



# Starbucks Food Donation Guide

Strategies to manage costs and effectively create a food donation program

April 2021

*This presentation is based on our experience in setting up a food donation program. Nothing in it should be taken as legal advice.*

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# Food Donation Guide Objectives

- ❖ Create an open-source learning platform to share Starbucks food donation best practices
- ❖ Increase the efficiency of food donation for the food service industry through a cost-neutral model
- ❖ Reduce the burden of rescuing food for food banks and food agencies
- ❖ Rescue more food to support people struggling with hunger
- ❖ Divert food from landfills to reduce the environmental strain caused by food waste

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# HUNGER, FOOD RESCUE AND HOW YOU CAN HELP

# Hunger Is a Logistics Issue that You Can Help Solve

These images portray two troubling crises that are closely linked:



## Food Waste and Food Insecurity

# Why Food Donation Is Right for Your Company



## FINANCIALLY SELF-SUSTAINING

- This program has the potential to fund itself through a **U.S. federal tax deduction enhancement**<sup>(1)</sup>
- Liability for donations donated in good faith are protected under the **Good Samaritan Act**<sup>(2)</sup>



## GOOD FOR THE PLANET

- Food donation can **reduce garbage fees** and provide a solution to the growing number of municipal composting laws
- Food waste accounts for **21% of landfill volume** and **21% of all fresh water**<sup>(3)</sup>



## MAKES EMPLOYEES PROUD

- Allows employees to be part of **making positive change every day**
- Food Donation ranked **1 of top 3 positive changes** Starbucks employees wanted to see in their workday



## EXCITES CUSTOMERS & STRENGTHENS YOUR BRAND

- **7 in 10 people** say it's important to buy from socially and environmentally conscious brands<sup>(4)</sup>

(1) <https://www.feedingamerica.org/about-us/partners/become-a-product-partner/tax-benefits-for-your-company>

(2) <https://www.feedingamerica.org/about-us/partners/become-a-product-partner/food-partners>

(3) <https://www.supermarketnews.com/sustainability/consumers-desire-will-help-retailers-cut-food-waste>

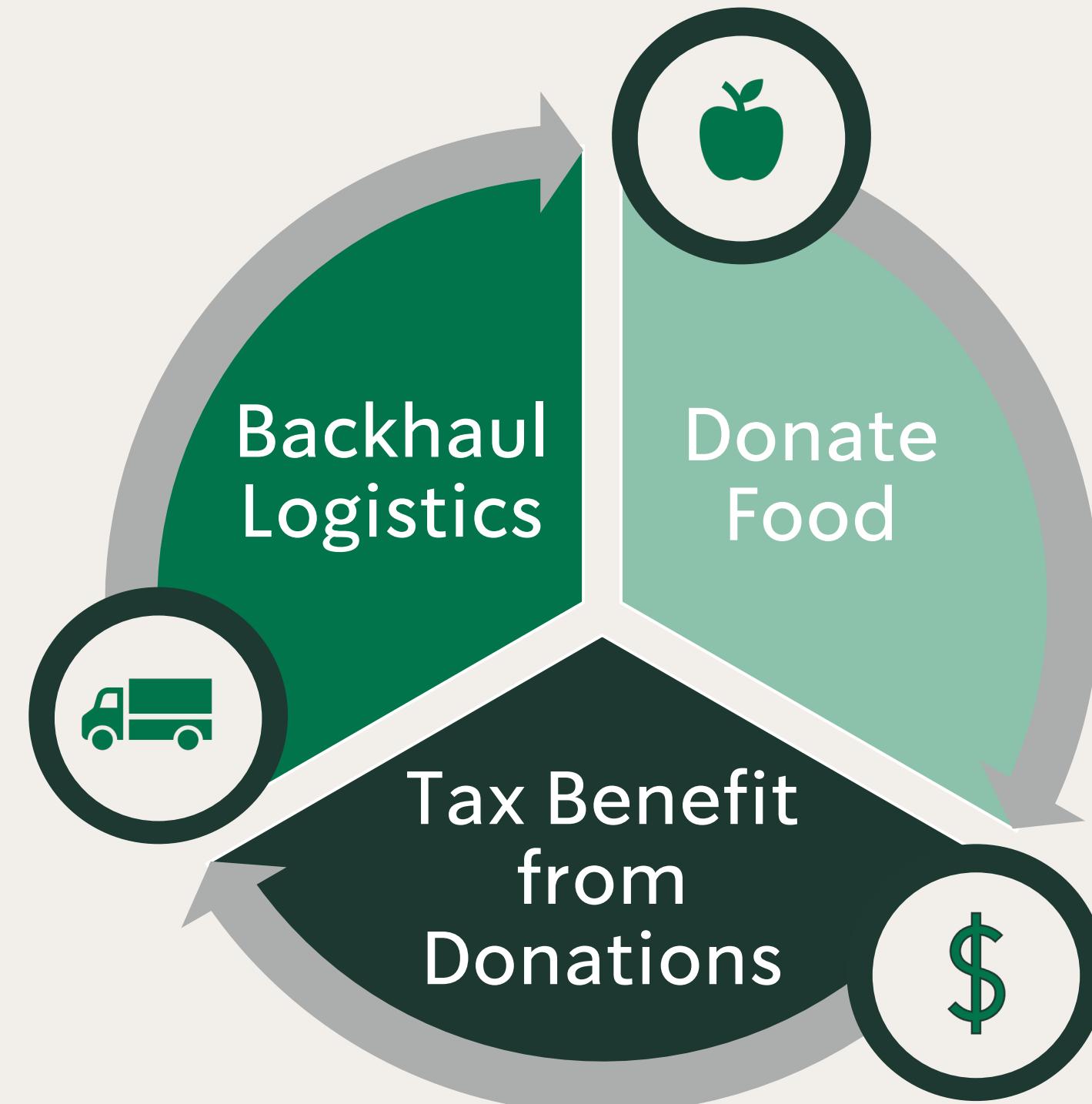
(4) <https://www.businesswire.com/news/home/2019100205697/en/Consumers-Expect-the-Brands-they-Support-to-be-Socially-Responsible>

