

A Report to

Starbucks

**On the Progress of its Efforts
to Promote Civil Rights, Equity,
Diversity, and Inclusion**

March 31, 2021

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Executive Summary

In 2019 and 2020, Starbucks published Civil Rights Assessments (“CRAs”) prepared by a team led by former Attorney General Eric Holder that evaluated Starbucks’ commitment to civil rights, equity, diversity, and inclusion. The January 2019 CRA was rooted in the Company’s efforts to understand and mitigate the potential effects of implicit bias in its stores, and to ensure that all of its customers and partners were treated equally. One year later, the Company asked Attorney General Holder to review its progress since the publication of the first report.

Both CRAs assessed Starbucks’ policies and procedures concerning diversity, inclusion, and equal treatment, and offered recommendations for progress in these areas. Both CRAs documented Starbucks’ current initiatives and historical efforts to be a Company that promotes civil rights for its workforce, customers, and the communities the Company serves. We determined that Starbucks’ policies and procedures “were consistent with Starbucks’ Mission and Values and that they were well designed and implemented to promote equity, diversity, and inclusion.”

In the year since Starbucks published the last CRA, the world as we knew it had changed, as mask wearing, social distancing, and physical isolation became the norm. A global pandemic, followed by a national movement for social justice, highlighted continuing inequities both in the United States and around the globe. Despite facing unprecedented challenges, the Company did not shy away from its commitment to leadership on issues of civil rights and diversity and, in many cases, went beyond what we recommended in the 2020 CRA. While the Company’s commitment to advance this work is ongoing, this Progress Report describes Starbucks’ efforts during the last year to operationalize the Company’s commitment to civil rights and equal treatment in the four categories discussed in the 2019 and 2020 CRAs: (1) Sustaining the Third Place; (2) Fostering an Internal Culture of Equity and Inclusion; (3) Strengthening Communities; and (4) The Importance of Leadership. Starbucks’ progress in each of these areas is described below.

Sustaining the Third Place: As COVID-19 threatened Starbucks’ ambition to create “public spaces where everyone feels like they belong,” Starbucks prioritized the safety and well-being of partners and customers. Under CEO Kevin Johnson’s leadership, Starbucks made the decision to focus on supporting its partners and to take extraordinary measures to expand café safety protocols. The Company identified three principles that have since guided its response to COVID-19: (1) prioritizing the health and well-being of its partners and customers; (2) supporting local health and government officials as they work to mitigate the spread of the virus; and (3) showing up in a positive and responsible way for the communities Starbucks serves. In addition to implementing a variety of cleaning and safety measures in stores to mitigate the spread of the virus, Starbucks implemented policies that prioritized partner safety and well-being, including: no layoffs and steady pay, catastrophe pay, childcare expansion, food security initiatives, and vaccination support. Responding to partner feedback, Starbucks also modified its third place policy to empower partners to create a welcoming third place environment free of bias and provide specific examples of unacceptable behaviors including hate speech and racial slurs.

Fostering an Internal Culture of Equity and Inclusion: Starbucks' commitment to "fostering a diverse and inclusive workplace that reflects the communities Starbucks serves" continued over the last year. To further enhance the formality and transparency around partner hiring and promotions, Starbucks will implement a number of commitments related to its policies and procedures for partner promotions. Starbucks has also launched a mentorship program to connect Black, indigenous, and people of color (BIPOC) partners to senior leaders in the Company, committed to new Partner Network investments, expanded mental health initiatives, and committed to significant wage increases. Through the leadership of its Global Chief Inclusion and Diversity (I&D) Officer, Starbucks has established an I&D Executive Council and designed new initiatives to incentivize senior executives to meet diversity goals.

Strengthening Communities: Over the past year, Starbucks helped communities meet challenges posed by COVID-19, police violence, and civil unrest by refining many of the social impact initiatives discussed in the 2019 and 2020 CRAs. Starbucks created a Community Resilience Fund, expanded its outreach worker program, revamped its Historically Black College and University (HBCU) licensee model, made progress toward Community Stores commitments, and evolved its engagement with law enforcement and first responders. Starbucks also commissioned an economic impact study to better understand and maximize the impact of the Company's Supplier Diversity and Inclusion Program. Starbucks found that in FY2020, the Company's Supplier Diversity and Inclusion Program supported more than 5,500 jobs and \$372 million in labor income. With a more conscious focus on racial equity and serving BIPOC communities, The Starbucks Foundation also continued to make significant investments in communities through Neighborhood Grants, Youth Equity Grants, and COVID-19 relief grants.

The Importance of Leadership: Based on our assessment of Starbucks' work over the last year, it is clear that promoting equity, diversity, and inclusion has remained a priority for Starbucks' leadership. Starbucks' leadership continues to engage in critical self-assessment and acknowledge when the Company falls short of its Mission and Values. Starbucks encouraged partners to vote and provided resources to make voting easier. Recognizing the deep and intersectional impact of climate justice, Starbucks has identified a set of three "Environmental and Climate Justice" principles designed to guide the Company's climate justice efforts. Starbucks continues to advocate for their partners by supporting public policies promoting equity and inclusion, such as COVID-19 relief, the Dream Act of 2021, and the Equality Act. Starbucks is also dedicated to supporting efforts to accelerate safe and equitable vaccine distribution, to expanding the reach of the To Be Welcoming curriculum, and to working with civil rights advisors to sustain its dedication to leadership that promotes, equity, diversity, and inclusion.

Message from Eric Holder

The last year, marked by unprecedented civic and personal challenges, forced many individuals and businesses to focus only on their most important priorities. For millions of people across the United States, that meant doing everything they could to keep themselves and their families safe from COVID-19.

For Starbucks, the priority was meeting the needs of the people at the center of its business: Starbucks' partners and the customers they serve. Early in the pandemic, Starbucks' CEO, Kevin Johnson, delineated principles to guide the Company during this period of historic uncertainty. Chief among these was to protect the health and well-being of Starbucks' partners and customers. When I met with Kevin during the course of this assessment, he emphasized that listening was the first and most critical step in living up to this commitment. Listening to what partners said they needed in order to feel supported and cared for. Listening to the counsel of scientists and public health authorities about the best ways to keep people safe in the Company's cafés. And beyond COVID-19, listening to feedback—sometimes uncomfortable feedback—about where and how the Company could do better.

These reflexes for putting partners first, and for listening, were not confined to Starbucks' response to COVID-19. They were also the foundation of Starbucks' ongoing work to promote equity, diversity, and inclusion over the last year, particularly with respect to encouraging the professional development and career progression of partners through training and mentoring. Recognizing the fear and pain that some partners felt after the killing of Ahmaud Arbery, Starbucks organized a virtual forum in May for partners to support one another and share their perspectives and feelings regarding racial injustice, continuing the Company's long tradition of creating spaces in which partners feel valued, respected, and heard.

As in previous years, I had the opportunity to meet with approximately forty leaders from Starbucks' Partner Networks. They shared with me how deeply proud they were of the Company's response to COVID-19, but also noted areas where they thought Starbucks could provide additional support to partners, particularly with respect to career progression.

An equally important component of Starbucks' commitment to equity is the Company's willingness to acknowledge where it can better align its business with the Company's Mission and Values. As described in this report, earlier this year, Starbucks resolved allegations brought by the U.S. Equal Employment Opportunity Commission dating back to 2007 that its promotion practices discriminated against some store partners on the basis of race or national origin. Although Starbucks' internal analysis did not support that conclusion, the Company has nonetheless committed to implement several enhancements to ensure that every one of its partners has an equal opportunity to advance within Starbucks and thrive professionally. As I noted last year, "What sets Starbucks apart is the Company's willingness to learn from [its] missteps and to address their underlying causes." This continues to be the case. When we met, Kevin described three principles that would guide his leadership of Starbucks' ongoing efforts to promote equity,

diversity, and inclusion: intentionality, transparency, and accountability. This assessment is a part of that accountability. Despite the challenges of perhaps the most difficult year that many of us have experienced, I am pleased to report that Starbucks' commitment to promoting equity, diversity, and inclusion has endured and that a strong foundation exists for continued progress in the years to come.

