back to the committee's February 11<sup>th</sup> meeting. Vice President Pfutzenreuter stated that once a code has been drafted he would bring it to the committee for their review and input. Professor Fennelly asked that a draft of this document be emailed to Renee Dempsey, Senate staff, for circulation to the committee prior to the February meeting.

A member asked about the timeframe for developing this a Vendor Code of Conduct. Mr. Benrud stated that once the working group is seated and starts meeting, this matter should be resolved in a few months.

IV). Announcements:

a). Professor Riv-Ellen Prell has agreed to chair the Socially Responsible Investment Subcommittee reported Professor Fennelly.

b). Professor Fennelly announced that Professor David Fox has thrown in his hat to serve as chair of the Social Concerns Committee for the 2008 – 2009 academic year. Committee on Committees makes final committee chair appointments.

Also, on a semi-related note, based on recruitment of members to the Social Concerns Committee, Professor Fennelly stated that she has proposed the committee meet once a month on Mondays from 12:30 – 2:00.

c). A member asked that the committee put on its agenda for a future meeting to learn more about the UDS Green Team. Another member expressed an interest in learning what the University is doing to get students involved in being sustainable, which is a separate issue from what the University is doing to be sustainable.

V). Hearing no further business, Professor Fennelly adjourned the meeting.

Renee Dempsey  
University Senate