# Backhaul Logistics + Tax Benefit = Cost-effective Food Rescue



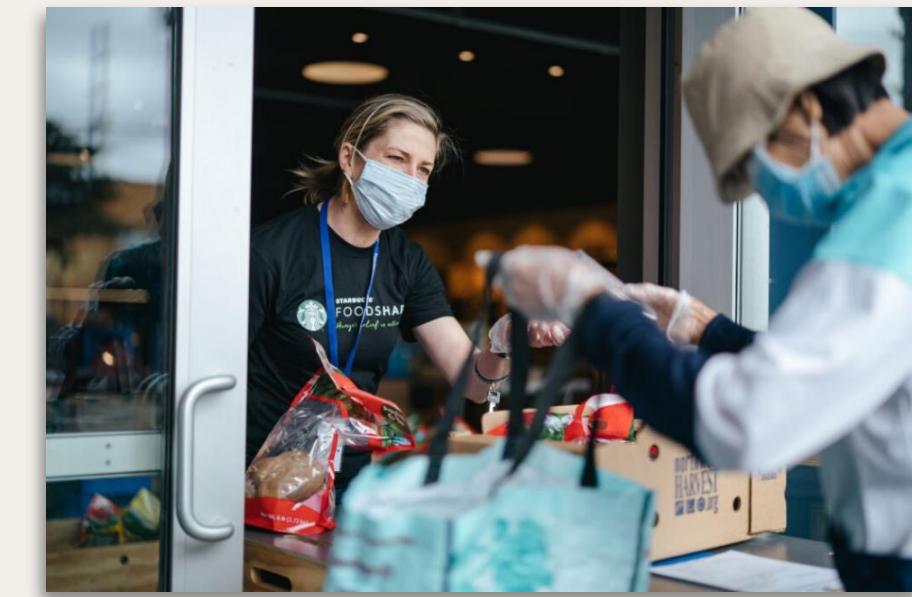
## BACKHAUL LOGISTICS

Utilizing existing delivery trucks and routes to pickup food donations and return to a central site for consolidation unlocks consistent and efficient food rescue



## TAX BENEFIT

Per the U.S. Enhanced Tax Deduction, companies receive a financial benefit for pounds of food donated, which can be used to fund backhaul logistics for food rescue. More details and example calculation on slide 17.