A handwritten signature in blue ink, appearing to read "S. Kelly", is positioned on the right side of the page.

Methodology

Covington’s January 2019 CRA reviewed Starbucks’ policies, practices, and initiatives related to civil rights, equity, diversity, and inclusion and recommended steps that Starbucks could take to further promote equal treatment for its customers and partners (the term Starbucks uses to describe its employees) in the United States. Last year, we prepared the first Progress Report (or the “2020 CRA”)—an evaluation of Starbucks’ ongoing efforts to advance civil rights, equity, diversity, and inclusion internally among its partners, as well as with its customers and in the communities Starbucks serves. We used the findings and recommendations contained in our 2019 CRA as the benchmark for our first Progress Report.

Our goal in preparing this Progress Report was again to evaluate Starbucks’ ongoing efforts. We used the findings and recommendations contained in both our 2019 and 2020 CRAs as the starting point for our evaluation. We reviewed trainings, policies, and initiatives that had changed since publication of our 2020 CRA to assess Starbucks’ progress—or, potentially, its regression—during the last year. We met with the teams at Starbucks responsible for these trainings, policies, and initiatives to develop a thorough understanding of the Company’s ongoing work, new initiatives, and additional commitments. We also met with approximately forty representatives of Starbucks’ Partner Networks to have the benefit of their perspectives.

This Progress Report is again organized around the four key areas we identified in our 2019 and 2020 CRAs:

1. Sustaining the Third Place
2. Fostering an Internal Culture of Equity and Inclusion
3. Strengthening Communities
4. The Importance of Leadership

Section I: Sustaining the Third Place

As we noted in our 2019 and 2020 CRAs, Starbucks' commitment to the concept of a third place—an environment where everyone feels like they belong and are treated with dignity and respect—faces many obstacles. Fundamentally, a third place environment cannot exist if some customers are treated unequally due to bias. And increasingly, as public spaces accessible for free have become less common, Starbucks' cafés have served as a public accommodation for some of the most vulnerable members of our society, who may have no safe alternative for basic needs like clean water or warmth. Starbucks has never shied away from this challenge. Rather, it has embraced this role and incorporated it into the Company's efforts to create a space in which all are welcomed. As we describe in greater detail below, Starbucks' efforts to refine the shared expectations of those who visit its cafés continued in 2020.

On top of the already significant challenges related to maintaining a third place environment, 2020 introduced another daunting challenge: COVID-19. The global pandemic forced Starbucks cafés around the world to temporarily close and otherwise adjust to a new reality where it was unsafe for customers to gather in a café for a cup of coffee with a friend or business partner. CEO Kevin Johnson announced his view early on that Starbucks would weather the pandemic so long as the Company focused on supporting its partners. Under Johnson's leadership, Starbucks prioritized taking care of its partners and took extraordinary measures to expand café safety protocols, often exceeding national and local health guidance for both customers and partners.

Below we first describe the specific policies and procedures implemented by the Company in response to COVID-19. We then turn to a discussion of the major changes to the Company's third place policy, and note the enhanced training efforts that the Company is promoting to ensure that the policy is implemented free of bias.

COVID-19 Pandemic Response

Starbucks' global footprint allowed it to learn critical lessons early in 2020 based on the experiences of its stores in China. The Company identified three principles that have since guided its global response to COVID-19:

- **Principle 1:** Ensuring the health and well-being of its partners and customers
- **Principle 2:** Supporting local health and government officials as they work to mitigate the spread of the virus
- **Principle 3:** Showing up in a positive and responsible way for the communities Starbucks serves

Starbucks' leadership listened to its partners, including through weekly all-partner forums, and implemented the following policies that prioritized partner health and well-being¹:

- **No Layoffs, Steady Pay.** At the height of the pandemic, and during periods of lower in-store customer volume when staffing adjustments needed to be made, Starbucks paid partners while closed and elected not to pursue layoffs or workforce reductions. Instead, Starbucks sought to work with all 200,000 U.S. partners one-on-one to ensure their needs were being met, including understanding their preference for a standardized separation package, leave of absence with benefits, or a reduced work schedule.
- **Catastrophe and Service Pay.** In addition to existing benefits such as sick pay and time off, since May 2020, Starbucks has been temporarily providing catastrophe pay for partners who have been diagnosed with or were exposed to COVID-19 and need to stay home as a result. Starbucks currently pays for two rounds of isolation, but in the event of an additional exposure, partners can work with their local leaders on solutions. In the early phase of the pandemic through May 2020, Starbucks allowed partners who felt more comfortable self-isolating for any reason to receive two weeks of catastrophe pay and paid healthy partners who were able to work an additional \$3 per hour.
- **Vaccination Support.** Starbucks provides up to two hours of paid time off for partners to receive each dose of the vaccine, up to two doses. As part of the Company's efforts to help partners feel safe, confident, and informed as they navigate the complex COVID-19 vaccine landscape, Starbucks updated its Partner Bridge Portal to allow any partner, as well as their friends and family, to easily access state-by-state vaccine distribution and availability information.²
- **Childcare Expansion.** Starbucks has temporarily expanded the Care@Work program to provide support for partners needing backup care, including for childcare as a result of school closures.
- **Food Security.** Since May 2020, Starbucks has offered a free food and beverage item daily to any partner, regardless of whether the partner worked that day.
- **Serving Those Who Serve.** To recognize and thank the frontline professionals who put their lives on the line to keep the rest of us healthy and safe, Starbucks did the following: honored the workers with more than four million cups of free coffee; worked with a coalition of other businesses to supply more than 400,000 care packages; and provided information on mental health resources in partnership with the National Alliance of Mental Illness.

1 Throughout the pandemic, Starbucks had kept partners and stakeholders regularly updated on the measures the Company has taken to combat the crisis at <https://stories.starbucks.com/press/2020/navigating-through-covid-19/>.

2 The Partner Bridge Portal is available at <https://partnerbridge.starbucks.com/>.

- **Enhanced Safety and Cleaning Protocols.** Starbucks implemented enhanced safety measures and protocols, including frequent cleaning of high-touch surface areas; installed Plexiglas shields and bar guards; expanded air quality management; and made facial coverings mandatory for partners and customers. Starbucks provides public health resources to partners on how to monitor their health, and requires all partners to complete health screening, including temperature checks, prior to beginning every shift. Starbucks continues to closely monitor emerging science and follow Centers for Disease Control guidance related to health and safety protocols.

Revised Third Place Policy

Over the last year, Starbucks has continued to calibrate its third place policy regarding conduct in its stores. Based on partner feedback, the Company made some important changes to its third place policy in 2020. As reflected in the updated policy, the Company remains committed to the idea that its cafés are spaces where everyone should feel welcome, and also to the idea that the people who share that space—Starbucks partners and customers alike—must be able to do so safely and respectfully. The revised policy continues to focus on behaviors rather than appearance or other features connected to a personal characteristic as the basis for potential removal. Finally, Starbucks’ commitment to equipping managers and partners with the tools necessary to implement the policy in a way that is free from the effects of implicit biases related to race or appearance is reflected in the new and existing trainings and educational offerings provided to partners.

The newly revised third place policy states:

Welcome to Starbucks

A safe and welcoming public space is a shared community responsibility.

Consistent with Our Mission and Values, we expect everyone in our third place community to treat others with respect and dignity, free of bias and discrimination. Behaviors that make anyone feel unwelcome or unsafe have no place on our store premises. We trust our baristas to address disruptive behaviors appropriately guided by our existing policies and training.

When in our stores:

Use our Spaces as Intended

Sleeping, smoking, consuming alcohol, drug use or improper use of restrooms is not permitted.

Be Considerate of Our Partners and other Customers

Loud or unreasonable noise, or behaviors that are disruptive to others are not tolerated.

Communicate with Respect

Obscene, harassing, abusive language, hate speech, racial slurs, gestures or actions are unacceptable.

Act Responsibly

Violating any federal, state or local law, regulation or ordinance, including any applicable public health mandate is prohibited.

