



Starbucks Disclosure in Compliance with California Transparency in Supply Chains Act of 2010 (SB 657)

Starbucks believes we have a responsibility to advocate policies that support not only the health of our business, but of our partners (employees) and the communities in which we do business.

The California Transparency in Supply Chains Act of 2010 (SB 657) (the “Act”) requires large retailers and manufacturers doing business in California to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale.

Starbucks has a long history of promoting [Ethical Sourcing](#) of its products, which are produced in countries all over the world, and has been publicly recognized on several occasions for its programs in this area. We have devoted considerable resources over the last several years to mapping our supply chain and developing and implementing appropriate ethical standards applicable to suppliers and those involved in the production, processing and manufacturing of the products we sell.

Our Ethical Sourcing programs consist of: [C.A.F.E. Practices](#) (Coffee and Farmer Equity Practices) concerning the sourcing of coffee; [Cocoa Practices](#) concerning the sourcing of cocoa; and our [Manufactured Goods and Services Standards](#) which govern our acquisition of manufactured products. Starbucks works with [Scientific Certification Systems](#), an independent third party, which assists us in maintaining both the [C.A.F.E. Practices](#) and [Cocoa Practices](#) indicators set forth in the scorecards and in retaining third party verifiers to evaluate supplier performance against these indicators. Third party verifiers are also used in the Manufactured Goods program. Starbucks uses announced audits, rather than unannounced audits, to ensure that appropriate management personnel are present during the audit. This approach also provides an opportunity to offer best practices training to the appropriate personnel when non-compliance with Starbucks ethical sourcing standards are noted.

In compliance with the Act, Starbucks certifies that its Ethical Sourcing programs include zero tolerance provisions prohibiting the use of: forced, bonded, indentured or involuntary convict labor (in the case of C.A.F.E. Practices); involuntary, forced or trafficked labor (in the case of Cocoa Practices); and slave labor, bonded labor,

indentured labor or involuntary convict labor (in the case of Manufactured Goods). If it is determined that a supplier is operating outside of Starbucks policies, Starbucks or its third party representative and the supplier will develop and implement a corrective action plan including a mutually agreed upon schedule for resolution of all issues. Any failure thereafter to meet a corrective action plan commitment is considered a material breach of Starbucks agreement with the supplier and may result in cancellation of any current orders and/or termination of Starbucks contractual relationship with the supplier. Gross violations or illegal activities are cause for outright and immediate termination of the contractual and business relationship.

In addition to our Ethical Sourcing programs, Starbucks also implements and further discloses the following corporate [policies](#) which address anti-slavery and human trafficking: [Global Human Rights](#), [Supplier Code of Conduct Overview](#) and [Standards of Business Conduct](#).

Since Starbucks programs and policies pre-date the Act, the language and implementation may not exactly match the prescriptions of this new law. It is our opinion, however, that Starbucks programs go well beyond what is required by the Act. Starbucks is currently in the process of requesting that each of its suppliers certify that the materials incorporated into the products they produce comply with the laws regarding slavery and human trafficking of the country in which the supplier is doing business. In addition, Starbucks employees with direct responsibility for supply chain management are specifically trained on Starbucks Ethical Sourcing standards. As part of our ongoing commitment to continuous improvement, we will be reviewing our programs and policies on an ongoing basis for possible additions or amendments where needed to address the specific topics described in the law.

We encourage you to learn more about Starbucks responsible business practices at www.starbucks.com/responsibility which discloses at length and in detail, our various Ethical Sourcing programs and policies. It is Starbucks intention to make its customers, as well as other interested consumers, aware of all that we do to ensure that, among other things, our supply chain is free of forced or trafficked labor.