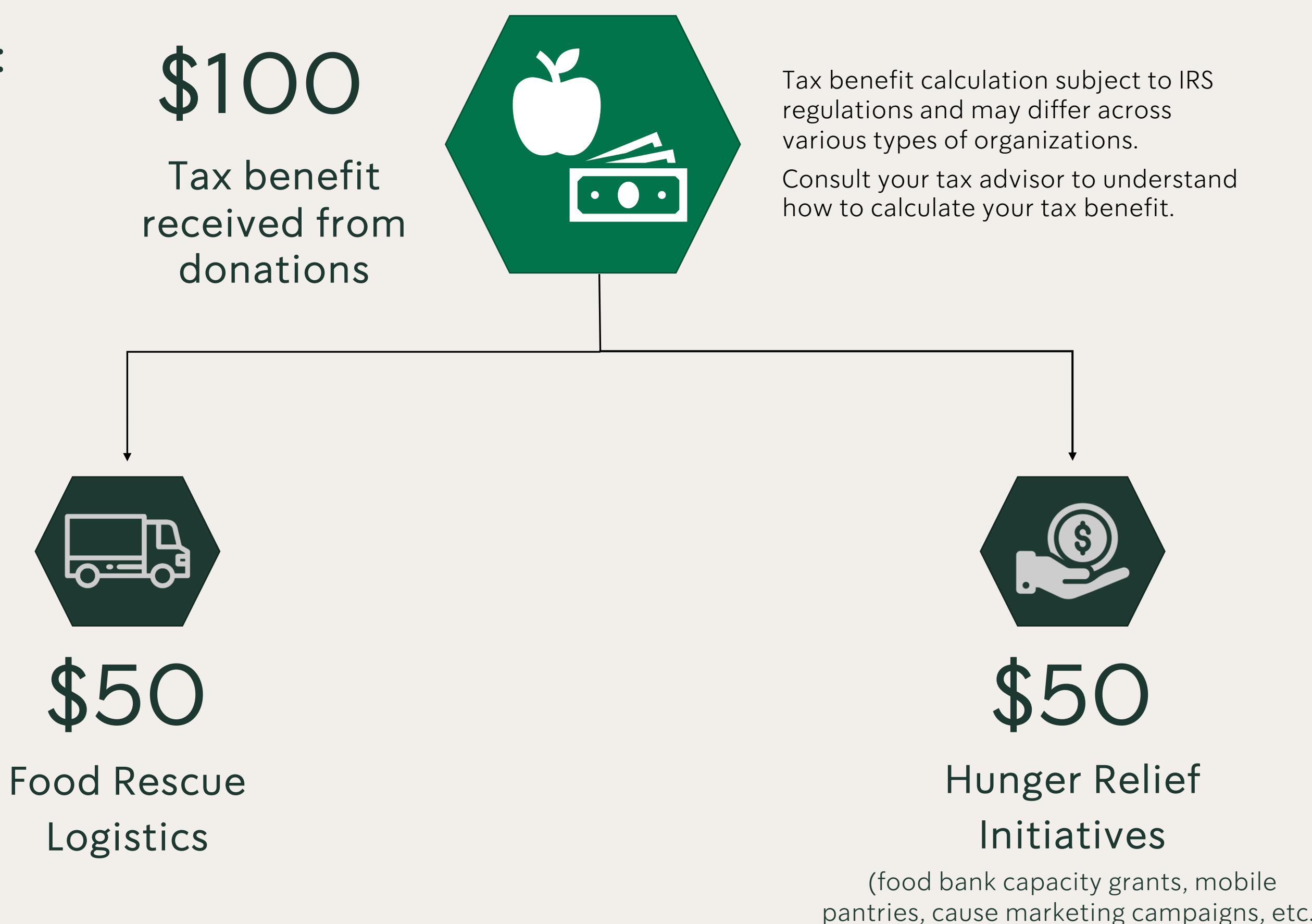
## DONATE FOOD

Instead of being thrown away, unsold food is rescued and donated to the Feeding America network of food banks and agencies to get into the hands of those who need it most.

# Starbucks Uses the Tax Benefit to Fund Hunger Relief Efforts

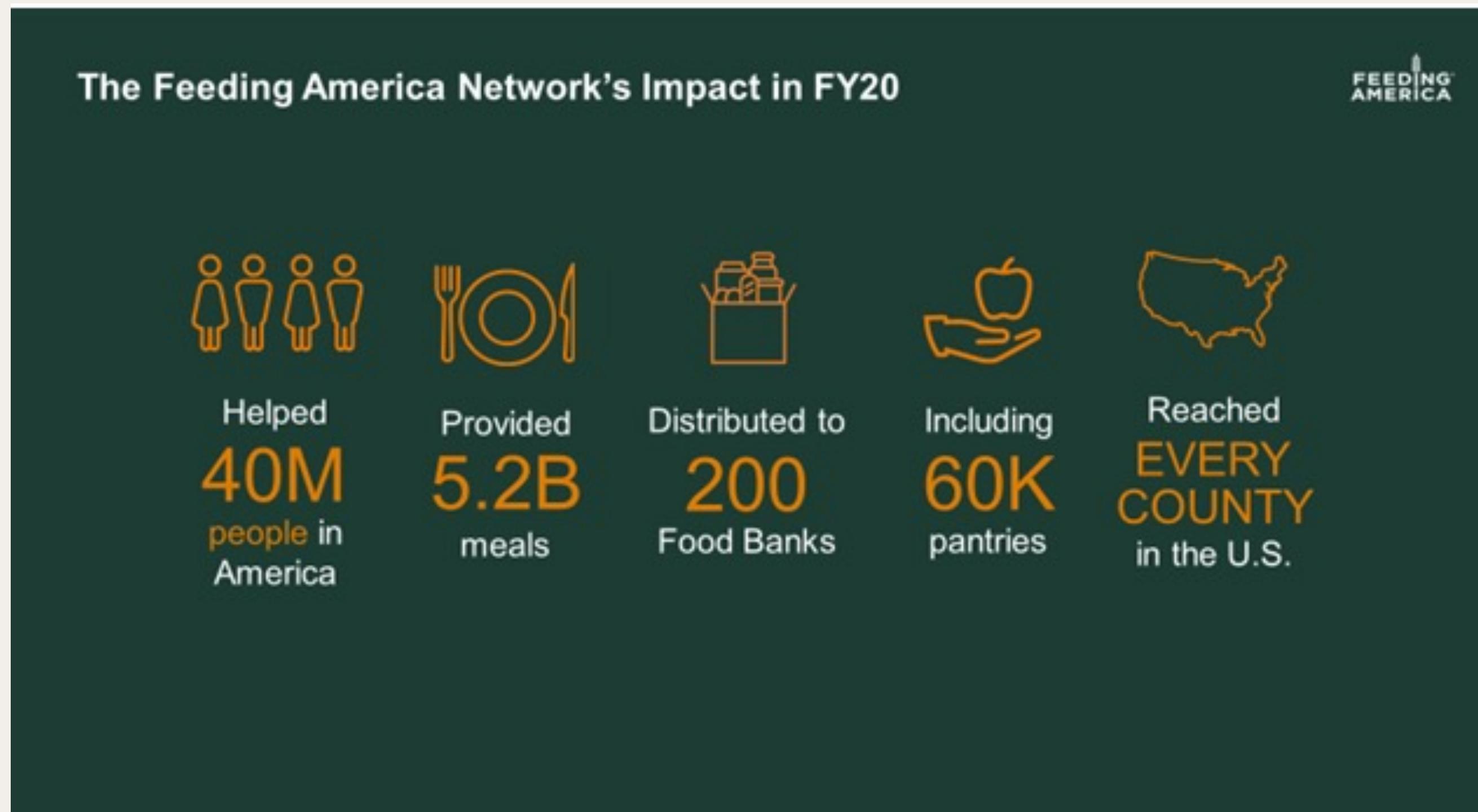
Starbucks receives the U.S. federal tax benefit for every pound of food donated and those funds help keep the program **self-funded** by covering food rescue logistics costs and investments into food banks and other hunger relief initiatives.