Anyone not contributing to a safe and welcoming environment will be asked to change their behavior. Anyone not changing their behavior may be asked to leave the store with possible assistance from law enforcement.

If you experience or see conduct that you believe is discriminatory, harassing or inconsistent with this commitment, please contact the local district manager, or our Customer Contact Center at <https://customerservice.starbucks.com/> or by calling (800) 782-7282.

To read our full guidelines please visit: www.starbucks.com/thirdplace

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Starbucks' updates to the third place policy:

- Emphasized that maintaining the third place environment is a shared responsibility owned by partners and customers alike, and empowered partners to address unwelcoming, unsafe, or otherwise disruptive behaviors;
- Provided specific examples of unacceptable behaviors such as abusive or harassing language or racial slurs that make others feel unwelcome or unsafe; and,
- Clarified that customers who engaged in disruptive behaviors would be asked to stop, and potentially asked to leave a store if they did not change their behavior.

Starbucks' revisions expressly identified "hate speech" and "racial slurs, gestures or actions," as disruptive behaviors based on partner feedback about the types of inappropriate comments made by some customers. The revisions also clarified that partners could seek the assistance of law enforcement to help remove customers who refused to stop an unsafe or disruptive behavior. Starbucks recognizes its responsibility to equip store partners with the training and skills needed to safely address or de-escalate disruptive behaviors before calling the police. Likewise, the Company understands the importance of training its partners to examine and disrupt implicit biases, so that calls to the police are a last resort to address conduct that creates a genuine safety concern, rather than a reflexive, and potentially biased, response to a customer's race, appearance, or other personal characteristic.

To implement the revised policy and help every partner feel comfortable, trusted, and empowered to make the best decisions when asking a customer to change their behavior or leave a Starbucks store, Starbucks has taken the following steps based on partner feedback:

- **Provided a Detailed Discussion Guide.** Starbucks has provided managers with a new discussion guide entitled "Evolving the Third Place" that includes scenarios that managers can use to connect with each partner to more deeply understand the issues facing the stores they manage, while also taking into account additional partner-specific experiences and challenges. Managers and partners work through the real-world scenarios in the guide together based on issues most applicable to the partner's store experience.
- **Provided Signage and Posting Instructions.** Managers are asked to display the new third place policy in a location that is visible to all customers in their stores.
- **Provided New Virtual Safety Simulation Training.** Starbucks has partnered with Mursion to create a virtual training in which partners are able to practice de-escalation techniques with a customer avatar. Partners have found the training to simulate more of a real-life scenario than role playing de-escalation techniques with colleagues. More than 400 store managers have experienced this training to date, and Starbucks plans for all store managers to have access by the end of September. Starbucks also plans to make this virtual training experience available to shift supervisors in 2022, and eventually

to all in-store partners. Starbucks intends to expand the offering to include training on microaggressions and additional de-escalation scenarios in the future.

Third Place Development Series

Starbucks has also continued its “Third Place Development Series” to empower partners to create an atmosphere of warmth and belonging in Starbucks cafés. Presented in the same format as we reported in the 2020 CRA, the Pour Over Sessions in 2021 are addressing additional difficult topics including “How to be an Antiracist,” “Religious Bias,” and “Political Bias.” In early 2021, Starbucks engaged its partners to propose and vote on topic ideas through an internal crowdsourcing platform. More than 175 ideas were submitted and 2,500 partners voted on their preferences. The four partner-generated Pour Over topics selected for 2021–2022 modules include: (1) biases related to age; (2) biases related to weight; (3) non-apparent disabilities, like multiple sclerosis, chronic fatigue, and chronic pain; and (4) bridging the political divide through conversation.

Quarterly Development Days

Building on the energy and momentum from the 2019 Leadership Experience in Chicago, Starbucks has launched a quarterly development series called “Development Days.” All non-retail partners and retail store managers and above are invited to participate in this series, which takes place in one-to-two hour sessions throughout a given quarter, for a total of about three business days of training. Approximately 7,000 partners are participating in this series, which focuses on topics designed to build leadership capacity. Examples of topics covered include promoting an atmosphere of warmth and belonging, ensuring partner safety, and focusing on personal growth and development.

Inclusive Store Design

In its continued efforts to create a welcoming third place, Starbucks' Inclusive Design project is focused on incorporating an inclusive design approach to new store design standards, equipment, packaging, and digital tools. Starbucks leverages the social model of disability, which holds that disability is socially constructed—a “mismatch” between the needs of the individual and the environment. The inclusive design approach accounts for these differences to ensure that products and services are accessible to as many people as possible. The Store Design team incorporates feedback from partners and customers with disabilities to assess the accessibility of the team's store designs.

As an example of its efforts, Starbucks began offering Aira services at no cost in all U.S. stores on March 15, 2021, in partnership with San Diego-based Aira Tech Corp. Through a third-party smartphone service app, Aira connects blind and low vision individuals to highly trained, remotely located agents to provide instant access to visual information around them. Using the phone's camera, the customer can be connected to a remote visual interpreter within the app who will describe the customer's surroundings, read menus, browse items, and let the customer know about other aspects of their Starbucks experience. Aira has been particularly helpful in supporting blind and low-vision customers during COVID-19 by providing critical information about social distancing markers and physical barriers, such as plexiglass at the point of sale and store signage, resulting in a safer and more accessible experience.

Recommendations for Sustaining the Third Place

- Commit to a regular reassessment of the third place policy to evaluate whether further revision is warranted. These assessments will support Starbucks' efforts to ensure that the third place policy is implemented without bias.
- Commit to making Mursion training available to all store managers by Q4 of fiscal year 2021 and establish benchmarks as to the number of store managers to have completed this training in each quarter. Concrete timelines will help Starbucks achieve its broader goal to have all shift supervisors complete the training by 2022 and, eventually, to have all in-store partners complete the training.
- Continue tracking calls to law enforcement by store to inform targeted efforts to provide store partners with additional training and resources to address disruptive customer behaviors. These metrics can also help Starbucks assess the effectiveness of its de-escalation training programs and anti-bias initiatives, as well as the potential impact of the new law enforcement language in the revised third place policy.
- Identify communities who may benefit from an expansion of the Inclusive Design project and solicit feedback from leaders in those communities.

Section II: Fostering an Internal Culture of Equity and Inclusion

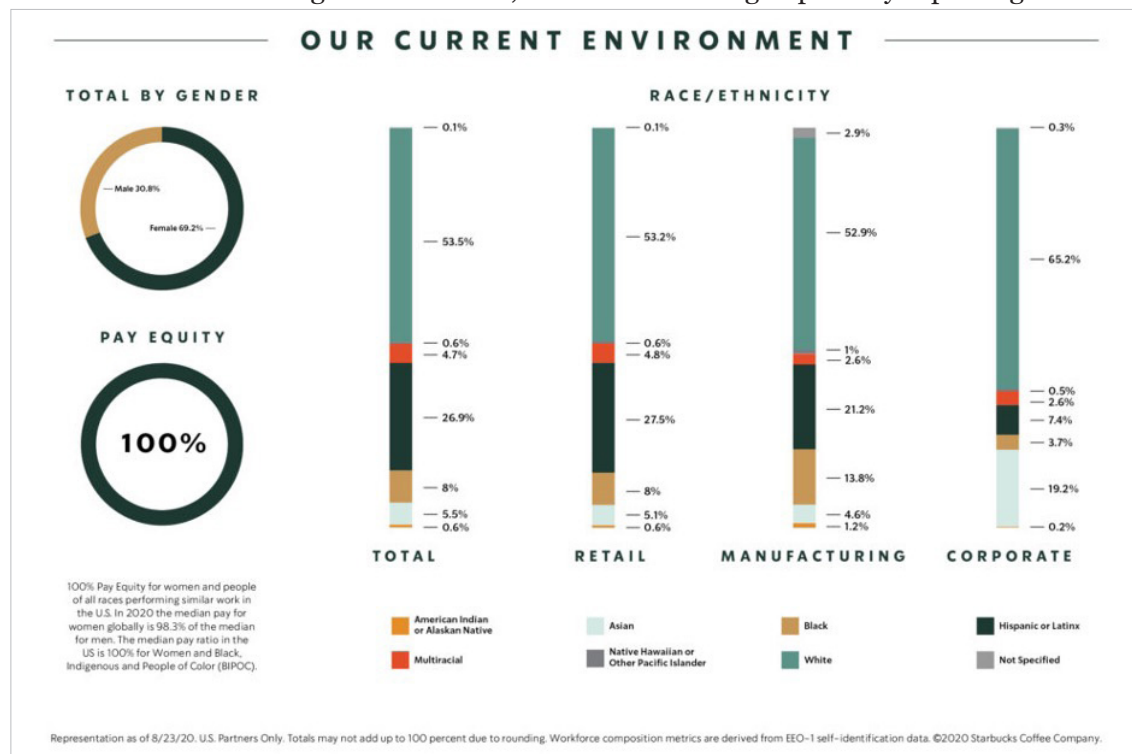
The last year was defined by a global pandemic, a divisive presidential election in the United States, and heightened public attention to police violence against people of color. Amid these challenging circumstances, Starbucks maintained its commitment to “fostering a diverse and inclusive workplace that reflects the communities Starbucks serves.”³ Following difficult and traumatic events that consumed the nation—all of which uniquely affected persons of color—Starbucks created new digital forums to better listen to and understand the needs of Starbucks’ partners. Strengthening a culture of bringing partners together, the Company created safe spaces for employees to feel seen and heard and to address partner needs during a challenging time. For example, in 2020, Starbucks:

- **Launched a Series of Courageous Conversations.** In response to the killing of Ahmaud Arbery, Starbucks organized a virtual forum on May 11th for its partners to discuss their feelings about racial injustice and to support one another. The event was viewed nearly 7,500 times live and in replay. Using the May 11th session as a model, Starbucks established a series of courageous conversations, designed to (1) provide organizational care following tragic events; (2) increase partners’ awareness and comfort with difficult topics; and (3) promote partner well-being. Other topics have included conversations on the deaths of George Floyd and Breonna Taylor, “The Impact of COVID-19 on Communities of Color,” “The Importance of Voting in 2020,” “Bringing Your Authentic Self to Work,” and “Unpacking Privilege.”
- **Modified Dress Code Policy in Support of Black Lives Matter.** As support for Black Lives Matter (BLM) activism increased following the killings of George Floyd, Ahmaud Arbery, and Breonna Taylor, Starbucks made an exception to its dress code after partners expressed their desire to show support for BLM while at work. The Company’s policy prohibits visible expressions of support for a political, religious, or personal cause. However, in response to sustained requests from partners across the country, Starbucks made an exception to its policy to allow partners to show their support for BLM at work by wearing BLM t-shirts, pins, facemasks, and hats until Company-provided BLM t-shirts became available.
- **Launched a Mentorship Program.** In an effort to support the retention and development of its partners, Starbucks has launched a mentorship program to connect BIPOC partners to senior leaders in the Company. In its initial phase, BIPOC directors who have opted into the program as mentees will be paired with senior vice presidents and above who will serve as mentors. This program includes a mix of one-on-one sessions between mentors and mentees, mentorship circles with a 1:3 mentor-mentee

3 COVINGTON & BURLING LLP, A REPORT TO STARBUCKS: ON THE PROGRESS OF ITS EFFORTS TO PROMOTE CIVIL RIGHTS, EQUITY, DIVERSITY, AND INCLUSION 22 (2020), <https://stories.starbucks.com/uploads/2020/02/Starbucks-Civil-Rights-Assessment-2020-Update.pdf>.

ratio, and community events. The Company plans to use the lessons learned from this initial phase to evaluate the expansion of the program beyond directors.

- **Committed to New Partner Network Investments.** Starbucks’ Partner Networks are a key aspect of the Company’s I&D efforts. In 2020, Starbucks launched the Indigenous Partner Network, its eleventh Partner Network. In 2021, as part of Starbucks I&D strategy, the Company will continue to invest in its Partner Networks by:
 1. working closely with the Black Partner Network, Hora Del Café, India Partner Network, Indigenous Partner Network, and Pan-Asian Partner Network to better understand and support the experiences of BIPOC partners. As part of this commitment, since May 2020, Starbucks CEO Kevin Johnson has hosted quarterly roundtables with leaders of the Partner Networks;
 2. investing in strategic partnerships with professional organizations who focus on the development of BIPOC talent and providing additional development opportunities for BIPOC partners; and
 3. investing in additional Partner Network development and recognition programs across all Networks, including an I&D Virtual Leadership Summit in March 2021.
- **Published More Detailed Diversity Statistics.** Over the last year, Starbucks continued its efforts to achieve its 2025 representation goals, including achieving BIPOC representation of at least 30 percent at all corporate levels and at least 40 percent of all retail and manufacturing roles. In 2020, Starbucks also began publicly reporting more



Starbucks Workforce Composition as of 8/23/20

detailed workforce diversity data, which can be reviewed [here](#). The graphic below shows the composition of Starbucks' workforce:

- **Made a Commitment to Board Diversity.** In addition to its previous representation commitments, in October 2020, Starbucks joined the Board Diversity Action Alliance. In January 2021, the Company proactively disclosed the board's diversity data as part of their 2021 Proxy Filings. In December 2020, Starbucks announced the appointment of Mellody Hobson as Non-Executive Chair of the Board of Directors. In March 2021, Ms. Hobson's nomination was approved by shareholders making her the only Black woman who currently leads a board of directors among S&P 500 companies.
- **Transitioned to Up-Front Tuition Coverage.** As we reported in the 2019 CRA, Starbucks started the Starbucks College Achievement Plan (SCAP) in 2015 and has had nearly 6,000 graduates of the program to date. The program is designed to support Starbucks partners earning a college degree and has a goal of 25,000 graduates by 2025. In 2019 and 2020, we encouraged Starbucks to explore paying SCAP participants' tuition up front rather than reimbursing partners later. After running a pilot, Starbucks assessed that paying the tuition up front contributed to an 8 percent increase in participation. Starbucks has now implemented up front tuition coverage for SCAP participants, 41 percent of whom are BIPOC.
- **Continued to Invest in Mental Health.** Starbucks remains committed to supporting the mental health of its partners and has implemented the initiatives outlined in the 2020 CRA, including launching an online mental health resource with Lyra, partnering with Headspace, and providing a four-module training to retail managers and all non-retail partners on how to provide mental health support to their teams. During the pandemic, Starbucks saw high partner engagement in these new resources. Notably, in 2020, Lyra added the ability to select "racial stress" as one of the presenting symptoms when searching for care, and Lyra also remains committed to increasing the percentage of BIPOC providers in its network.
- **Increased Wages.** In 2020, Starbucks committed to making one of the most substantial wage increases in the Company's history. In 2020, amidst the impacts of COVID-19, Starbucks increased all U.S. hourly retail partners' pay by at least 10 percent. Starbucks has set a goal to raise its minimum pay for all hourly retail partners across the United States to \$15 per hour over the next two to three years.
- **Continued to Address the Pay Gap.** In 2020, Starbucks once again achieved and maintained 100 percent pay equity by race and gender for similar roles in the United States, and 100 percent gender equity in pay in China, Canada, and other company operated global markets including Austria, Great Britain, Italy and Switzerland. Starbucks continues to lead best practices to close the gap.

These initiatives are examples of Starbucks' commitment to I&D during a year that presented a

tremendous amount of change and hardship for individuals and communities around the world. We discuss several other critical issues related to Starbucks I&D efforts below in more depth.

