



# Year in Review: Fiscal 2011



From our beginning as a single store in Seattle's Pike Place Market in 1971, we have sought to be a catalyst for positive change in the many communities we serve. Now, with more than 17,000 stores in more than 55 countries and a growing business in consumer packaged goods, we find our reach is greater than ever. Just as important, we continue to believe that the ultimate way to scale the power of our brand is to share the good we do and how we do it so that Starbucks and everyone we touch – from customers to coffee farmers – can thrive and endure.

Throughout our more than 40-year journey, Starbucks has sought to find innovative and relevant solutions to the challenges we face as a company while respecting and bringing value to the [communities we serve](#). Today we continue to strengthen and grow our business. Not only does our family of brands connect with people who visit our stores approximately 60 million times each week, but also with customers in the grocery aisle, at home, and in the digital world.

In 2011, Starbucks and our stakeholders continued to face pervasive global economic uncertainty and high global unemployment. As always, we seek to lead where we can – inviting other organizations to join us in efforts that can change entire industries, as well as neighborhoods. Time and time again, we have formed [relationships](#) with like-minded organizations to help us magnify the moments of connection that remain at the foundation of our business.

More than ten years ago, we turned to Conservation International to help us build our [ethical sourcing](#) program. Now C.A.F.E. Practices is in its eighth year, and we are sourcing nearly 86 percent of our coffee in a way that promotes continuous improvement in quality, productivity, environmental impact and transparency.

As part of our ongoing commitment to [environmental stewardship](#), we have been a retail industry leader in green building, joining the USGBC in the year 2001 and working to create LEED® for retail. In 2011 we began to roll out this new global approach across our portfolio and built 75 percent of our new company-owned stores to the LEED standard. No other company has taken LEED to scale like we are, but we hope that we can blaze a trail.

Also in 2011, in celebration of our company's 40th anniversary, we actively worked with community changemakers, local leaders and organizations already making strides to improve opportunities and education. We will further explore this model in 2012 with two community stores in New York and Los Angeles.

While we know we are not perfect, and that the problems we seek to help solve are complex, we are committed to integrating our values into our company strategy, business practices and operations. Our ever-evolving business brings new challenges and opportunities, and we will continue to broaden the scope of our goals and reporting to include more global operations across the brands.

We invite you to learn more about our [2011 goals and progress](#).

Regards,

**Vivek Varma**  
executive vice president, Public Affairs

**Ben Packard**  
vice president, Global Responsibility



# Message from Howard Schultz

chairman, president and chief executive officer

Since Starbucks earliest days, I have believed in a strong link between our company's performance, our values, and the impact we have on the communities where we do business. This interdependence is at the heart of our [mission](#): to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.

Such interdependence is also right for our business, especially in the times we now live. Consumers have long rewarded brands with their loyalty when they feel a company's mission and aspirations align with their own. What's more, our record performance in 2011 confirmed what we have always known to be true: we can continue to evolve our business model and deliver shareholder value by creating value within the various communities where we do business – value for our people and our customers, value for the local neighborhoods where we have stores and value for the farmers and companies from whom we source our products.



Just as the Starbucks Experience continues to fulfill a universal need for personal connection, we have continued to use our scale for good in ways that go beyond our stores. [Create Jobs for USA](#) provides an exciting example of how we can positively impact communities through innovative and authentic approaches to pressing problems. In just a matter of weeks, Starbucks turned our own feelings of frustration during a time of unprecedented high national unemployment into a tangible program with the Opportunity Finance Network to help spur job growth, neighborhood by neighborhood. Through more than \$7 million in donations and the distribution of more than 430,000 "Indivisible" wristbands in our stores, it is estimated that the program has helped to create and sustain more than 2,300 jobs in the program's first three months.

In Sendai, Japan last October, I met with partners from more than 50 Starbucks stores who were most impacted by the horrific earthquake and tsunami. I was awe struck by their personal stories of strength and courage, as well as grateful for the hundreds of hours that our partners provided to support the recovery efforts for their neighbors and for the financial assistance Starbucks was able to provide through the [Red Cross](#).

We continue to make progress toward our environmental stewardship and ethical sourcing goals, and believe more than ever that Starbucks has a shared responsibility to operate our business in ways that contribute to the economic and environmental well-being of the communities we touch.

Of course we can always do more, and do it better, but we are proud of our 2011 accomplishments. Going forward, we will continue to ask ourselves, as individuals and as a company, what it means to do business through the lens of humanity, bringing real value to the diverse communities we serve.

Helping communities is a shared endeavor. I extend my heartfelt thanks to our partners, our customers, our business partners, the farmers and our suppliers. As always, we welcome your [feedback and ideas](#) as we continue on this journey.

Warm regards,

Howard Schultz



# Environmental Stewardship



When it comes to environmental sustainability, our experience has proven the power of collaboration. By working with non-governmental organizations, policymakers, competitors and others, we can tackle common challenges. Together we are advancing a number of meaningful initiatives and taking bold actions that we believe are having a significant impact on the entire foodservice industry.

At the store level, we've been working with the [U.S. Green Building Council](#) (USGBC) for more than a decade to create scalable [green building solutions](#) for the retail sector. After years of assessment pilots and tests, we are now executing on this new strategy and built 75 percent of all new company-owned stores to be certified under the LEED® green building standard starting in December 2010. Our innovative [energy](#) and [water conservation](#) strategies in stores continue to be key priorities, with potential to significantly reduce our environmental footprint. Starbucks purchased 50 percent renewable energy (in the form of renewable energy certificates or RECs) to power its global company-owned stores, and is well on its way to achieving its goal of 100% renewable energy by 2015.

[Recycling](#) is also a priority for us and for our customers. In 2011 we reached a breakthrough in the journey to make our paper and plastic cups broadly recyclable. Working with others in our industry, we have proven that our used cups can be accepted in a variety of recycling systems and we can now start to bring our solutions to scale. We are working with the [Paper Recovery Alliance](#) to help move forward across the retail sector. We continue to expand our front-of-house recycling with programs in 18 markets, helping us toward our goal to provide all of our customers access to cup recycling by 2015.

"All companies operate within larger systems. Starbucks understands that by joining with others in their materials value chain, even competitors, they can find recycling solutions that can make a much greater impact than they can possibly achieve alone." – Peter Senge, director of the Center for Organizational Learning at the MIT Sloan School of Management

Beyond our stores, we are working with [Conservation International](#) to expand our efforts to [protect carbon-absorbing tropical forests](#) in coffee-growing regions in Chiapas, Mexico, and Aceh and North Sumatra, Indonesia.

Starbucks is concerned about climate change and the long-term impact it will have on coffee supplies and on the health of the communities where we do business. Reducing the [environmental impact](#) of our business operations will help to safeguard the availability of high-quality coffee beans that meet our exacting standards and to help preserve the planet for future generations. As a founding member of the [Business for Innovative Climate and Energy Policy](#) (BICEP) coalition in the United States, we are working with other companies to advocate for stronger clean energy and climate policies.