Let's look at an example:



# Feeding America: Your Food Donation Partner

With a network of over 200 food banks across the U.S., Feeding America is the strategic partner to ensure that food is rescued from going to the landfill and instead feeding those impacted by food insecurity.



[Watch this video to see how Feeding America works >](#)

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# ROAD TO PROGRAM CREATION

# The Starbucks Food Donation Story



## HOW WE GOT HERE

Starbucks Partners (employees) who live the Starbucks Mission and Values daily in our stores expressed concern about the food that was being thrown away each night.

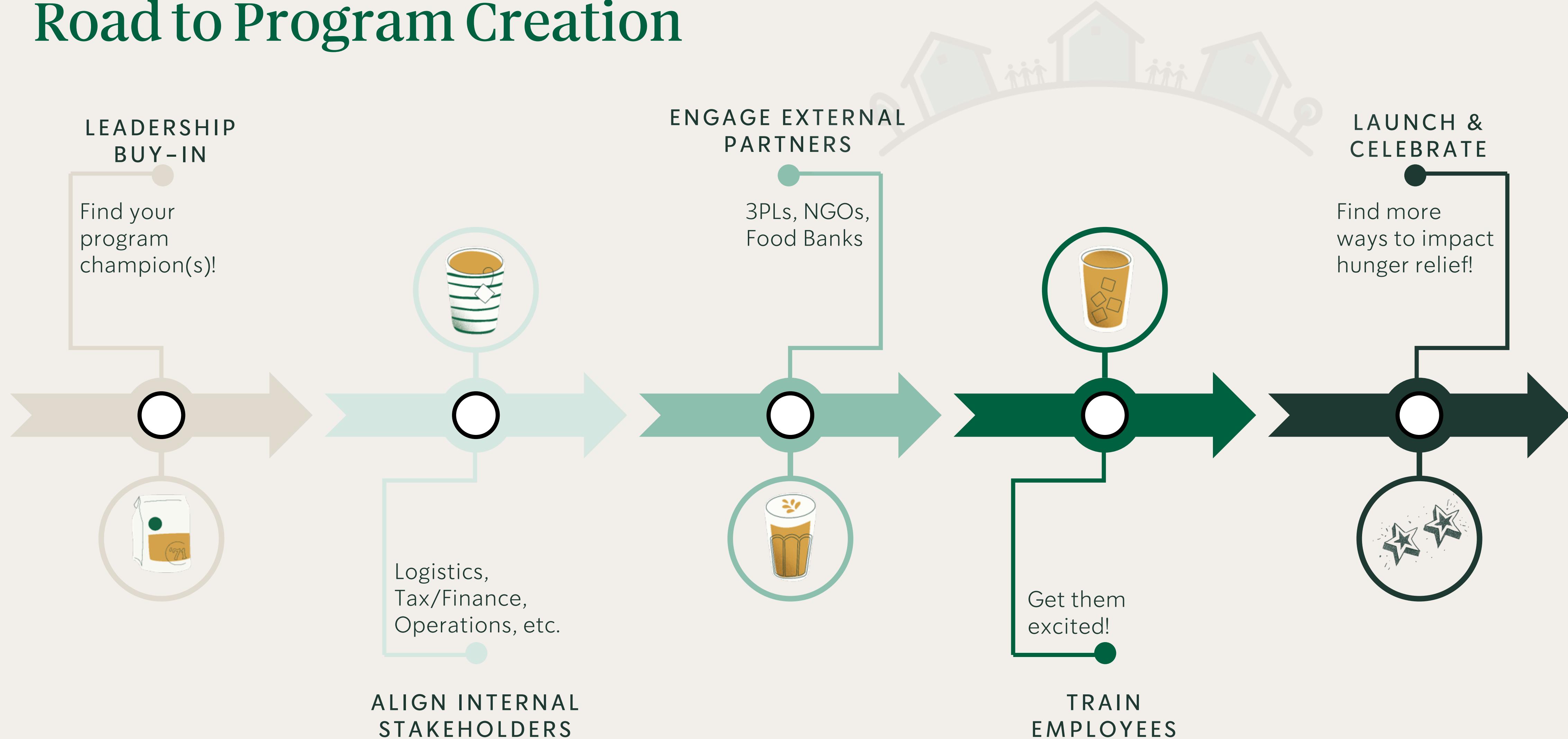
Driven by this concern, Starbucks teamed up with Feeding America in 2016 to develop the FoodShare program to donate all unsold food available to donate from stores to local Feeding America food banks and agencies. Five years later, we are donating unsold food from 100% of our U.S. company-owned Starbucks stores.

