

GLOBAL SOCIAL

STARBUCKS 2018

IMPACT REPORT



THE PURSUIT OF DOING GOOD

REFLECTING ON OUR PROGRESS IN 2018

From the first time Starbucks opened its doors in Seattle's Pike Place Market in 1971, we have been dedicated to exceptional coffee and customer service – and something more.

It started with our early travels to the places where our coffee is grown, understanding that our future is inextricably tied to the futures of farmers and their families. We nurtured personal relationships and built a [global network of support](#) to create a new way to produce coffee: one that is sustainable, transparent and good for people and the planet. As the threats of climate change have grown, we have been working to [help coffee farms adapt](#) and find [innovative solutions](#) in how we build and operate our stores, while reducing the environmental impact of our cups, straws and lids.

Our stores are often the heart of a neighborhood, and we strive to make each one a welcoming and inclusive [Third Place](#). As we have grown, so too has our opportunity to make a positive impact, from [alleviating hunger through our food donation program](#) to making [investments in local partnerships](#) and [coffee- and tea-origin communities](#) through The Starbucks Foundation.

Stitching all these efforts together is a common thread – a green thread – one that is woven in the fabric of our company by the more than 300,000 men and women who proudly wear the green apron. We are dedicated to making our partners proud, providing [pay equity and investing in their success](#). And we are working to hire veterans and military spouses, refugees, Opportunity Youth and those formerly incarcerated, and helping them build their futures once they are with us.

As it has been from the beginning, our purpose goes far beyond profit. We believe in the pursuit of doing good.

This report serves as a transparent acknowledgement of our efforts: where we have achieved and where we have fallen short, and the work still to come. As we look ahead to our centennial anniversary 50 years from now, we hope to build an enduring company by staying true to Our [Mission and Values](#), embracing new ideas and innovating in ways that are meaningful to our customers and inspiring to our partners. We hope you will continue to [join us on this journey](#).



IMPACT

LEADING IN SUSTAINABILITY

SUMMARY

RESPONSIBLE COFFEE

Our vision is simple: to produce sustainable coffee, served sustainably. For more than two decades, Starbucks has partnered with Conservation International on C.A.F.E. Practices, our ethical coffee sourcing program. We now source 99 percent of our coffee this way, promoting quality, economic transparency and social and environmental impact with a vision to make coffee [the world's first sustainable agricultural product in the world](#).

Climate change represents significant immediate and long-term risks to coffee farmers around the world, and we are taking steps to help ensure the supply of high-quality coffee for future generations. Core to ensuring the long-term sustainability of coffee is also ensuring [the economic profitability for farmers](#). We are investing in innovation to offer farmers new [climate-resilient coffee tree varietals](#) and support coffee-farming communities through our [Global Farmer Fund](#) to make sure farmers have access to low-interest financing that will help them reinvest in their farms. We continue to [share what we have learned](#) with others through agronomy training for farmers, whether they sell to us or not. We are also supporting women and families in coffee- and tea-growing communities through [Starbucks Foundation Origin Grants](#) that are focused on strengthening their leadership skills and income-generating activities to diversify their income.

We're also working toward a goal of 100 percent ethically sourced tea and cocoa for beverages by 2020. We are investing in sustainability, issuing our [third sustainability bond](#) in May 2019 for investors to participate in socially and environmentally focused projects and

leveraging [new technology](#) to bring real-time digital traceability to our coffee supply chain.

GREENER CUPS AND PACKAGING

There is perhaps nothing more recognizable for the Starbucks brand than our cup. Yet our cups and packaging remain one of our biggest environmental challenges. We are looking for new ways to promote reusable cups and better manage the lifecycles of disposable ones. We are testing a variety of greener cups that are both recyclable and compostable in select cities through the [NextGen Cup Challenge](#) and are launching a lightweight strawless lid with a hope to [eliminate 1 billion single-use plastic straws](#) annually. Over the past decade we have struggled with our goal to significantly increase the use of reusable cups in our stores. We are continuing to test new ideas and approaches to the challenge. In the UK we conducted a trial of a [5-pence disposable cup fee and a 25-pence reusable cup incentive](#), which increased reusable cup usage for hot drinks sold in stores nationwide from 2.2 to 5.8 percent.