# Community



Starbucks is committed to helping communities thrive in the neighborhoods, cities and countries where we operate. While we have historically had a strong connection to the communities we serve, we believe we have a responsibility to do even more with the assets of the company. In a sense – using our scale for positive change.

In the past year, we have experimented and innovated to bring together our partners (employees), customers, civic leaders and nonprofit organizations in their local communities with unique contributions. One way we do this is by inviting customers to join us in [community service projects](#). In 2011 these projects generated more than 442,000 hours of service with 1,400 projects completed in April's Global Month of Service alone.

We also believe in empowering young people to be catalysts for change in their local communities. Through our [Youth Action Grants](#), we invest in young people to inspire them to create new and innovative solutions for community issues while gaining valuable leadership skills. In 2011 more than 50,000 young people contributed to their neighborhoods.

As our company has grown to reach more diverse neighborhoods and communities around the world, the issue of diversity has only become more important in every facet of our business. To amplify community and diversity efforts, [we collaborate](#) with nonprofit organizations, businesses, civic leaders and individuals who share our values.

We are also exploring new ways to reach underserved communities through an innovative business model and partnerships. In fiscal 2012 we will launch two community stores as part of this new approach; each transaction will generate a contribution benefiting New York's Harlem community through the Abyssinian Development Corporation, and the Los Angeles Urban League in the Crenshaw neighborhood. We will leverage our retail and online presence to increase awareness and galvanize support in these neighborhoods for the nonprofit partners and their critical work.



*"At a time when there is a tremendous rollback in public and private resources, Starbucks is investing to create job opportunities and to strengthen community based organizations like Abyssinian Development Corporation. Their commitment remains to improve the quality of life for the communities they serve."* – Sheena Wright, President and CEO Abyssinian Development Corporation



Going forward, as the global economy faces these challenging times, we know that our commitment to being a good neighbor has never been more important. We will work to revitalize communities and fuel the human spirit through community economic development and other local efforts.

We invite you to learn more about the [programs we support](#), and our recent milestones.



# Ethical Sourcing



We have taken a holistic approach to ethically sourcing the highest quality coffee. This includes responsible purchasing practices, farmer loans and forest conservation programs. When we buy coffee this way, it helps foster a better future for farmers and a more stable climate for the planet. It also helps create a long-term supply of the high-quality beans we've been carefully blending, roasting and packing fresh for more than 40 years.

Our approach is grounded in Coffee and Farmer Equity (C.A.F.E.) Practices, our comprehensive set of more than 200 social, economic and environmental indicators – with quality as a prerequisite. Farms and mills are evaluated by third-party verification organizations that are overseen by [Scientific Certification Systems](#). In 2011 86 percent of our coffee was C.A.F.E. Practices verified.

The implementation of C.A.F.E. Practices, which we developed in collaboration with [Conservation International](#) (CI) nearly a decade ago, has created significant social, environmental and economic impacts for more than one million workers employed by participating farms.

*"Over the course of our longstanding partnership, we have seen Starbucks raise the bar for the entire industry by expanding their innovative work with coffee-growing communities. These cutting-edge efforts have enabled Starbucks to help improve farmer livelihoods while protecting some of the world's richest and most valuable ecosystems. Starbucks' leadership in environmental and social stewardship is a great example of a company using its size for good."* - Peter Seligmann, Co-Founder, Chairman and CEO of Conservation International

In 2008 Starbucks and CI began to conduct impact assessments of C.A.F.E. Practices on coffee farmers and communities. We asked CI to answer a fundamental question: are our buying practices having the intended outcomes? CI's [2010 report](#) of more than 100,000 coffee farms (of which 98 percent were smallholder farms of less than 12 hectares) showed that more than 102,000 hectares were considered conservation land and have not been turned into coffee-growing landscapes. The assessment also found that 100 percent of school-age children on smallholder farms were able to attend school.

We've learned a great deal on this journey, and we're applying the knowledge gained through our work with coffee farmers to our sourcing approach for other product ingredients. Our [Tazo tea brand](#) is a member of the [Ethical Tea Partnership](#), working with other buyers to improve conditions for workers on tea estates. Through the CHAI (Community Health and Advancement Initiative) project, a joint partnership with Mercy Corps, we support tea-growing communities with health services and economic development.





# Ethical Sourcing

Our approach to [buying cocoa](#), like coffee, is based on our commitment to ensure a long-term supply of high-quality, ethically sourced cocoa while contributing positively to the environment and to cocoa-farming communities. Our Cocoa Practices program seeks to verify the supply chain for cocoa beans used in our beverages, with inspections performed by independent verifiers overseen by [Scientific Certification Systems](#).

We're committed to prioritizing [social responsibility standards](#) for the merchandise, furniture and other items found in our stores, as well. We set strong expectations for our suppliers to adhere to, and offer them assistance when corrections need to be made to their business practices. Adherence to those standards informs our sourcing decisions and ensures we are working with suppliers and factories that share our commitment to ethical sourcing.

In 2011 we assessed 129 factories and found 38 factories failed our zero-tolerance standards. As a result we discontinued 26 factories as Starbucks suppliers for standards issues. We were later able to begin business with 14 of those previously dropped factories due to improved performance. Since starting the program in 2006, we have engaged in more than 500 factory assessments and continue to work with more than 100 of these factories on programs to improve their standards.

Ethical sourcing depends on environmental factors as well. In China we coordinated with [Business for Social Responsibility](#) (BSR) on an energy efficiency pilot project involving nine suppliers that generated nearly a million kilowatt hours of energy savings.

In 2011 Starbucks became a member of the [Global Social Compliance Program](#), a business-driven effort to promote the continuous improvement of environmental and working conditions of global supply chains. Looking forward, we will continue to build on these kinds of collaborations to address ethical sourcing best practices in our shared supply bases.





# Coffee Purchasing & Farmer Support

We know our success as a company is linked to the success of the thousands of farmers who grow our coffee. That's why we're working to ensure a long -term supply of high-quality coffee through our **responsible coffee purchasing practices** and by investing in farmers and their communities. We have found that we can serve a great cup of coffee while helping to improve the lives of farmers and protecting the planet.

## GOALS

Ensure 100% of our coffee is ethically sourced by 2015

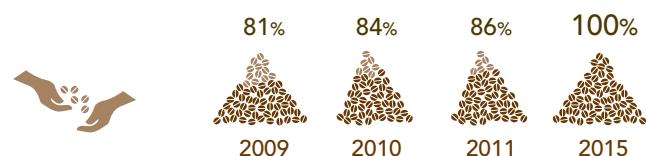
We define ethically sourced as coffee that is third-party verified or certified, either through C.A.F.E. Practices, Fairtrade or another externally audited system.