As a company deeply concerned with the issue of hunger, we have created this Guide to humbly share what we've learned in hopes to grow food donation in the food service industry so that together we can end hunger.

**Vision:** Rescue 100% of food available to donate from all U.S. company-operated stores.



# Road to Program Creation



# Program Creation | Achieving Leadership Buy-In

- To successfully launch a food donation program, you need a champion who will help drive leadership alignment across the stakeholders who will support the program.
- Work with your tax and finance teams to create a business case to help your leadership understand the brand and financial benefits to donating unsold food from your organization.



# Program Creation | Align Key Internal Stakeholders



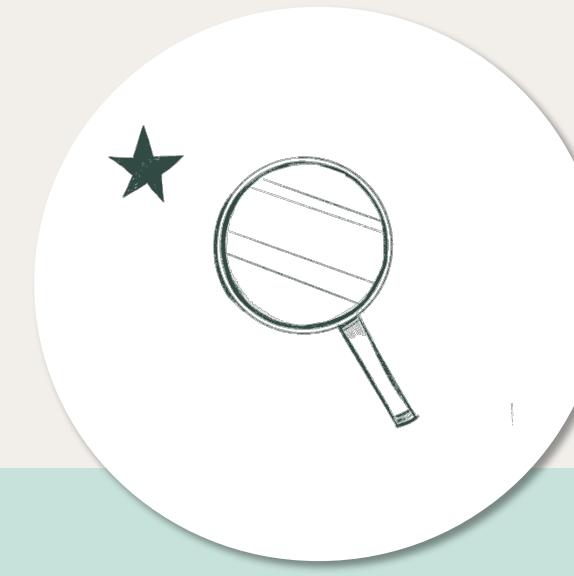
## TAX & FINANCE

Ensure finance has the correct information to capture the food donation tax benefit available in the United States



## OPERATIONS

Create launch and training guides for employees executing the program



## LEGAL

Develop contract agreements with non-profit organizations and 3PL providers



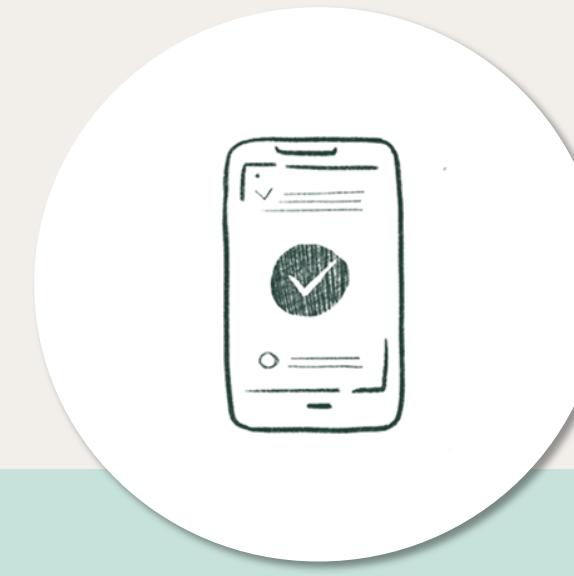
## QUALITY ASSURANCE

Quality and safety testing to determine donatable goods and shelf-life after donation



## TRANSPORTATION/LOGISTICS

Partner with transportation to create the donation logistics model right for your org



## SOURCING

Source & distribute the materials needed in stores to execute the program

### USE THE TAX BENEFIT TO FUND YOUR PROGRAM BUDGET

- Build a business case to understand the potential donation volume
- Consult your tax advisor to understand the correct tax benefit calculation for your organizational structure
- The CARES act may allow you to receive a higher tax benefit
- Use that tax savings to help cover the costs of this program, which include logistics and some materials

#### KEY STARBUCKS LEARNING:



Food banks also have to pay for logistics. Consider offsetting the food bank's costs of distributing your donations by sharing any excess tax benefit after paying for programmatic costs.