"Starbucks is invested in developing solutions that seek to improve the sustainability of their products. When companies begin to rethink their plastic footprint, innovation, research and measurement are the key elements needed to set them on a path toward continuous improvement," said Erin Simon, Director of Sustainability R&D at the World Wildlife Fund.

GREENER STORES

We know that designing and building green stores is not only environmentally responsible, it is good business. We already operate more than 1,600 [LEED-certified stores](#) around the world, making us the world's largest green retailer. We are building on that legacy by developing a new Greener Store framework for [10,000 stores globally by 2025](#), which could save \$50 million in utilities costs over the next 10 years. And we're empowering our partners to help us in that effort by offering sustainability certification through our [Greener Apron](#) program.

GREENER POWER

Over the past two years, Starbucks has committed to more than \$140 million in renewable energy to power our stores, reducing our environmental impact and supporting access to green power. It's enough to power 100 percent of our more than 9,000 company-operated stores in the United States, and 77 percent of our global operations.

We plan to locally source more than 50 percent of our renewable energy in the U.S by 2020, including from our [new solar farm in North Carolina](#), which delivers enough clean energy to power the equivalent of the energy consumed by 600 Starbucks stores. And we are partnering with developers to bring new projects online, including a wind farm planned near Olympia, Wash., and a new wind farm in Illinois that will power 360 stores in that state, including the future Chicago Roastery.





LEADING IN SUSTAINABILITY

COFFEE & TEA

99% ETHICALLY SOURCED COFFEE**Goal**

100% ethically sourced coffee

Description

For the fourth year in a row, more than 99% of our coffee was verified as ethically sourced under [C.A.F.E. Practices](#) – that's nearly 650 million pounds of it. Although we are constantly striving for 100%, it's that last 1% where some of our most important work happens, bringing on new farmers and cooperatives to help ensure the long-term future of coffee.

95% ETHICALLY SOURCED TEA**Goal**

100% ethically sourced tea by 2020

Description

Our tea is verified as 95% ethically sourced by third-party organizations including the Ethical Tea Partnership and Rainforest Alliance to ensure the tea Starbucks sources is produced with sustainable practices and under safe and humane working conditions.

31M TREES DISTRIBUTED TO FARMERS**Goal**

Provide 100 million trees to farmers by 2025

Description

Starbucks has donated more than 31 million coffee trees over the past three years (9.4 million in 2018) to farmers in Mexico, Guatemala and El Salvador. These [climate-resilient trees](#) replace ones that are declining in productivity due to age and disease, such as coffee leaf rust.

\$21.7M INVESTED IN FARMER LOANS**Goal**

Invest \$50 million in farmer loans by 2020

Description

In 2018, loans reached thousands of farmers in 14 countries to strengthen their coffee farms through tree renovation and infrastructure improvements.

52K+ FARMERS TRAINED**Goal**

Train 200,000 coffee farmers by 2020

Description

Our expert agronomists have provided free training to 52,240 coffee farmers through our nine [farmer support centers](#) in coffee-producing countries around the world in the past two years, including 27,938 in 2018. We will explore new ways to further scale our efforts.





LEADING IN SUSTAINABILITY

GREENER CUPS & PACKAGING

12 NEW CUP TECHNOLOGIES

10% POST-CONSUMER FIBER

Goal

Develop 100% compostable and recyclable cups by 2022

Description

We are currently testing a dozen promising cup technologies developed through the [NextGen Cup Challenge](#) with the goal of creating an entirely recyclable and compostable cup.

Goal

Double the recycled content of our cups by 2022

Description

Our hot cups currently contain 10% post-consumer fiber (PCF) and we are working to double the recycled content.