## PROGRESS

**86% of our coffee was ethically sourced under C.A.F.E. Practices in 2011, up from 84% in 2010.**

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	Total coffee purchases (in millions)	367	269	428	(lb) (kg)
	166	122	194		
	Total C.A.F.E. Practices purchases (in millions)	299	226	367	(lb) (kg)
	136	103	167		

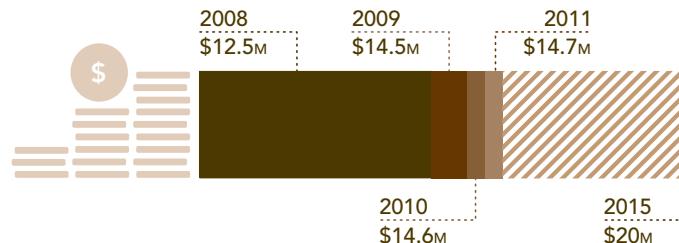


Includes green coffee purchases for all Starbucks brands.  
Visual representation of progress to goals, not to scale.

Invest in farmers and their communities by increasing farmer loans to \$20 million by 2015

**We made nearly \$14.7 million in loan commitments to our current loan partners in 2011 while exploring innovative and new opportunities.**

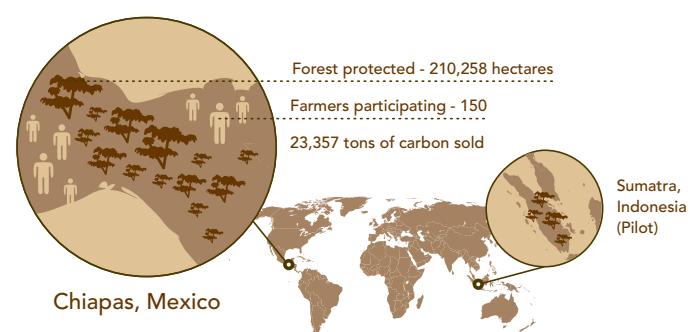
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Improve farmers' access to carbon markets, helping them generate additional income while protecting the environment

**We continued to learn from our pilot in Indonesia and have seen significant improvements with the program's implementation in Mexico.**

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## Coffee Purchasing

Fluctuating commodity prices in 2011 made coffee purchasing exceptionally challenging for specialty coffee roasters and retailers, including Starbucks. Despite the volatile market, we were able to continue our commitment to buying and serving high-quality coffee that is responsibly grown and ethically traded through our responsible coffee purchasing practices, farmer support centers, loan programs and environmental efforts with Conservation International (CI).

The cornerstone of our approach is Coffee and Farmer Equity (C.A.F.E.) Practices, our comprehensive coffee-buying program that ensures coffee quality while promoting social, economic and environmental standards. By 2015 our goal is that 100 percent of our coffee will be ethically sourced, meaning verified or certified, either through [C.A.F.E. Practices](#), [Fairtrade](#) or another program.

Purchasing third-party certified or verified coffees not only meets our customers' needs, but also helps protect the environment and the livelihood of farmers in coffee-growing regions. We have offered Fairtrade coffee since 2000. In 2011 34.3 million pounds (8.0 percent) of our coffee purchases were Fairtrade certified, making us one of the largest purchasers of Fairtrade certified coffee in the world. We also purchased 9.6 million pounds (2.2 percent) of certified organic coffee in 2011.

Another important component of our approach is a green coffee pricing model that aims to pay the prices premium quality commands, while fostering price stability and mutually beneficial relationships with suppliers. Starbucks paid an average price of \$2.38 per pound for our premium quality green (unroasted) coffee in 2011.

## Farmer Support

Providing access to credit at reasonable terms is a critical aspect of our farmer support model. Our goal is to invest in farmers and their communities by increasing farmer loans to \$20 million by 2015. In 2011 our loan commitments to [Root Capital](#), [Verde Ventures](#) and the [Calvert Foundation](#) reached a total of \$14.7 million.

In 2011 alone, this support helped more than 45,000 farmers growing coffee in seven countries. By investing in programs that provide access to credit, we're helping farmers manage risk and strengthen their businesses. Looking forward, we are exploring innovative partnerships to help us better leverage the loans in concert with our technical support, social development investments and coffee purchases.

## Farmer Support Centers

In addition to our [purchasing standards](#), Starbucks offers technical support to coffee producers through our farmer support centers. These centers allow Starbucks agronomists and quality experts to collaborate directly with coffee farmers to encourage responsible growing practices and improve the quality and size of their harvests. Ultimately, these efforts can help farmers earn better prices and become more resilient, long-term producers.

We opened our first farmer support center in San José, Costa Rica, in 2004, serving communities throughout Central America. Our East Africa Farmer Support Center opened in 2009 in Kigali, Rwanda, and in 2011 we expanded our East African outreach with an additional agronomy office in Mbeya, Tanzania. In 2012 we plan to open more farmer support centers, including our first center in Asia in the Yunnan province of China.



## Forest Carbon Programs

We are concerned about the potential impacts of climate change, especially in the sensitive bioregions where coffee is grown. To help mitigate these impacts, we work with [Conservation International](#) (CI) and farmers to improve coffee production processes, conserve and restore natural habitat and explore opportunities to facilitate farmer access to forest carbon markets in coffee-producing communities in Chiapas, Mexico, and Sumatra, Indonesia.



Each project illustrates different approaches to addressing climate challenges and explores the potential of the carbon market to benefit both livelihoods and conservation efforts. We are optimistic that the results of this phase of our pilot will promote a program we can expand to other coffee-growing communities.



We renewed our relationship with CI in 2011, and plan to broaden our reach to Brazil in 2012.



# Community Involvement

Now, more than ever, communities are looking to the private sector to share resources and create meaningful change. By mobilizing partners (employees) and the communities we serve, we're tapping into a passionate network of customers and partners eager to be a catalyst for change in their local neighborhoods.

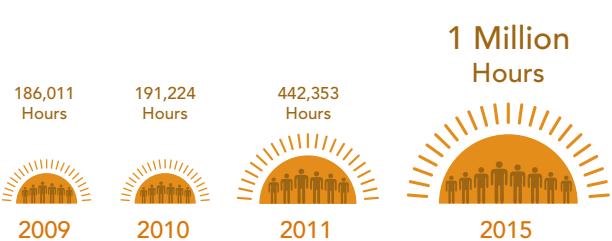
## GOALS

Mobilize our partners (employees) and customers to contribute 1 million hours of community service per year by 2015

## PROGRESS

We more than doubled our community service hours from 2010.

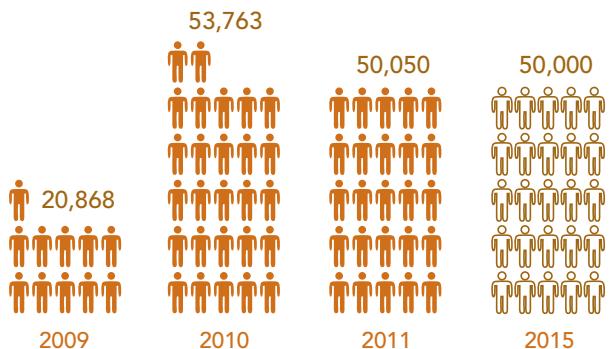
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Engage a total of 50,000 young people to innovate and take action in their communities by 2015

We continued to exceed this goal by engaging more than 50,000 youth in community activities 2011.