Tax benefit example calculation from ReFED.org

#### Example:

A grocery store donates potatoes with a fair market value of \$100. The basis value of these potatoes was \$30. The expected profit margin is the fair market value minus the basis value (\$100-\$30), which is \$70. Under the enhanced deduction, the grocery store is eligible to deduct the smaller of:

$$1) \text{ Basis Value} \times 2 = \$30 \times 2 = \$60$$

or

$$2) \text{ Basis Value} + (\text{expected profit margin}/2) = \$30 + (\$70/2) = \$65$$

The enhanced deduction would be \$60, which is substantially higher than the general deduction (the \$30 basis value).

Example taken from ReFED.org. More details on this calculation and the policy guiding it can be found at ReFED's website: <https://www.refed.com/tools/food-waste-policy-finder/federal-policy/federal-tax-incentives>

## Align Key Internal Stakeholders | Quality Assurance

### CHOOSE TO DONATE FOOD THAT IS SAFE AND PROVIDES A DIGNIFIED EXPERIENCE

Your Quality Assurance team should assess all products potentially available for donation:

- All food donated in good faith is protected by the U.S. Federal Good Samaritan Act
- Test product shelf-life to understand how long it is good after it leaves the store
- Food should be tested for safety and dignity of recipient; work with your QA team to determine the appropriate shelf-life for donation and distribution
- The Starbucks QA team selected a food safe bag for food donation storage

#### KEY STARBUCKS LEARNING:



From food bank interviews, we have found the highest value items are protein-based. We have also found that they have an overabundance of breads and sweets and do not need more.

Learn more about food donation regulation in U.S.

Visit [Feeding America's "Become a partner" webpage](#) to learn more about the U.S. Bill Emerson Good Samaritan Food Donation Act.



# Align Key Internal Stakeholders | Operations

## MAKE FOOD DONATION PART OF THE CLOSING PROCESS

Your Operations team is key to helping you:

- Create the right program structure
- Build training materials
- Identify resources your employees may need
- Pilot / Test out your program with employees who will be responsible for executing your program on a daily basis
- Simplicity is key: try not to create barriers to existing business processes

### KEY STARBUCKS LEARNING:



Consistent execution by both employees preparing donations and those picking up donations is key to success.

Store materials to support execution

The screenshot shows a post on the Starbucks Partner Hub titled "Your Store is Launching FoodShare!" dated 12/27/2020. It includes a photo of a cardboard box labeled "Starbucks POS" and a photo of a yellow FoodShare donation bag tied at the top.

This is a quick reference guide for preparing FoodShare donations. It includes sections on marking donation bags, bagging donations in orange bags, and storing donations in refrigerators. It also provides a table comparing items to donate versus not donate.

DONATE	DO NOT DONATE
<ul style="list-style-type: none"><li>Pastries (Sealed and Loose)</li><li>Packaged Food</li><li>Unopened Coffee</li><li>Ready-To-Eat Foods</li><li>Lunch Sandwiches And Breakfast Sandwiches</li><li>Ready-To-Drink Items</li><li>All Packaged Food</li><li>Unopened Dairy, Alternative Milks &amp; Beverage Components (i.e. Coconut Milk, Syrups &amp; Sauces, Inclusions, Seasonal Items)</li><li>Food Bank Pick-Up Model: Store all donatable food in BOH fridge.</li></ul>	<ul style="list-style-type: none"><li>Opened or Damaged Pre-Packaged Candy Items</li><li>Items In Test</li><li>Fresh Blueberries</li><li>Display-Only Fresh RTE Items (Breakfast Sandwiches, Egg Bites, RTE Sandwiches)</li><li>Select Local Food Items</li></ul>

This guide provides instructions for launching FoodShare. It includes sections on completing prior to launch (such as verifying supplies and identifying space), launching day and beyond (joining the FoodShare group, ensuring inventory counts, and contacting LSRs), and a QR code for training partners.

A poster titled "THE HUNGER SOLUTION STARTS HERE" featuring the Starbucks logo and the tagline "Hunger relief in action." It includes illustrations of apples and a delivery truck, and a section for "FOOD FROM THIS STORE SUPPORTS" with a placeholder for a sticker.

## Align Key Internal Stakeholders | Transportation/Logistics

### USE EXISTING STORE DELIVERY TRUCKS TO BACKHAUL DONATIONS FOR CONSOLIDATION AT WAREHOUSE

- Backhauling donations on existing food delivery trucks may require third-party logistics engagement (see External Stakeholder section)
- Food can be segregated on truck to ensure donated product does not mix with product being delivered into stores
- Leadership alignment is especially important for this group if you have a national program

#### KEY STARBUCKS LEARNING:



The reverse logistics food donation backhaul model is the most consistent and cost-effective donation model of the 3 models we have executed. (See Appendix slide 27 for model comparison.)