I&D Strategic Plan

Building on the I&D commitments we reported on last year, Starbucks has developed a five-year



INCLUSION AND DIVERSITY STRATEGIC PLAN

<p>Create a culture of warmth and belonging, where everyone is welcome</p> <ul style="list-style-type: none">• Cultivate an inclusive workplace that ensures partners feel valued and experience a sense of belonging• Lead efforts to be the most welcoming and accessible environment for all• Recognize and address the diversity of our customers through culturally relevant product and marketing initiatives	<p>Act with courage, challenge the status quo and find new ways to grow our company and each other</p> <ul style="list-style-type: none">• Build a collective awareness of inclusion and diversity at Starbucks• Promote and communicate inclusion and diversity as valued business imperatives across the organization• Create organizational structures and business processes to embed inclusion and diversity into problem solving and decision making
<p>Be present, connect with transparency, dignity and respect</p> <ul style="list-style-type: none">• Ensure equal opportunity, pay equity, and proactive workplace solutions• Cultivate a network of inclusion and diversity ambassadors in the field and around the globe• Build a meaningful and authentic inclusion and diversity presence and reputation in the community	<p>Deliver our very best in all we do, hold ourselves accountable for results</p> <ul style="list-style-type: none">• Ensure leadership demonstrates its commitment and accountability to inclusion and diversity• Build and sustain a highly engaged, high-performing and diverse workforce at all levels

When we deliver on our inclusion and diversity strategy, we live up to our Mission & Values

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I&D strategic plan that positions the Company to make significant strides on I&D throughout the Company between 2020 and 2025.

To execute the strategic plan and strengthen the organization's integration of equity, diversity, and inclusion, Starbucks has reorganized its I&D function into three "centers of excellence": policy and practice; strategy and integration; and compliance and analytics. The policy and practice group is responsible for developing and implementing I&D policies, processes, and tools. The strategy and integration group focuses on facilitating strategic planning, cross-functional and leadership alignment, communications, and external relationships. Finally, the compliance and analytics group is responsible for managing all compliance programs and driving innovation in I&D through data-driven strategies.

Building off of a recommendation from our 2019 CRA and recognized best practices, the I&D function moved from the Partner Resources Organization to report directly to the CEO to help ensure awareness, intentionality, and accountability to the I&D strategy, commitments, and goals at the Company's highest levels.⁴ Earlier this year, Starbucks named Dennis Brockman as its new Global Chief I&D Officer, following the departure of Zing Shaw. Mr. Brockman, a long-term partner who most recently served as the Midwest Retail Regional Vice President, will play a key role in the implementation of Starbucks' I&D strategic plan.⁵

Incentivizing Senior Executives to Meet Diversity Goals

In October 2020, Starbucks announced that it would for the first time link executive compensation with success in achieving the Company's Environmental Social Governance (ESG) goals. The changes to the annual bonus plan created a more direct tie between executive compensation and the goal of creating a more inclusive and diverse company by increasing the individual performance factor from 30 to 50 percent of the overall payout calculation, with the goal of holding senior leaders individually accountable to drive inclusion and sustainability at Starbucks.

Starbucks has also created a long-term incentive program for the U.S.-based senior leadership team under the Leadership Stock Plan (LSP). Leaders qualifying for this incentive program are collectively accountable for 3-year representation targets focused on increasing Black, Indigenous, and Latinx representation in managerial positions in the Enterprise (corporate) sector. If targets are met or exceeded, payout increases by 10 percent. There will be an automatic 5 percent reduction to payout if growth is 0 to 5 percent, and 10 percent reduction to payout if growth is negative.

4 See Mita Mallick, *Do You Know Why Your Company Needs a Chief Diversity Officer?*, HARV. BUS. REV. (Sept. 11, 2020), <https://hbr.org/2020/09/do-you-know-why-your-company-needs-a-chief-diversity-officer>.

5 Mr. Brockman's 13 years of service with Starbucks began as a district manager, then regional manager, and most recently as Regional Vice President for the Midwest. We had the opportunity to meet with Mr. Brockman and were impressed with his knowledge of Starbucks' retail culture, his track record of advocating for equal opportunity among Starbucks' partners, and the passion he brings to his role at this critical juncture.

I&D Executive Council

In February 2021, Starbucks launched an I&D Executive Council to engage Executive Leadership more directly in I&D issues. The Council is chaired by Starbucks' CEO and participants include Starbucks' Global Chief I&D Officer, and all Executive Vice President+ leaders of U.S. business functions. The Council meets quarterly, and as needed. The purpose of the quarterly meeting is to review progress toward I&D representation goals and commitments, align on I&D policies and related decisions, recognize achievements, and deepen the Council's understanding of I&D issues. In addition to modeling inclusive leadership, council members are expected to provide insight on I&D-related issues and help align I&D goals with Starbucks' overall strategy.

Surveying Partners on I&D

Starbucks conducts anonymous, annual surveys to assess partners' engagement and sentiment towards key aspects of their work experience. Last year, for the first time, Starbucks conducted a survey designed to generate feedback on several topics related to I&D, including perceptions of bias, transparency, and acceptance. The survey results provided Starbucks with important insights on these topics, as well as partner sentiment on the Company's I&D efforts. The results of the survey establish a baseline for future evaluations and will inform further refinements to the Company's I&D strategy. Starbucks intends to continue surveying partners on I&D topics to ensure that the Company is able to capture this important feedback regarding its I&D objectives and initiatives.

Focusing on Equity, Diversity, and Inclusion in Career Progression

In 2019 and 2020, we reviewed several commitments that Starbucks had made to create a more equitable, diverse, and inclusive workplace, including decisions to require diverse slates in the interview process, management training, and comprehensive workforce goals. Last fall, Starbucks made additional commitments (discussed above) to create the internal structural changes necessary to strengthen a culture rooted in inclusion and diversity and better support partners. These include changes to executive compensation programs, establishing new mentorship programs, and embedding anti-bias training into all hiring and development work.

Earlier this year, through a voluntary conciliation process, Starbucks and the United States Equal Employment Opportunity Commission (EEOC) resolved allegations, dating back to 2007, that Starbucks' promotion practices discriminated against some of its store partners on the basis of race and national origin.⁶ The EEOC's allegations were based primarily on workforce data from 2007 through 2011 that, according to the EEOC, showed minority retail partners in the United States received fewer promotions than statistically expected. While Starbucks' own statistical analysis of the Company's promotion data did not reveal systemic racial discrimination in promotions, Starbucks did identify opportunities to improve the Company's approach to store-

6 Covington did not represent Starbucks in the EEOC matter or investigate independently the allegations underlying the resolved claims.

level promotions. In particular, Starbucks recognized that some store partners may not have learned about store-level promotion opportunities because these decisions were often made informally at the store level, sometimes based on a manager's familiarity with existing members of their teams. Recognizing this gap, Starbucks has worked to make the structural changes necessary to ensure that every partner has the opportunity to learn about promotion opportunities.

Several commitments will further enhance the formality and transparency around partner promotions and ensure that all of the Company's store partners have an equal opportunity to learn of and express interest in promotions. For example:

- **Implementation of an Enhanced Applicant Tracking System (ATS).** Recognizing the need for a more formal, data-driven process for new hires and promotions, Starbucks is developing a more robust applicant tracking system (ATS). As we have previously reported, Starbucks uses Org 360, a software analytics tool, to provide non-retail leaders a snapshot of current diverse representation, along with Starbucks' representation goals. The ATS will be enhanced to include all retail job postings and provide a means to track promotion selection decisions and other data to ensure that formal processes are being followed and that equal opportunity exists for all partners to learn of and compete for promotions.⁷ The Company is poised to roll out the ATS across all of U.S. retail in May 2021 with a plan to facilitate one-on-one conversations between managers and all 200,000 U.S. partners to make sure they are aware of and understand the enhanced system.
- **Expanding Internal Capacity for I&D Analytics.** As part of Starbucks restructuring their I&D efforts around three centers of excellence, Starbucks created a distinct function within Inclusion & Diversity to oversee compliance and analytics. The team will evaluate compliance with equal opportunity laws, guidelines, and policies. They will also advance equity in hiring and promotions by developing frameworks, tools, and processes to ensure that diversity goals are woven into business decisions; identifying new programs and initiatives to bolster diversity within the company; and measuring the impact of diversity strategies and programs. In addition, Starbucks will continue to seek feedback from U.S. partners in retail and non-retail roles through in-depth partner surveys and other proactive forums.
- **Hiring an Independent Labor Economist.** Starbucks has hired an independent labor economist to analyze data, create promotion goals, and assess progress toward those promotion goals. Consistent with their standing representation goals, Starbucks' aspiration is to ensure that qualified, eligible, and interested BIPOC and other partners are promoted at rates that mirror availability. An independent labor economist will help

7 Last year we reported that "in 2020, the Company plans to launch the ATS to allow partners, from Baristas up to Store Managers, to view promotion opportunities and express interest in open roles." We understand the rollout of ATS was delayed to expand the scope of the program and the ATS is now set to launch in May 2021.

to ensure Starbucks understands the relevant metrics and data surrounding promotions in each region to make this aspiration a reality.