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## Community Service & Investments

In 2011 organizations such as HandsOn Network, DonorsChoose.org and UK Youth were instrumental in our efforts to help address social challenges and improve economic opportunities in communities where we do business.

In April we put a special focus on community by hosting a Global Month of Service to celebrate our 40th anniversary. Nearly 60,000 volunteers from 30 countries and four continents participated. Globally, more than 252,000 people benefited from that service, which generated an approximate financial value of \$3.3 million. Volunteers contributed more than 150,000 hours of service during the month, transforming communities in need by participating in projects ranging from gardening and painting to refurbishing schools and renovating parks.

We are pleased with the progress we made in 2011 against our goal to contribute one million hours of service by 2015, but realize that there is still much more progress to be made. We have launched a new [community service website](#) to connect partners, customers and projects and are continuing to look for ways to make our programs more global.

## Coffee and Tea Growing Communities

Our commitment to communities extends beyond our retail footprint to include the regions that supply us with our coffee, tea and cocoa. Starbucks invests in programs designed to strengthen local economic and social development,



working collaboratively with nongovernmental organizations that have the experience and expertise to work with farming communities. In addition to our social investments, we also support communities through farmer loans and ethical sourcing programs with Conservation International and Fairtrade, among others.

Since fiscal 2005, Starbucks has supported the Guatemala Education Initiative, an effort with Save the Children to bring education programs to remote coffee-producing villages in the highlands of Guatemala. Indigenous Mayan communities like these are frequently marginalized from the Guatemalan economy and typically suffer the highest rates of poverty and the lowest levels of education attainment in the nation. In 2011 Starbucks launched a three-year project with a \$1 million contribution to Save the Children to improve education, health and nutrition for coffee-farming families in Guatemala's Huehuetenango region.

In Indonesia's Aceh province, Starbucks has teamed with Save the Children to improve children's health and education in coffee-growing communities through **BLEND** (Better Living, Education, Nutrition, and Development). Since 2009 the three-year, \$1.5 million effort has garnered significant and measurable improvements in the health and education of more than 2,200 young children in 41 communities. The initiative has improved vaccination rates, health worker capacity, health behaviors among caretakers, preschool teacher and facilitator capacity, and primary school readiness for 5- and 6-year-old children.

In tea-growing regions of India and Guatemala, Starbucks has supported health and economic development programs through **Tazo's Community Health and Advancement Initiative** (CHAI) project, a joint partnership with Mercy Corps. Since 2003 Starbucks and Tazo suppliers have contributed \$2.6 million for CHAI. Over the next three years we hope to directly impact more than 11,000 people with water and sanitation improvements, youth engagement, education and income generation.

Starbucks also supports water, sanitation and hygiene education programs in water-stressed countries through the Starbucks Foundation's Ethos Water Fund. For each bottle of Ethos<sup>®</sup> water purchased, a contribution of US \$.05 (\$.10 in Canada) is made to the Ethos Water Fund. Since 2005 \$6 million has been granted, benefitting more than 420,000 people around the world.

## Giving

The Starbucks Foundation is a separate 501(c)(3) charitable organization that receives the majority of its funding from Starbucks Corporation and private donations. The foundation gave \$13.5 million in 2011, making 145 grants to nonprofit organizations. Grants included more than \$3 million for Starbucks Youth Action Grants and \$250,000 to the American Red Cross to support relief efforts for victims of tornadoes in the United States' Midwest, and other disasters through the Disaster Responder Giving Program. In response to the 2011 earthquake and tsunami in Japan, the Starbucks Foundation and Starbucks Coffee Japan gave \$1.2 million to the Red Cross for relief and recovery efforts and established a Caring Unites Partners (CUP) fund to help eligible impacted partners in Japan.

In 2011 Starbucks Corporation gave \$30.5 million in cash, including \$25 million to the Starbucks Foundation. Corporate giving also included \$17.3 million in in-kind contributions toward community-building programs – including the Global Fund through our partnership with **(RED)<sup>TM</sup>** and other efforts.

## Youth Action Grants

When we created the **Youth Action Grants** program in 2008, we set an ambitious goal of engaging 50,000 young people across the globe each year by 2015. Not only did we reach that goal in 2010 with more than 53,000 participants, but we exceeded it again in 2011 with more than 50,000 participants.

In three years we have seen youth-led initiatives create innovative and positive solutions to local needs while empowering young people. The organizations we support with Youth Action Grants reported mobilizing more than 2 million hours of community service and created ripples of change in communities around the world.

In 2012 Youth Action Grants will support projects such as peace education in northwest Pakistan, livelihood skills training for war-affected youth in Uganda, and microcredit to low-income entrepreneurs in Brazil.





# Recycling & Reusable Cups

When many people think of Starbucks, they think of our iconic white cup. That's a meaningful connection that we're proud of, but at the same time we are mindful of the impact our cups have on the environment, from the way they are manufactured to their final disposal. To mitigate these impacts, we have set a goal to make 100 percent of our cups reusable or recyclable by 2015. We're currently working on a number of complementary initiatives with a variety of stakeholders to advance progress in this area. By collaborating with key industry leaders – even competitors – we aim to reduce the global impact of food and beverage packaging.

## GOALS

Develop comprehensive recycling solutions for our paper and plastic cups by 2012

## PROGRESS

We demonstrated the viability of our cup recycling solution in the U.S. and Canada and are working to bring these solutions to scale globally.

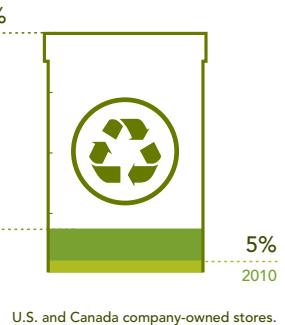
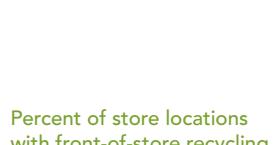
**ON TRACK**



Implement front-of-store recycling in our company-owned stores by 2015

In 2011 we brought front-of-store recycling to more than 1,000 company-owned stores in the U.S. and Canada.

**ON TRACK**



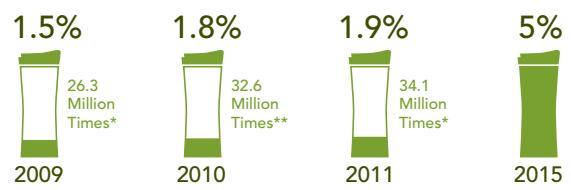
Serve 5 percent of beverages made in our stores in personal tumblers by 2015

**Previous Goal:**  
Serve 25 percent of beverages made in our stores in reusable cups by 2015

In 2011, customers used personal tumblers more than 34 million times – nearly 2% of all beverages served in global company-owned stores.

**MODIFIED GOAL**

Percent of beverages served in personal tumblers



\*U.S., Canada, U.K. and Ireland company-owned stores.  
\*\*US, Canada, UK, Ireland and Germany.