70%*
FEWER STRAWS

Goal

Eliminate single-use straws worldwide by 2020

Description

Since we announced our intention to eliminate single use-straws in July 2018, we developed and engineered [a new strawless lid](#) that eliminates the need for a plastic straw and reduces the amount of plastic by 9% versus the traditional lid and straw. We have launched this strawless lid as the default for all iced beverages in Seattle and Vancouver, with seven more major markets planned for summer 2019.

*Estimated reduction once fully implemented.

10+ MAJOR CITIES CURRENTLY RECYCLE OUR CUPS

1.3% BEVERAGES SERVED IN PERSONAL CUPS

Goal

Double the recyclability of our cups by 2022

Description

Our cups are accepted for recycling in: Amsterdam; Boston; Dallas; Denver; London; Louisville, Ky.; New York City; San Francisco; Seattle; Washington, D.C.; and Vancouver, B.C.

Goal

Double the use of reusable cups by 2022

Description

In 2018, 1.3% of customers in company-operated stores in the U.S., Canada and EMEA received a discount for bringing their own mug or tumbler, saving more than 42 million disposable cups. We are working to find new ways to encourage customer adoption of reusables, and to begin to track for-here beverages in our reporting.





LEADING IN SUSTAINABILITY

GREENER STORES

1,600+ LEED-CERTIFIED STORES

Goal

Build and operate 10,000 greener stores globally by 2025

Description

Starbucks has 1,612 LEED-certified stores in 16 countries, including all 50 U.S. states and Puerto Rico. We are also developing a new open-source framework to ensure that all Starbucks stores are delivering high standards of environmental performance.

This year, we will launch the Greener Store framework in 300 stores and will be verifying that these stores are:

- 100% powered by renewable energy
- 25% more energy efficient
- 30% more water efficient
- Recycling and diverting waste
- Sourcing responsible materials
- Delivering a healthy environment
- Empowering partners to be sustainability champions



77% GREEN ENERGY GLOBALLY

Goal

Invest in 100% renewable energy to power operations globally by 2020

Description

Starbucks purchases enough renewable energy to power 100% of its more than 9,000 company-operated stores in the U.S., Canada and the UK with clean energy. Worldwide, more than three-quarters of Starbucks operations are powered by renewables.

7,200+ GREENER APRON PARTNERS

Goal

Empower 10,000 partners worldwide to be sustainability champions by 2020

Description

More than 7,200 Starbucks partners have enrolled in the [Greener Apron](#) sustainability training program through the [Starbucks Global Academy](#) with Arizona State University in the United States, Canada and Britain.



IMPACT

STRENGTHENING COMMUNITIES

SUMMARY

From the neighborhoods where our stores are located to the fields where our coffee is grown, we are dedicated to creating and investing in opportunities for people around the world. Our mission: to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.

Our commitment begins with cultivating a culture of belonging for the more than 100 million people who come through our doors each week. On May 29, 2018, we closed more than 8,000 stores across the United States so our partners could join a [learning session on race, implicit bias and our recommitment to the Third Place](#). As our CEO Kevin Johnson said, this training session was just one step in a journey for us to grow as a company that elevates equity, diversity and inclusion in all we do. We have developed additional training modules, asked Arizona State University to develop an anti-bias curriculum, and [published a Civil Rights assessment](#) that evaluates our ongoing efforts to promote equity, diversity and inclusion for our partners, customers and the communities we serve.

Our stores are dedicated to serving more than coffee – they also serve the greater community. We encourage all our stores to participate in service projects, and thousands of partners have answered the call with 78,000 hours in 2018 alone. Our partners have also rescued more than 10 million pounds of food through our [FoodShare program](#), donating fresh, unsold meals to local food banks in partnership with Feeding America. The Starbucks Foundation has supported organizations working to create job and education opportunities for young people, including \$1.3 million in [Opportunity for All grants](#) in 2018.

We have designed stores to serve specific community needs as well, including 12 Community Stores with youth training in diverse, underserved communities in cities like [Dallas, Birmingham, Ala.](#), and Brooklyn, N.Y. Our more than 50 [Military Family Stores](#) serve as a hub for U.S. active service members, veterans, families and communities. Our Signing Stores, like the [one that opened in near Gallaudet University in Washington, D.C.](#) in October 2018, are led by partners who are fluent in American Sign Language.