- **Trainings on Candidate Selection and Combating Bias in Promotions.**

Starbucks' store managers will no longer be able to execute on promotions outside of an established hiring and promotion process—only internal and external candidates who apply through the established process may be considered for each open position. New interview guides that are being validated by external experts will be rolled out to empower store managers to make merit-based and equitable hiring decisions that are based on the requirements of the job. Store leadership involved with hiring will receive training on how to use these interview guides and the ATS, as well as other anti-bias training as needed. Many of these trainings will become a part of yearly onboarding for all partners.

- **Roles and Behaviors and Diversity Training Resource Audit.** Earlier this year, the Partner Resources Organization began an effort to better define and promote inclusive behaviors related to both retail and non-retail roles. The goal of this work is to create more formal accountability for championing I&D as a core role requirement. Supplementing the Company's existing policies and trainings designed to reduce the frequency of exclusionary behaviors, Starbucks believes that this work will help to foster an equal sense of belonging and inclusion among all of its partners. Starbucks has committed to additional role-and-behaviors analysis on a yearly basis.

In addition to executing these commitments, Starbucks is focused on creating global principles for talent acquisition and creating a platform to better assess talent across standardized criteria. Starbucks is dedicated to leveraging innovative technology to modernize talent experiences and processes such that they are predictable and uniform.

Going forward, it will be important for Starbucks to execute diligently and thoughtfully the commitments discussed above, and equally important for Starbucks to monitor its progress toward achieving these commitments and address proactively any potential impediments. Consistent with Starbucks' Values to create a culture of warmth and belonging—and to act with courage—we encourage the Company's leadership to continue seeking opportunities to ensure that all of its partners have an equal opportunity to rise within the Company. We acknowledge the value of sharing this work publicly and encourage Starbucks to continue sharing these practices with other organizations to promote more equitable opportunities for workforces across the country.

Recommendations for Fostering an Internal Culture of Equity and Inclusion

- Consider publishing periodic updates regarding the Company's efforts to monitor and measure career progression. Publishing periodic updates on career progression is another way Starbucks could foster transparency and accountability.
- Identify and implement specific incentives—including potentially supplemental compensation—for partners who serve in Partner Network leadership roles. Partner Network leaders take on significant responsibilities in addition to their primary jobs within the Company. Increasing incentives for partners to take on these roles could contribute to increased participation and ensure that Partner Network leaders feel valued for the full scope of their contributions to the Company.
- Maintain the direct reporting relationship between Starbucks' Global Chief I&D Officer and the CEO. This direct reporting relationship reflects Starbucks' commitment to I&D and will contribute to effective implementation of I&D initiatives. In addition, consider including Starbucks' Global Chief I&D Officer as a formal member of the Executive Leadership Team.
- Conduct an anonymous survey regarding partners' experience of mental health support offerings, such as Lyra Health and Headspace, in order to identify areas for continued improvement.
- Continue to survey partner sentiment regarding equity, diversity, and inclusion at Starbucks, and use the survey results to help guide and refine I&D priorities, practices, and policies. Partner sentiment and feedback will also help Starbucks assess its progress towards its stated goal of creating a more equitable, diverse, and inclusive workplace for all partners.
- Develop concrete five-year roadmap to expand formal mentorship program. Expanding the formal mentorship program will help diverse partners to feel supported in their career progression at the Company, which will lead to increased retention and professional development.

Section III: Strengthening Communities

Communities across the United States faced unprecedented challenges in 2020. Over the past year, Starbucks has continued its tradition of helping communities meet the obstacles they face by refining several of the social-impact initiatives discussed in our 2019 and 2020 CRAs, and by launching new efforts to meet the needs of underserved communities. For example, Starbucks has:

- **Created a \$100 Million Community Resilience Fund.** Building on a recommendation we made in the 2019 CRA to continue exploring ways to provide capital to small minority-owned businesses in local communities, Starbucks announced in January that it will invest \$100 million by 2025 to launch the Starbucks Community Resilience Fund. The Fund is intended to support small businesses and community development projects primarily in BIPOC neighborhoods through Community Development Finance Institutions (“CDFIs”) and other impact-focused financial institutions. The initial investment will focus on 12 U.S. metropolitan areas and surrounding regions: Atlanta, Detroit, Houston, Los Angeles, Miami, Minneapolis, New Orleans, New York City, Philadelphia, San Francisco Bay Area, Seattle, and Washington, D.C. The Community Resilience Fund represents an exponential expansion of Starbucks’ 2019 commitment to invest \$10 million in four Chicago-based CDFIs.
- **Continued to Make Progress Toward Community Stores Commitment.** Since our last report, Starbucks opened three new Community Stores, bringing the total to 17 nationwide. Starbucks committed in 2020 to opening 100 Community Stores by 2025. As discussed in previous reports, Community Stores are located in underserved communities and focus on hiring locally; creating dedicated spaces for communities to come together; developing partnerships with non-profits, including the United Way; and striving to work with diverse contractors for store construction and remodels.

In 2021, Starbucks convened a cross-section of community leaders, academics, and other experts to help better define underserved communities and is pursuing use of a new index to more holistically and accurately find new sites. This panel of experts is also helping Starbucks refine its model to ensure that each store has a meaningful impact on the community it serves.

- **Continued to Make Progress Toward Military Family Stores Commitment.** Starbucks has continued to expand its Military Family Stores, and now has 75 stores in military communities across the country. Starbucks committed in 2017 to opening 132 Military Family Stores by 2022. These stores recognize and celebrate the service and sacrifice of service members, their families, and communities.
- **Expanding Its Outreach Worker Program.** Starbucks is working to expand and modify its pilot outreach worker program, which assigns outreach workers to stores that experience a high-level of disruptive incidents. The outreach workers support

store partners in responding to customers who are experiencing homelessness, mental health, and substance use issues. As we have previously reported, outreach workers are available to connect and engage with customers in need and, when necessary, help them access community resources—e.g., housing, employment, and health care—or secure basic needs, like food, clothing, or transportation. Starbucks is focused on broadening partnerships with outreach service organizations, customizing the program to better serve each market, and building a dashboard to track ongoing programmatic work. One of the overarching goals of the outreach worker program is to empower partners to use community resources to help customers in need. Starbucks plans to launch the outreach worker pilot in New York, Denver, San Francisco, and one or two additional cities by the end of 2021.

- **Revamped Its Historically Black College and University (HBCU) Licensee Model.** Following up on a recommendation we made last year to deepen relationships with HBCUs, Starbucks analyzed profitability issues unique to licensed stores on HBCU campuses and identified two main obstacles to the success of HBCU-licensed stores: population size below the traditional licensed store threshold and fewer dollars spent on retail dining. To address these challenges, Starbucks will remove and reduce standard fees included in the licensee model, which will provide meaningful relief to licensees, the community served, and reduce the barriers to opening licensed stores serving HBCUs. Starbucks will continue to explore additional ways it can partner with HBCU communities and campuses.
- **Empowered Partners as Community Champions.** Starbucks creates opportunities for partners to more easily cultivate connections with and strengthen the connections to the communities they serve. Over the course of the last year, Starbucks’ Social Impact Team conducted a comprehensive assessment of the tools and resources available to partners to be engaged in the communities where they work. Later this year, the Company will launch the “Partners as Community Champions” initiative designed to consolidate the opportunities to cultivate connections between partners, customers, and their communities. This initiative focuses on various facets of community engagement, including serving communities both in and out of the store and directing funds to causes and organizations that are important to partners.
- **Continued Commitment to FoodShare Program.** To build on current efforts to ensure no food goes to waste and to promote food security, Starbucks is expanding the FoodShare program. With all 9,100 U.S. Company-owned stores launching the program by September 2021, Starbucks aims to donate more than 15 million meals and invest \$1 million in food banks’ capacity to serve. Depending on the differing delivery requirements of each store, food donations will either be delivered directly to food banks by store delivery drivers, or the donations will be picked up by local organizations. In recognition of the impact COVID-19 has had on food insecurity, Starbucks is also exploring increasing investments in food bank capacity through FoodShare as well as

reinvesting tax benefits into additional hunger relief initiatives.