## Recycling Our Cups

Starbucks beverages account for approximately 4 billion cups globally each year. As one of many operating foodservice businesses, Starbucks is working to lead the entire industry toward greater access to recycling for cups and other packaging. Ultimately we want our cups to be recyclable in both material and practice, so that our customers have access to recycling services wherever they choose to dispose of their cups.

Some communities already recycle our paper and plastic cups, but due to a traditional lack of demand for cup material by the recycling industry, many don't have the infrastructure in place to handle collection, hauling and processing. For stores operating out of leased spaces, recycling is also dependent upon landlords who control waste collection and recycling. With more than 17,000 retail locations globally, conditions vary from city to city and from store to store – making it a challenge for us to efficiently and effectively implement uniform recycling strategies.

We embraced this challenge and in 2008 Starbucks engaged Peter Senge from the Massachusetts Institute of Technology and the Society for Organizational Learning to help explore a systems-based approach to cup recycling. This led to three Cup Summits (in 2009, 2010 and 2011), where we brought together government officials, raw material suppliers, cup manufacturers, retail and beverage businesses, recyclers, competitors, conservation groups and academic experts to craft comprehensive recycling strategies for Starbucks and others in the foodservice industry.

Since our first Cup Summit, we've learned that success has been a combination of forward-thinking collaborations along with innovative approaches to widespread challenges. When we started on the journey, we felt that the cup material was the key contributor to recyclability. But as we've learned more, we now believe that the improvement of local recycling infrastructures and commercial markets for used paper and plastics will ultimately drive recyclability.

After our second Cup Summit, we began a pilot project with cup supplier International Paper and recycled pulp producer Mississippi River Pulp, in which we demonstrated the viability of recycling used cups into new cups. We also sent used cups from Chicago Starbucks stores to a Georgia-Pacific paper mill in Green Bay, Wisconsin, where they were used to make napkin paper for Starbucks and other customers. With these efforts and with the success of comprehensive in-store recycling for our customers in major municipalities, we believe we have achieved our goal to identify the best comprehensive recycling solutions for our paper and plastic cups in the U.S., and are now working to bring these solutions to scale globally.

At our third Cup Summit in September 2011, Starbucks and other strategic businesses in the cup value chain announced a relationship with the [Foodservice Packaging Institute](#) to form the Paper Recovery Alliance (PRA), a coalition of restaurant and food packaging industry leaders whose work will bring to scale solutions to the issue. The PRA is taking a systematic look at how to develop and promote the recovery and processing of single-use cups and other used paper foodservice packaging. The organization will set up pilot projects to build on the work we've all done to understand and overcome the existing challenges to paper foodservice packaging recovery. Our work on the cup has shown us that by joining with other companies we can have meaningful impacts on the industry.

## Store Recycling

Although many of our customers take their beverages to go, front-of-store recycling is an important part of our effort to develop comprehensive recycling solutions. In 2008 we set a goal to implement front-of-store recycling in all company-owned locations by 2015. Since that time, Starbucks has implemented recycling in more than a dozen markets and established relationships with several municipalities to expand their acceptance of materials produced by Starbucks in local recycling systems.



By the end of 2011 the availability of front-of-store recycling bins increased more than threefold over the previous year, and are now in 18 percent of our company-owned locations in the U.S. and Canada. Although we still have work to do, we are pleased with our progress in 2011 and will build on the momentum in the U.S. and Canada while expanding to more international markets to reach our 2015 goal.



Back-of-store recycling is also a priority, with the majority of our in-store waste generated behind the counter. In 2011 79% (more than 2,400) of our company-owned stores in the U.S. and Canada (where Starbucks is responsible for providing waste removal services) recycled cardboard boxes and other back-of-store items. Among our remaining U.S. and Canada retail locations, the majority were limited by operational impasses, such as minimal store space or lack of commercial recycling services. We are working hard to resolve these barriers as we work to establish front-of-store recycling.



## Reusable Cups

An important component of our overall waste reduction strategy is the use of reusable cups. When we outlined this strategy in 2008, we set a bold goal to serve 25 percent of all beverages in reusable cups by 2015 – either in personal tumblers our customers bring in or our “for here” serveware in stores. We have also advocated for improved recycling infrastructure and using post-consumer fiber in our packaging.

Since 1985 we’ve rewarded our customers with a discount when they bring in personal tumblers. To promote this practice, we’ve included special campaigns in April of 2010 and 2011, offering customers who brought their tumblers into our stores a free brewed coffee. In 2011 customers brought their own tumblers into our stores more than 34 million times, saving more than 1.5 million pounds of paper from landfills.

While we have seen a more than 55 percent increase in personal tumbler use over the past three years, we have experienced challenges in consistently executing and tracking our “for here” serveware use in stores around the world. Because of these challenges and the fact the majority of beverages are consumed outside of our stores, we are resetting our goal to focus on increasing the use of personal tumblers. Our new goal is to serve 5 percent of all beverages made in our stores in personal tumblers.

We will continue to provide reusable options in all stores with seating and find creative ways to raise awareness for this important, everyday waste-reduction opportunity. We challenge ourselves, our partners, to use reusable cups and remain committed to exploring new ways to reduce our cup waste.





# Energy & Water

The energy used to power our stores, offices and roasting plants accounts for more than 80 percent of our direct carbon footprint . As such, we are focused on multiple fronts to reduce our energy use. Water is a key ingredient in our beverages and a necessity for operating our stores. We're working to better understand how we use water, and how we can use it more efficiently.

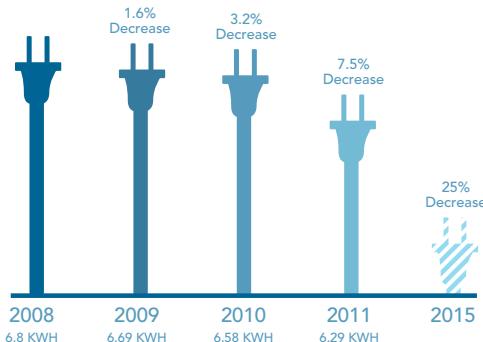
## GOALS

Reduce energy consumption by 25% in our company- owned stores by 2015

## PROGRESS

In FY11 we made good progress – our electricity use has decreased by more than 7.5% since 2008.

**ON TRACK**

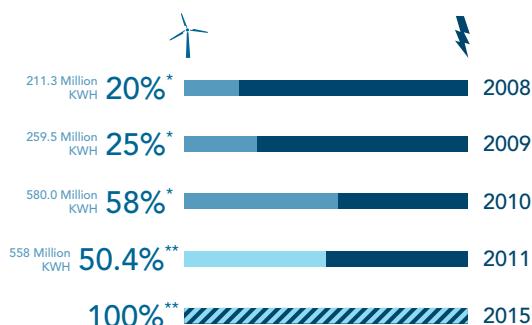


Average electricity use per square foot/store/month U.S. and Canada company-owned stores. This year's report shows % change to 2008 baseline vs. Year over Year %.

Purchase renewable energy equivalent to 100% of the electricity used in our global company-owned stores by 2015

Made progress against our new global goal by purchasing the equivalent of more than 50% of electricity used in our company-owned stores worldwide in 2011.