### Reverse logistics process



## Align Key Internal Stakeholders | Sourcing

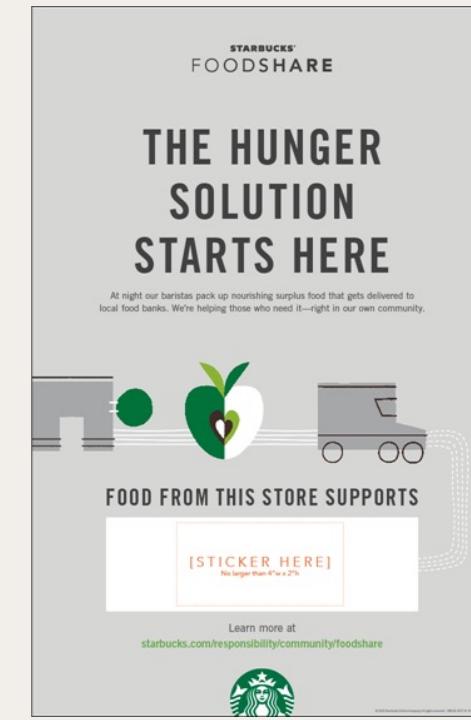
### ENGAGE SOURCING TO PURCHASE ANY PROGRAM MATERIALS

- Sticker used to identify fridge where donations are stored
- Food safe bags to store donations
- Test whatever food storage solution you identify to ensure it does not crush the product

#### KEY STARBUCKS LEARNING:

- If you use donation bags, it helps if they have handles for tying the bag closed. It also helps to print fill lines and allergen statements on the bag.

### Example program materials



## Align Key Internal Stakeholders | Legal

### CREATE LEGAL DOCUMENTS WITH ANY EXTERNAL PARTNERS

Considerations:

- Outline parameters/requirements of relationship (financial, logistical, reporting, food safety, etc.)
- Include language that prohibits re-sale of food donations
- Align on marketing strategies
- Review contracts regularly and negotiate revisions as necessary
- Reach out to NGO or transportation partner to see if they have an existing contract template that can be utilized

#### KEY STARBUCKS LEARNING:



Legal contracts are a great way to formalize food safety requirements as well as document agreed-upon logistical details.