“What you have created here is not just an opportunity for employment and leadership for people who are Deaf and a way for them to show their wonderful talents, but a place where we will be able to see the vibrancy of our language,” said Roberta Cordano, President of Gallaudet University.





STRENGTHENING COMMUNITIES

HIGHLIGHTS

10M+ MEALS SHARED

Goal

Rescue 100% of food available to donate by 2020 in company-operated stores in the United States

Description

More than [10 million meals](#) have been shared through our FoodShare program, including 7.4 million meals in 2018. We are looking at ways to expand the program globally, with the effort now underway in Canada and pilot programs in Beijing and Shanghai.

66K+ HOURS OF COMMUNITY SERVICE

Community service is a part of our heritage, and our partners contributed more than 66,000 hours of service to the neighborhoods they serve. We encourage every store to take part in service in a way that is relevant and impactful to their communities.

60+ COMMUNITY & MILITARY FAMILY STORES

Starbucks now operates more than 50 [Military Family Stores](#) near major military bases across the United States, connecting local veterans and their families to services and resources. We have also opened 13 [Community Stores](#) in the U.S., [Thailand](#) and [South Korea](#), each serving the unique needs of their communities.



MAY 29, 2018

175,000

PARTNERS PARTICIPATED
IN ANTI-BIAS TRAINING

Starbucks took the unprecedented step of closing more than 8,000 stores in the United States for training and conversations about bias and inclusion. This work continues through ongoing training sessions.



IMPACT

CREATING OPPORTUNITIES

SUMMARY

We believe opportunities thrive every day in our stores. It's inherent in our values, the benefits that we provide for our partners, and the way we work to make a difference in our communities and around the planet. It is rooted in our belief that it is possible to do well in the world and do well in business at the same time.

We hope to not just create opportunity, but equal opportunity. In March 2018 we announced we had achieved 100 percent pay equity for men and women and people of all races in the United States performing similar work along with a commitment to achieve gender pay equity in all company-owned markets globally. We announced [100 percent gender pay equity in Canada and China](#) one year later, and have joined the [Employers for Pay Equity consortium](#) to help close the U.S. gender pay gap. We strive to make our workplace an inclusive one, supporting [our DACA partners and all Dreamers](#) and efforts to offer a second chance to Americans who have been incarcerated. We have [expanded benefits for transgender partners](#) and been recognized as [a top employer for LGBTQ workplace equality](#).

We are investing in pathways to opportunity through employment, education and training. Since Starbucks began offering partners an online bachelor's degree program through Arizona State University with full tuition coverage, [more than 2,400 have graduated](#) and 12,000 more are currently enrolled. There is no requirement to stay with the company: graduates are free to pursue their dreams wherever they take them.

"Strong leaders lead by example and Starbucks is one of the strongest leaders in the fight for equality and inclusion," said Billie Jean King.

We have made a [series of hiring commitments](#) to welcome new partners from communities that may experience barriers to employment, with goals to hire 25,000 veterans and military spouses; 10,000 refugees; and 100,000 young adults not currently working or in school.

And we're finding new ways to engage partners in meaningful initiatives. We recently completed a six-month pilot for the [Starbucks Service Fellows](#) with 36 Starbucks store partners working 20 hours in their store each week while spending another 20 hours with a local nonprofit. These models will inform how we catalyze our partners to build enduring change in our communities.





CREATING OPPORTUNITIES

HIRING

22K+ VETERANS AND MILITARY SPOUSES**Goal**

Hire 25,000 veterans and military spouses by 2025

Description

Since 2013, we've hired 22,500 veterans and military spouses, including 3,000 in 2018, and reached the milestone of 50 Military Family Stores.

71K+ OPPORTUNITY YOUTH**Goal**

Employ 100,000 Opportunity Youth by 2020

Description

Since launching the 100,000 Opportunities Initiative coalition with other employers in 2015, Starbucks has hired 71,145 Opportunity Youth, 16– to 24-year-olds who are out of work and not in school.