**ON TRACK**



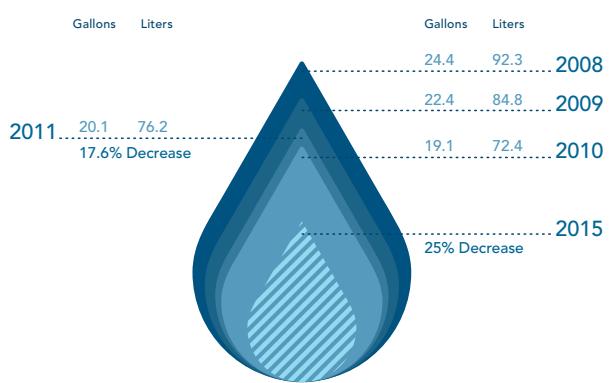
\*U.S. and Canada company-owned stores.

\*\*Global company-owned stores.

Reduce water consumption by 25% in our company-owned stores by 2015

Although water consumption has decreased more than 17% since 2008, water use increased 5% in 2011 over the year before.

**ON TRACK**



Gallons (liters) per square foot of retail space per month.



## Energy Conservation

In late 2011 we rolled out a large-scale pilot program to test energy management systems across the United States. This technology reduces energy consumption by remotely monitoring and controlling our stores' heating, ventilation and air conditioning (HVAC) equipment – the single largest source of energy consumption in our stores.

We've further reduced our energy consumption by replacing incandescent and halogen lighting with more efficient LED lighting. We completed LED lighting installations in more than 7,000 stores in Canada, China, Germany, the United Kingdom and the United States through 2011. While our stores were already utilizing energy-efficient compact fluorescent lights for a number of applications, installing LED lights has led to an additional average 7 percent decrease in our stores' electricity consumption.

Although we are pleased to see our electricity use decrease by a total of 7.5 percent since 2008, we need to continue to make improvements in order to reach our goal of reducing electricity use by 25 percent in company-owned stores by 2015.

Additional improvements underway include upgrading our signage to LED lighting, driving our suppliers to provide equipment that operates at leading-edge efficiency levels, and replacing existing equipment and appliances with high-efficiency alternatives as they reach the end of their useful life. We will continue to work cooperatively with organizations throughout the world to identify, test and implement the most effective and sustainable energy efficiency initiatives.

## Renewable Energy

In addition to [reducing our energy use](#), we're increasingly focused on advancing the development of renewable energy sources through our purchasing practices. We're hoping to help transform the energy landscape by supporting the development of the renewable power market.

In 2008 we set a goal to purchase renewable energy credits certificates (RECs) equivalent to 50 percent of the electricity used in our U.S. and Canada company-owned stores by 2010. The RECs that we purchase encourage the development of new clean energy sources by providing wind farm owners with additional revenue, which in turn helps them to sell electricity at prices that are competitive with power plants that use fossil fuels. In 2010 we exceeded our goal by 8 percent.

In 2011 we began working toward a new goal – to purchase the RECs equivalent to 100 percent of the energy electricity used in our company-owned stores globally by 2015. We now purchase renewable energy equivalent to more than 50 percent of the electricity used in our company-owned stores worldwide.

We are honored to be recognized by the U.S. Environmental Protection Agency as one of the top ten private sector green power purchasers and as a member of the [U.S. EPA Green Power Partnership](#).

## Water Conservation

Much of the water in our stores is used to make coffee and tea beverages, and to run equipment such as dishwashers and ice machines. In 2008 we set a goal to reduce water consumption by 25 percent in company-owned stores by 2015. For the first three years, we saw a reduction of more than 20 percent in our water use as a result of several proactive measures, including a successful rollout of a hand-metered water system to replace our "dipper wells" and the installation of a low-use water faucet. In 2011 we saw water consumption increase 5 percent over the prior year, moving our total decrease to almost 17.5 percent. While some of the increase in water consumption was due to higher beverage sales, we believe that consumption was primarily driven by a change in our blender pitcher rinsing processes, and are taking proactive steps to address these issues moving forward.

We are also implementing water savings techniques on the exterior of our new stores, such as landscaping with drought-resistant native species where we can to reduce the need for irrigation. Moving forward, we'll continue to look for innovative ways to minimize water use in our stores around the world in order to reach our 2015 goal.

Our work on water also extends into water consumption, protection and access to clean drinking water in coffee-growing communities. Through [C.A.F.E. Practices](#) we work to encourage farmers to conserve water used for coffee processing, protect rivers and streams, and ensure workers have access to clean drinking water. Conservation International conducted country specific field surveys along with a global review of the formal C.A.F.E. Practices assessments to monitor impacts and identify areas for continuous improvement.





Gallons (liters) per square foot of retail space per month.

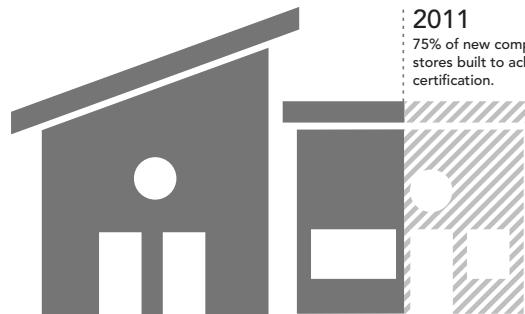
**GOALS**

Build all new, company-owned stores to achieve LEED® certification

**PROGRESS**

During this first year of implementation, we built 75% of our new company-owned stores to achieve LEED certification.

ON TRACK



Based on fiscal 2011 new, company-owned stores built starting after December 1, 2010.

**Green Building**

With more than 17,000 retail locations around the world, we're intently focused on green building initiatives to help us reach our environmental targets and deliver long-term environmental impact and operating cost reductions. Now we are building our new company-owned stores to achieve LEED® (Leadership in Energy and Environmental Design) certification by the [U.S. Green Building Council \(USGBC\)](#).

Starbucks joined the USGBC in 2001 and partnered with them to develop the LEED for Retail program, an effort to adapt LEED to new construction and commercial interior strategies for retail businesses. We opened our first LEED®-certified store in 2005, and in 2009, Starbucks became one of the first retailers to join [USGBC's LEED Volume Certification](#) pilot program. We executed ten successful store design and construction projects in six different bio-regions – all audited and approved by the USGBC. We are using the knowledge gained from these pilots in our broader LEED program.

Our goal is to build all new company-owned stores to achieve LEED certification – and in fiscal year 2011 75 percent were built to achieve this standard in 121 of 161 new company-owned stores. As the first retail company to take this building approach globally, we are learning how to manage the complexities of the program throughout the entire course of building and certification. We will continue to work to address specific challenges that prevent some geographic areas from meeting LEED requirements, and to improve the tracking and certification process.

Inside our LEED certified stores, customers will find repurposed, recycled and locally sourced elements, as well as innovative environmental features. Our LEED certified stores generate 60 percent less construction waste and require less water and energy to operate. On average, our LEED certified stores achieve a 30 percent reduction in energy used for lighting and 60 percent reduction in water use against the LEED baseline. In 2011 we were recognized for our leadership in green building with the Sustainable Design Award from [Global Green USA](#).