- **Increased Capacity for Regional Partner Support.** In 2020 and early 2021, Starbucks added regional government affairs and community relations partners to bolster local engagement in New York City, Chicago, Los Angeles, Washington, D.C., Atlanta, Miami, Dallas, and San Francisco. These partners provide additional place-based solutions in support of Starbucks regional partners and the communities they serve.

Evolved Engagement with Law Enforcement and First Responders

Over the past year, as our nation has engaged in an important conversation about the role of law enforcement in our communities, Starbucks listened to its partners—through roundtables with retail partners, including store managers and Partner Network chapters—about the wide range of experiences they have had with law enforcement. Last summer, Starbucks brought together experts on civil rights and law enforcement for a meaningful and candid dialogue with partners about these issues. Throughout 2021, Starbucks plans to build on its work with the National Organization of Black Law Enforcement Executives (“NOBLE”) and host regional listening sessions between NOBLE and Starbucks partners.

Starbucks will continue to create space for listening and learning in order to foster meaningful interactions between Starbucks partners, customers, civic leaders, law enforcement, and other emergency responders in the communities it serves. Starbucks has stated that its goal is to create a welcoming and inclusive environment for all, and its relationship with law enforcement is guided by that belief. As Starbucks moves forward, its commitment to promote safe and equitable communities will continue to be guided by three principles:

- Focusing on partner and customer safety and community-based policies and initiatives that model innovative approaches;
- Collaborating with those who are focused on supporting safe and equitable communities; and
- Working to develop best practices for retailers.

After feedback from partners, Starbucks evolved its approach to the Coffee with a Cop program by including first responders and other community frontline responders and leaders to engage in broader conversations around strengthening the communities it serves and supporting safe and equitable neighborhoods. Starbucks has sought to support its partners as they deepen their relationships with law enforcement officers and first responders by engaging with them in venues outside of Starbucks stores, such as at police precincts, community events, and neighborhood-serving institutions.

Supplier Diversity and Inclusion

In 2019, we reported on Starbucks’ Supplier Diversity and Inclusion (“SD&I”) Program, which

seeks to provide diverse suppliers with an equal opportunity to compete for its business. Starbucks remains committed to the goals and initiatives described in the 2019 CRA, including the inclusion of diverse-owned suppliers on all Requests for Proposals in the United States and Canada. Consistent with one of our 2019 recommendations, Starbucks commissioned an economic impact study to help Starbucks make evidence-based decisions to improve the quality and maximize the impact of the Company's SD&I program. Starbucks found that in FY2020, the Company's SD&I program supported more than 5,500 jobs and \$372 million in labor income, which contributed to \$1.1 billion in total output.

Although the coronavirus pandemic disrupted nearly every global supply chain, the Company continued to make strides on supplier diversity. While Starbucks' total procurement spend was down 14.6 percent in 2020, Starbucks' diverse supplier spend fell by only 6.3 percent, despite the disproportionate impact that economic downturns typically have on diverse suppliers.

Starbucks' SD&I spend has a nationwide impact. In 2020, Starbucks' SD&I program led to spending with diverse businesses in 27 states. Six states experienced the greatest impact: Colorado, New York, California, Illinois, Washington, and Texas. Furthermore, an economic analysis commissioned by Starbucks determined that the Company's SD&I work generated the following multiplier effects:

- **Direct Impact.** Starbucks' purchases with diverse suppliers resulted in \$164 million in labor income, contributed \$223 million to Gross Domestic Product (GDP), and supported 2,257 jobs.
- **Supply Chain Impact.** As a result of Starbucks' purchases, diverse suppliers' purchases from their own suppliers resulted in \$116 million in labor income, contributed \$187 million to GDP, and supported an additional 1,688 jobs.
- **Community Impact.** The employees in jobs supported by the SD&I program generated \$372 million in labor income, contributed \$167 million to GDP, and supported an additional 1,603 jobs in their communities.

From 2017 to 2020, women- and minority-owned business enterprises comprised Starbucks' largest SD&I spend. Starbucks also recognizes LGBTQ-owned business enterprises as a category within SD&I, which, as one supplier explains, makes Starbucks stand out because "the LGBTQ community is not a federally-recognized protected group" and "some companies do not consider LGBTQ-certified companies as diverse suppliers."⁸

Starbucks is committed to gaining a deeper understanding of the social and economic impacts of the SD&I program at a micro-economic level and how to maximize impact based on program strengths. To achieve these goals, Starbucks plans to develop a robust data-tracking system that will enable Starbucks to monitor its impact over time.

8 STARBUCKS, SUPPLIER DIVERSITY AND INCLUSION ECONOMIC IMPACT REPORT 11 (2021).

The Starbucks Foundation

Last year, we reported that The Starbucks Foundation had invested more than \$10 million in communities across the United States and Canada. The Starbucks Foundation has continued to make significant community investments, with a more conscious focus on advancing racial equity and serving BIPOC communities, including:

- **Neighborhood Grants.** Since our last report, The Starbucks Foundation awarded additional Neighborhood Grants to partner-nominated local nonprofit organizations. One round of grants focused on Black-led organizations and organizations that serve Black and Indigenous communities and was dedicated to promoting economic mobility and opportunity, health and social services, and youth. Based on an overwhelming response from partners, The Starbucks Foundation awarded \$500,000 more than planned, for a total of \$1.5 million in Neighborhood Grants to more than 400 nonprofit organizations across the United States. During this round of “Racial Equity” Neighborhood Grants, the Foundation made several changes to the nominations and selection processes. For example, the Foundation expanded outreach to raise awareness of the nomination opportunity, encouraged a wide range of partners across the United States to nominate organizations, invited philanthropic and civil rights leaders to weigh in on the organization identification and selection process, and provided to partners for their consideration an initial list of Black-led and BIPOC-serving organizations by state.
- **Youth Equity Grants.** In October 2020, building on a longstanding commitment to advance opportunity for all, The Starbucks Foundation announced a new \$5 million two-year investment in national nonprofit organizations that serve BIPOC youth. In March 2021, the Company announced the first grant recipients: Big Brothers Big Sisters of America, Boys & Girls Clubs of America, City Year, Junior Achievement USA, and The National Mentoring Partnership (MENTOR).
- **COVID-19 Relief.** Consistent with The Starbucks Foundation’s longstanding focus on disaster relief, the Foundation invested more than \$10 million in COVID-19 response efforts globally, including extending hunger relief and other emergency assistance to vulnerable communities and supporting recovery and resilience initiatives. In addition, The Starbucks Foundation offered existing grantees flexibility to repurpose previous grant funding to respond to COVID-19.

Recommendations for Strengthening Communities

- Continue to dedicate resources to support small businesses in addition to the Community Resilience Fund. Starbucks' ongoing commitment to explore opportunities to expand the Community Resilience Fund will help to create deeper connections between Starbucks and the communities it serves.
- Continue to assess best practices with regard to law enforcement engagement initiatives to facilitate Starbucks' efforts to promote safe and equitable communities.
- Use the findings of the economic impact report to develop concrete goals to increase diverse supplier spend and eliminate barriers for suppliers.
- Convene SD&I suppliers through educational events, conferences, or leadership summits to encourage networking, knowledge sharing, and continued growth among this important component of Starbucks' supply chain. Fostering connections between diverse suppliers will help support Starbucks' goal to increase the impact of its SD&I program.