1,600+ REFUGEES**Goal**

Employ 10,000 refugees globally by 2022

Description

We have welcomed and hired 1,672 refugees in the United States, Canada and Europe. We rely on partners to self-identify, which leads us to believe the total number of refugees hired is actually much higher.





CREATING OPPORTUNITIES

EQUITY, DIVERSITY & INCLUSION

42% SENIOR LEADERS ARE WOMEN**19%** SENIOR LEADERS ARE PEOPLE OF COLOR**Goal**

At the senior leadership level, 50% women and a 50% increase in representation by people of color over 2015

Description

Among our senior leaders (senior vice presidents and above) 42% are women, an increase of 13% since 2015, and 19% are people of color, which is the same percentage as 2015. We have seen an increase in representation for people of color at the vice president and director levels since 2015.

**100%****PAY EQUITY IN U.S.;
GENDER EQUITY IN PAY
IN CANADA AND CHINA****Goal**

100% global gender pay equity in U.S. and company-owned markets

Description

We have reached 100% percent pay equity for partners of all genders and races performing similar work across the United States from 2017-2019. In March 2019, we announced that we have achieved gender pay equity in Canada and China. We have also joined with other U.S. companies to help eliminate the gender pay gap nationwide.

COLLEGE

2,400+ DIPLOMAS**Goal**

Graduate 25,000 partners by 2025 through the Starbucks College Achievement Plan

Description

12,000 partners are currently enrolled in the program and 2,400 partners have earned a bachelor's degree since 2014. We are also building accessibility and improving performance through our Pathways program.



ABOUT THIS REPORT

SCOPE

Our report for fiscal 2018 focuses on our performance against the goals we set in three key areas: leading in sustainability, strengthening communities, and creating opportunities. These areas are critical to our business and are also where we know we can and do have the greatest impact. We've also included links to information and resources publicly available at Starbucks.com regarding our financial, corporate governance, workplace and diversity policies and performance, because these commitments are directly tied to our business.

Starbucks is committed to the [United Nations Sustainable Development Goals](#) and uses these goals as a lens for our social impact programs and collaborations with others. Based on our stakeholder-engagement efforts, we also believe these areas are important to our customers, our partners, non-governmental organizations (NGOs) and investors.

While our commitments are global, some reporting reflects results for specific markets where noted. We continue to work to validate and improve our global reporting efforts, so we can consistently and accurately report on our performance.

REPORTING YEAR

Starbucks fiscal year 2018 (October 2, 2017–September 30, 2018), unless otherwise noted.

CURRENCY

All references to currency are in U.S. dollars, unless otherwise noted.

PREVIOUS REPORTS

Starbucks has produced an annual global social impact report since 2001. Previous years' annual reports are available on our website.

INFORMATION INTEGRITY

Starbucks management is responsible for the preparation and integrity of the information reported for fiscal 2018. Through a system of internal controls, including a comprehensive verification process involving internal subject matter experts, we believe this information accurately represents our global responsibility activities and performance results for the fiscal year. External verification is provided by Moss Adams LLP.

FORWARD-LOOKING STATEMENTS

Our reporting on global responsibility for fiscal 2018 includes forward-looking statements about the company's business and its future business plans, initiatives, goals and objectives. These forward-looking statements are based on currently available operating, financial and competitive information and are subject to a number of significant risks and uncertainties. Actual future results may differ materially depending on a variety of factors including, but not limited to, coffee, dairy and other raw material prices and availability; successful execution of the company's blueprint for growth and other strategies; cost reduction and other initiatives; fluctuations in U.S. and international economies and currencies; the impact of competition; the effect of legal proceedings; and other risks detailed in the company's filings with the Securities and Exchange Commission, including the "Risk Factors" section of Starbucks Annual Report on Form 10-K for the fiscal year ended September 30, 2018. The company assumes no obligation to update any of these forward-looking statements.