While our LEED program addresses new company-owned stores, we're proactively looking for opportunities to leverage environmental design practices in all of our stores. With more than 80 LEED accredited professionals on our global store development team, we're also working to provide licensees and other business partners with guidance on sustainable design and construction practices.





# About the 2011 Global Responsibility Report

## Scope

The report for fiscal 2011 focuses on our three focus areas: ethical sourcing (buying), environmental stewardship and community involvement. We have also included helpful links to information and resources found on [Starbucks.com](#) and in past reports regarding our financial, corporate governance, workplace and diversity policies and performance.

In developing this report, we've covered topics and issues that we believe are important to Starbucks and our stakeholders. We either share information about those topics in the body of the report or direct readers to other resources.

What we report has also been informed by the Global Reporting Initiative G3 Guidelines, a set of internationally recognized sustainability reporting standards. These key criteria are outlined in our [GRI Index](#).

A high-level summary of our progress on our commitments and public goals are contained in our [Global Responsibility Scorecard 2011](#).

## Boundaries

Our Global Responsibility Report for fiscal year 2011 focuses on the work we are doing in: ethical sourcing, community involvement and environmental stewardship. These are the areas where we can have the greatest impact and therefore are of the greatest importance to Starbucks, our customers and partners (employees), as well as non-governmental organizations and investors. We also know [wellness](#) and [workplace practices and policies](#) are of considerable interest to our stakeholders.

We have always embraced diversity as an essential component in the way we do business. We are currently innovating our [diversity strategy](#) to support our multi-channel, multi-brand global expansion. Information about these key topics can be found on [Starbucks.com](#).

While our commitments are global, our report content is focused largely on Starbucks U.S. and Canada company-owned and operated retail stores and global supply chain operations. Due to store count, these areas that represent the majority of Starbucks social, environmental and economic impacts.

A notable exception to this is information on total coffee purchases, which is for all Starbucks brands and retail stores, including Starbucks Coffee, Seattle's Best Coffee and Torrefazione Italia. This fiscal year we have started to collect data from company-owned stores globally and are in the process of validating and improving the processes and information in order to be able to consistently and accurately report against common goals.

## Reporting Year

Starbucks fiscal year 2011 (October 4, 2010-October 2, 2011), unless otherwise noted.

## Currency

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

## Previous Reports

<http://www.starbucks.com/responsibility/global-report>

## Information Integrity

Starbucks management is responsible for the preparation and integrity of the information being reported for fiscal 2011. Through a system of internal controls, including a comprehensive verification process involving internal subject matter experts, we believe this information fairly represents our global responsibility activities and performance results for the fiscal year 2011. External verification is provided by Moss Adams LLP. Read the Moss Adams Independent Assurance Report.

## Forward-Looking Statements

Our reporting on global responsibility for fiscal 2011 includes forward-looking statements about the company's business and the company's 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 October 2, 2011. The company assumes no obligation to update any of these forward-looking statements.

## INDEPENDENT ASSURANCE REPORT

To the Stakeholders of Starbucks Coffee Company

We have examined the data identified below (the Data) contained within the Starbucks Coffee Company's Global Responsibility Annual Report (the Report) for the year ended October 2, 2011. Starbucks Coffee Company's management is responsible for the Data. Our responsibility is to express an opinion on the Data listed below based on our examination:

Green coffee purchases and average price per pound as contained in the **Coffee Purchasing section**;

- C.A.F.E. Practices coffee purchases and purchases as a percentage of total coffee purchased as contained in the **Coffee Purchasing section**;
- Fair trade certified green coffee purchases and purchases as a percentage of total coffee purchased as contained in the **Coffee Purchasing section**;
- Certified organic coffee purchases and purchases as a percentage of total coffee purchased as contained in the **Coffee Purchasing section**;
- Amount of commitment to investment in farmer loans and number of farmers and countries represented as contained in the **Farmer Support section**.

The Criteria used to evaluate the Data are contained in the sections of the Report indicated above.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included examining, on a test basis, evidence supporting the Data and performing such other procedures as we considered necessary in the circumstances. Those procedures are described in more detail in the paragraph below. We believe that our examination provides a reasonable basis for our opinion.

Our evidence-gathering procedures included, among other activities, the following:

- Testing the effectiveness of the internal reporting system used to collect and compile information on the Data which is included in the Report;
- Performing specific procedures, on a sample basis, to validate the Data, on site at Starbucks Coffee Trading Company buying operations in Lausanne, Switzerland and Corporate headquarters in Seattle, Washington;
- Interviewing partners (employees) responsible for data collection and reporting;
- Reviewing relevant documentation, including corporate policies, management and reporting structures;
- Performing tests, on a sample basis, of documentation and systems used to collect, analyze and compile the Data that is included in the Report, and
- Confirming certain of the Data to third party confirmations and reports.

In our opinion, the Data for the fiscal year ended October 2, 2011 is fairly presented, in all material respects, based on the Criteria indicated above.

*Moss Adams LLP*

Seattle, Washington  
March 16, 2012



## GOALS

## PROGRESS

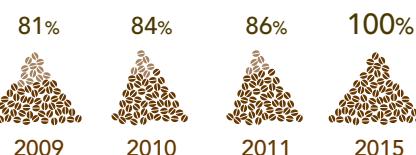
**Ensure 100% of our coffee is ethically sourced by 2015**

**86% of our coffee was ethically sourced under C.A.F.E. Practices in 2011, up from 84% in 2010.**

**ON TRACK**

We define ethically sourced as coffee that is third-party verified or certified, either through C.A.F.E. Practices, Fairtrade or another externally audited system.

	Total coffee purchases (in millions)	367	269	428	(lb) (kg)
	Total C.A.F.E. Practices purchases (in millions)	299	226	367	(lb) (kg)
		166	122	194	
		136	103	167	

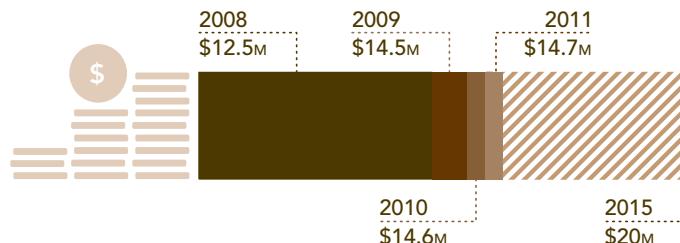


Includes green coffee purchases for all Starbucks brands.  
Visual representation of progress to goals, not to scale.