Section IV: Importance of Leadership

In the 2019 CRA, we noted that Starbucks' efforts to promote equity, diversity, and inclusion could succeed only if they remained priorities for Starbucks' leadership. Just as we concluded last year, based on our assessment of Starbucks' work over the course of 2020—a year defined by major challenges—it is clear that they have.

Even more important, Starbucks' leadership continues to engage in critical self-assessment—to acknowledge when the Company falls short of the aspirations reflected in its Mission and Values, to refine its programs and policies to better serve the Company's partners and the communities where it operates, and to launch new initiatives when there is an unmet need.

Civic Engagement

Starbucks believes that no partner should have to choose between working their shift and voting in an election. In 2020, Starbucks demonstrated its commitment to civic engagement by supporting partners in their efforts to register to vote and participate in the democratic process. Starbucks urged managers to speak with partners to help ensure partners had access to Starbucks-provided resources to support them in making their own unique plan to vote. Starbucks partnered with Democracy Works and the Civic Alliance to provide a robust set of civic engagement resources for partners that included civic news, information on making a plan to vote, and how to navigate to their state election information.

In recognition of the additional barriers to voter access brought on by COVID-19, during the last election season, Starbucks provided its partners with a one-time 75 dollar credit for transportation to vote or volunteer at poll and ballot drop-box locations. Starbucks issued guidance to district managers advising that any partner late to work because of delays at the polls should be paid for the missed time.

Starbucks also provided voter registration and other information to partners and customers alike through the Starbucks app and social channels. In addition, Starbucks supported civic engagement efforts led by the NAACP, Hispanic Federation, Iraq and Afghanistan Veterans Association, and the Lawyers Committee for Civil Rights, including the creation of nonpartisan partner volunteer opportunities with each organization.

Starbucks also encouraged leaders at all levels of government to make necessary adjustments to ensure polling places and ballot drop boxes are safe and accessible for all.

Environmental and Climate Justice

In January 2020, Starbucks announced its aspiration to become a “resource positive” Company, meaning that Starbucks aims to give more back to the planet than it takes by storing more carbon than it emits, and replenishing more water than it uses while eliminating waste. Starbucks views climate change as among the greatest threats faced by humanity and acknowledges that climate change will have a disproportionate impact on poor women and children, communities in the developing world, and BIPOC communities in the United States.

Starbucks has identified a set of three “Environmental and Climate Justice” principles designed to guide the Company’s climate justice efforts:

- **Inclusion.** Starbucks views environmental and climate justice as participatory. The Company is committed to working with and learning from those likely to experience the most severe impacts of climate change, in order to build an equitable and sustainable future for the communities it serves.
- **Resilience.** To address the link between climate change and socioeconomic disparities, Starbucks will invest in the resilience of vulnerable communities by improving air quality, plastic pollution, and access to safe drinking water and clean energy.
- **Just Transition.** Starbucks is committed to protecting the rights and livelihoods of workers and communities who are at risk of negative economic impact as a result of the significant technological, social, and economic transformations needed to meet the Company’s science-based carbon reduction target. Specifically, Starbucks will invest in job training and financial support for supply chain partners implementing more sustainable production methods, among other efforts.

In 2020, in addition to the Community Resilience Fund discussed earlier and consistent with these three principles, Starbucks has:

- Established an internal program lead to drive environmental and climate justice advocacy and integrate practices into Starbucks’ current sustainability initiatives;
- Conducted a roundtable with stakeholders to provide feedback on Starbucks’ environmental and climate justice approach and investments; and
- Sponsored a Climate Justice educational track for engagement with environmental justice leaders, youth activists, NGOs, and corporate representatives in partnership with NationSwell as part of their Build It Back Better initiative.

To further expand Starbucks’ existing climate change goals through these principles, the company has committed to:

- Doubling its investment in the Global Farmer Fund so that coffee growers can renovate and strengthen their farms and farming practices to be even more productive and sustainable;

- Investing in the U.S. dairy industry’s “Net Zero” aspiration by 2050 as well as investing in renewable energy projects providing economic opportunity, lower-cost clean energy, and job training to underserved communities and military veterans;
- Continuing efforts to educate partners on issues related to environmental and climate justice through sponsoring a series of “Environmental and Climate Justice Fireside Chats” and establishing an internal working group to drive environmental and climate justice throughout Starbucks’ business practices.

Continued Advocacy on Behalf of Partners

Starbucks continues to advocate for its partners by supporting policies that promote equity and inclusion, including:

- COVID-19 relief for the millions of Americans out of work, small businesses facing uncertainty, and state and local governments on the frontlines of the pandemic;
- Policies to ensure safe access to voting for all;
- Policies that provide a permanent legislative solution for “DREAMers,” including the Dream Act of 2021;
- Policies that support equity and inclusion in the workplace, including the Equality Act.

Starbucks also continues to have a voice on other issues of importance to its partners, including ensuring welcoming and inclusive online communities free from hate speech. Last summer, Starbucks took a stand for a more civil online environment and paused advertising on all social media platforms as the Company worked with stakeholders to assess platforms’ approach to hate speech.

Working with Government on Vaccine Support

In January, through the leadership of Starbucks CEO Kevin Johnson, the Company partnered with Governor Jay Inslee and the broader business community to support efforts to accelerate safe and equitable vaccine distribution in Washington State. Through this partnership, Starbucks contributed operations and logistics insights to a “playbook” with the intent that other governments, businesses, and organizations across the country might benefit.⁹

In addition, Starbucks continues to contribute to equitable community vaccine distribution efforts by providing financial support to mobile clinics in underserved communities. Starbucks is also working to provide volunteer opportunities for its partners.

9 The playbook is available at https://21652974-25d8-4ff1-bbco-8687c8ec1f64.filesusr.com/ugd/e29733_85ddb1ac8ee54759a971e885f1b6b32c.pdf.

Leveraging To Be Welcoming

Since launching in 2020, Starbucks has continued to leverage the To Be Welcoming curriculum developed in partnership with Arizona State University (ASU) with partners and other retailers. Over the course of the last year, the course's total enrollment increased significantly from 5,600 to more than 75,000. Starbucks has consistently seen high partner and non-partner levels of engagement, with Starbucks partners comprising 48.5 percent enrollees and non-partners comprising 51.5 percent of enrollees. To expand its reach, Starbucks and ASU have partnered with a variety of other retailers and companies to utilize aspects of the To Be Welcoming curriculum. In addition, in 2021, ASU plans to incorporate the curriculum as required coursework for undergraduate students, publish condensed To Be Welcoming videos on the ASU YouTube channel, and make the coursework available on ASU's Learning Enterprise platform for non-degree seeking individuals.

Civil Rights Advisors

To continue implementing the recommendations contained in the 2019 and 2020 CRAs, and to build on convenings with civil rights groups over the last several years, Starbucks will seek to create deeper relationships with a group of external advisors comprised of leaders of major civil rights organizations. Starbucks believes that the counsel, perspective, and feedback of these leaders on key decisions, programming, and commitments related to civil rights, inclusion, and diversity will help to ensure Starbucks meet high expectations for transparency and accountability in its progress.

Recommendations for Continued Leadership

- Identify and implement additional avenues to engage partners and customers in the Greener Apron and To Be Welcoming courses.¹⁰ Encouraging partners and customers to enroll in both courses will help bridge connections between climate justice and social justice.
- Consistent with the Company's Mission and Values, Starbucks should consider how best to expand its advocacy to support partners and identify additional opportunities to use its voice to support civil rights and social justice issues.
- Extend policies and practices intended to reduce barriers for voting for partners and support civic engagement.

¹⁰ The Starbucks Greener Apron program provides Starbucks partners free access to course materials designed to give emerging sustainability champions the tools they need to lead by example. The Greener Apron course covers a range of sustainability topics that can advance personal and professional goals in an accessible and meaningful way.