# Program Creation | Engage External Stakeholders



Third-  
Party  
Logistics

Community & social impact opportunity for 3PLS

Unburdens food banks from the logistics of rescuing food

OPPORTUNITY FOR BUSINESS EXPANSION



National  
Donation  
NGO

Program guidance & relationship building

Single program contract  
Umbrella reporting for tax

SINGLE PROGRAM CONTRACT



Local  
Food  
Banks

Food banks need protein, not sugar

Food banks require financial support

Organize employee volunteer events

GIVE TO A FOOD BANK – GIVE TO A COMMUNITY

Feeding America Relationship

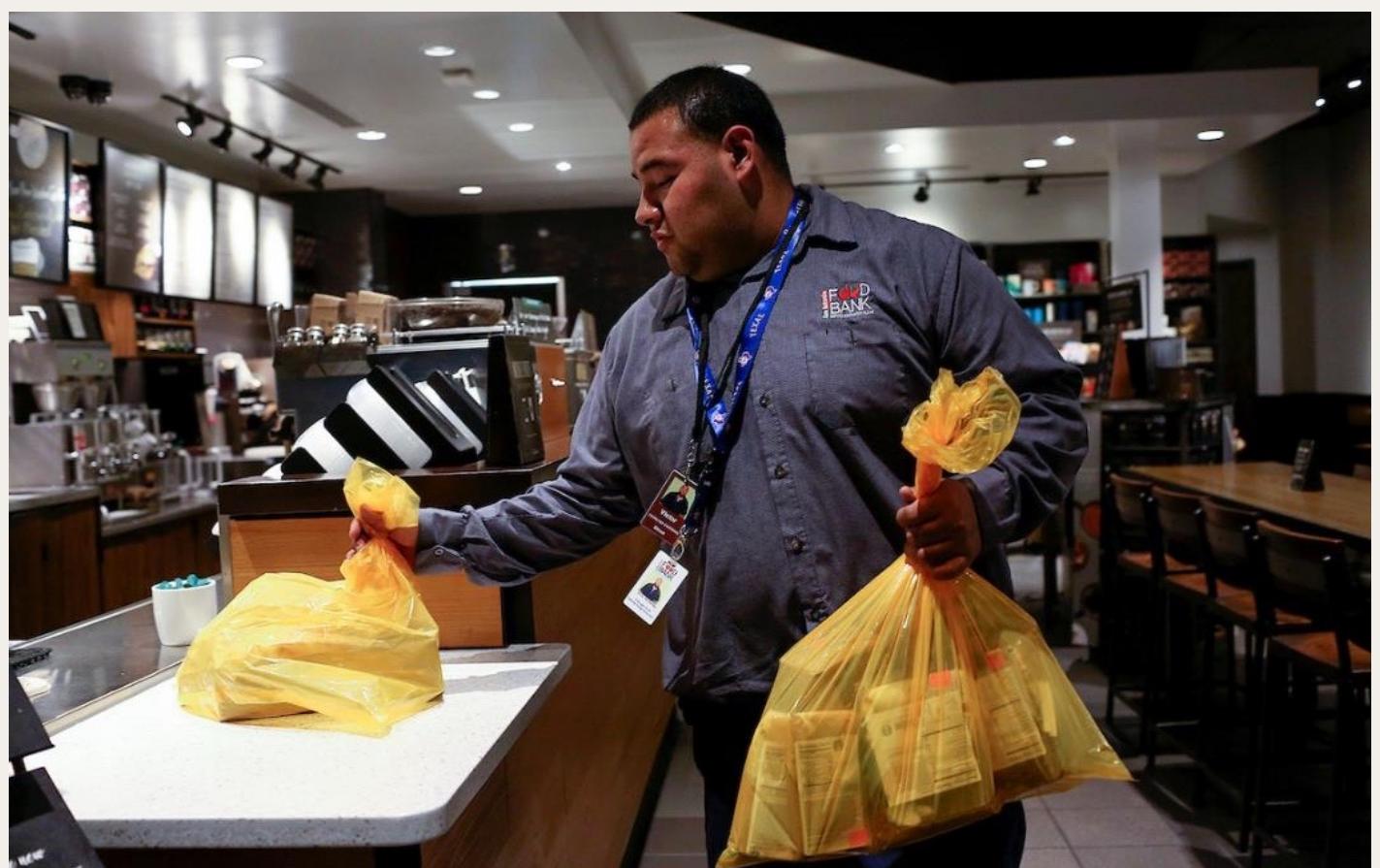
# Train Employees | Employees are Key to Program Success

Food donation makes employees proud! Get them excited!

- Employee engagement is key to success. Consider a celebration event at stores when you launch to increase awareness and excitement
- Starbucks provides FoodShare T-shirts for all partners at stores active on FoodShare

Restaurant/store employees will be responsible for executing the program on a consistent basis.

- Ideally, food donation does not require extensive labor or time, but is a simple part of the employee's closing routine
- Employees are primarily responsible for making sure donations are prepared in time for nightly delivery driver in a food safe manner



# Launch | Kick Off Program, Celebrate and Measure

- Celebrate an amazing program launch!
- Volunteer as a team at a local food bank
- Collaborate with local food bank to amplify your program and create awareness for the issue of hunger
- Track key metrics to find opportunities for efficiency
- Utilize your Public Affairs team to amplify program in local communities and inform local stakeholders
- Explore how your company can do more to impact hunger relief



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# APPENDIX

# Food Donation Model Comparison

Starbucks has run three versions of the FoodShare program: **internal backhaul and delivery**, **nighttime pickups by food bank** and **daytime pickups by food bank**. We have found the **backhaul model** to be the most efficient and effective overall; however, it does require more internal buy-in.

In certain situations, where backhaul logistics cannot take place daily and food shelf-life is a concern, the food bank daytime pick-up model may be the most effective option.



# Food Bank & Donation Considerations

## FOOD BANK/AGENCY CONSIDERATIONS

- Space capacity to accept/store donation volume
- Temp-controlled storage (if applicable)
- Unloading ability (dock doors, ability to unload tractor-trailer vs box truck, etc.)
- Receiving hours/days (including holidays)
- Reporting ability (BOLs, weighing of donations, etc.)

## FOOD DONATION CONSIDERATIONS

- Packaged, Ready-to-Eat food
  - Examples:*
    - Packaged salads, sandwiches, etc.
    - Packaged dairy (jugs of milk, etc.)
    - Produce
  - Nutritious food is preferred
  - Labeling (containing ingredients/allergens)
  - Multi-day shelf-life that will allow for distribution from food bank → agencies → clients

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# Definitions

**Starbucks Partner:** Starbucks term for employee.

**Food Bank:** Centralized distribution center (warehouse) for a region's food donations. Do not typically serve individuals directly. Instead, they provide food to the agencies that serve clients.

**Food Agency:** Localized organization providing food directly to individuals struggling with hunger.

**Meal Program:** Typically provides some form of a hot meal service. This could be a “soup kitchen” at a church, a homeless shelter or a variety of other programs.

**Meal Pantry:** The meal or food pantries provide food items that clients can take and cook at home. This could look like a pre-kitted box or a grocery-store style shopping experience.

**Third-Party Logistics (3PL):** Contracted trucking companies that manage delivery and transportation on a company's behalf (e.g., Penske, QCD, etc.).



Thank you.