**Invest in farmers and their communities by increasing farmer loans to \$20 million by 2015**

**We made nearly \$14.7 million in loan commitments to our current loan partners in 2011 while exploring innovative and new opportunities.**

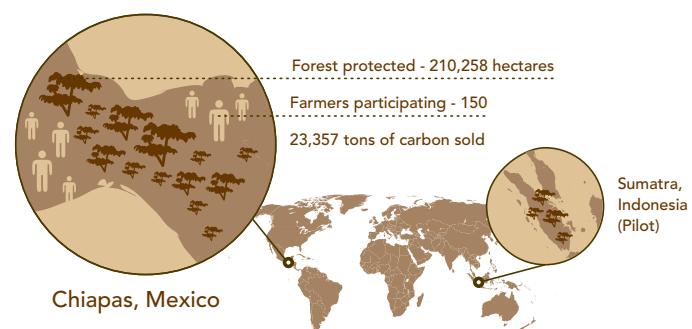
**ON TRACK**



**Improve farmers' access to carbon markets, helping them generate additional income while protecting the environment**

**We continued to learn from our pilot in Indonesia and have seen significant improvements with the program's implementation in Mexico.**

**ON TRACK**





## GOALS

Mobilize our partners (employees) and customers to contribute 1 million hours of community service per year by 2015

## PROGRESS

We more than doubled our community service hours from 2010.

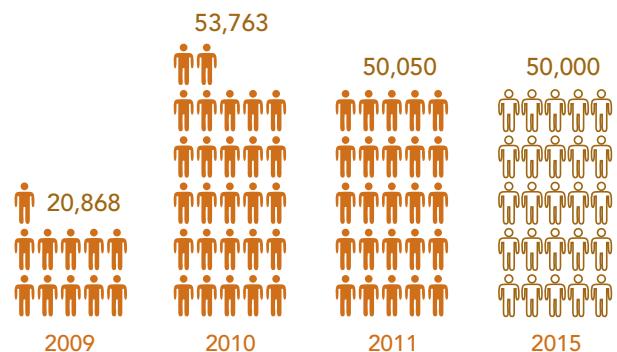
ON TRACK



Engage a total of 50,000 young people to innovate and take action in their communities by 2015

We continued to exceed this goal by engaging more than 50,000 youth in community activities 2011.

ACHIEVED



Build all new, company-owned stores to achieve LEED® certification

During this first year of implementation, we built 75% of our new company-owned stores to achieve LEED certification.

ON TRACK



Based on fiscal 2011 new, company-owned stores built starting after December 1, 2010.



## GOALS

Develop comprehensive recycling solutions for our paper and plastic cups by 2012

## PROGRESS

We demonstrated the viability of our cup recycling solution in the U.S. and Canada and are working to bring these solutions to scale globally.

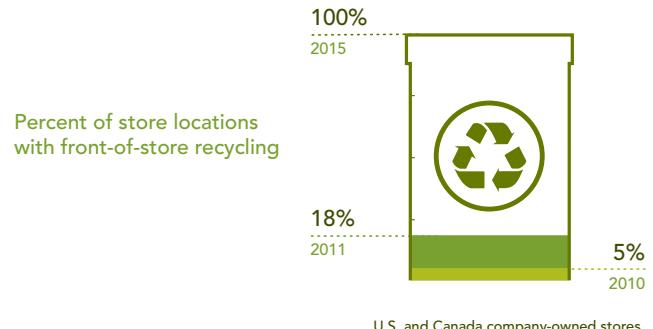
ON TRACK



Implement front-of-store recycling in our company-owned stores by 2015

In 2011 we brought front-of-store recycling to more than 1,000 company-owned stores in the U.S. and Canada.

ON TRACK



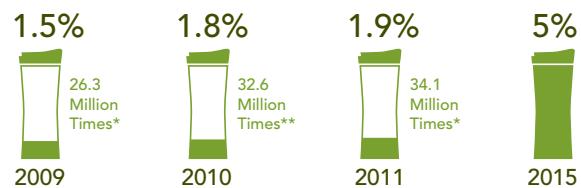
Serve 5 percent of beverages made in our stores in personal tumblers by 2015

**Previous Goal:**  
Serve 25 percent of beverages made in our stores in reusable cups by 2015

In 2011, customers used personal tumblers more than 34 million times – nearly 2% of all beverages served in global company-owned stores.

MODIFIED GOAL

Percent of beverages served in personal tumblers



\*U.S., Canada, U.K. and Ireland company-owned stores.

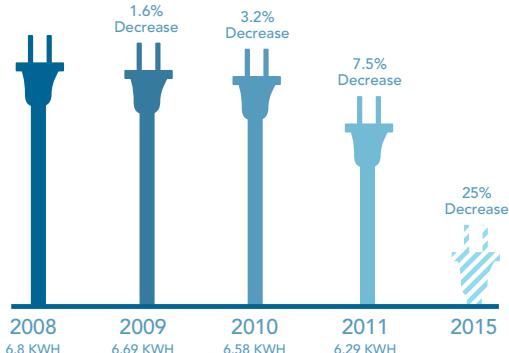
\*\*US, Canada, UK, Ireland and Germany.

**GOALS****PROGRESS**

Reduce energy consumption by 25% in our company- owned stores by 2015

In FY11 we made good progress – our electricity use has decreased by more than 7.5% since 2008.

**ON TRACK**

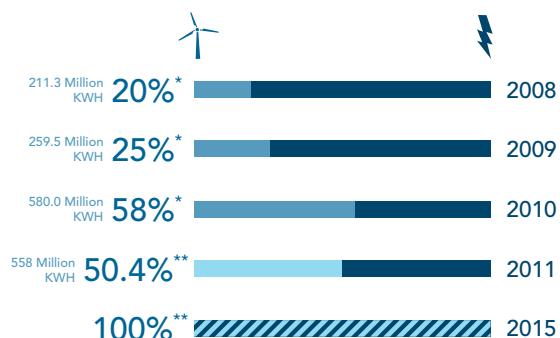


Average electricity use per square foot/store/month U.S. and Canada company-owned stores. This year's report shows % change to 2008 baseline vs. Year over Year %.

Purchase renewable energy equivalent to 100% of the electricity used in our global company-owned stores by 2015

Made progress against our new global goal by purchasing the equivalent of more than 50% of electricity used in our company-owned stores worldwide in 2011.

**ON TRACK**



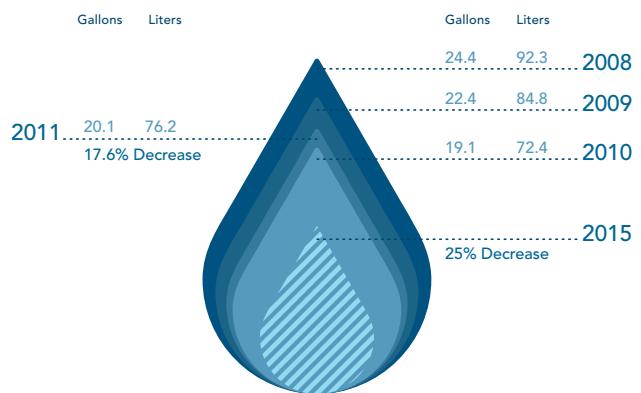
\*U.S. and Canada company-owned stores.

\*\*Global company-owned stores.

Reduce water consumption by 25% in our company-owned stores by 2015

Although water consumption has decreased more than 17% since 2008, water use increased 5% in 2011 over the year before.

**ON TRACK**



Gallons (liters) per square foot of retail space per month.