



MY CUSTOMIZED REPORT

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Mission Statement

Our Starbucks Mission

To inspire and nurture the human spirit – one person, one cup, and one neighborhood at a time.



>Here are the principles of how we live that every day

Our Coffee

It has always been, and will always be, about quality. We're passionate about ethically sourcing the finest coffee beans, roasting them with great care, and improving the lives of people who grow them. We care deeply about all of this; our work is never done.

Our Partners

We're called partners, because it's not just a job, it's our passion. Together, we embrace diversity to create a place where each of us can be ourselves. We always treat each other with respect and dignity. And we hold each other to that standard.

Our Customers

When we are fully engaged, we connect with, laugh with, and uplift the lives of our customers— even if just for a few moments. Sure, it starts with the promise of a perfectly made beverage, but our work goes far beyond that. It's really about human connection.

Our Stores

When our customers feel this sense of belonging, our stores become a haven, a break from the worries outside, a place where you can meet with friends. It's about enjoyment at the speed of life—sometimes slow and savored, sometimes faster. Always full of humanity.

Our Neighborhood

Every store is part of a community, and we take our responsibility to be good neighbors seriously. We want to be invited in wherever we do business. We can be a force for positive action— bringing together our partners, customers, and the community to contribute every day. Now we see that our responsibility—and our

potential for good—is even larger. The world is looking to Starbucks to set the new standard, yet again. We will lead.

Our Shareholders

We know that as we deliver in each of these areas, we enjoy the kind of success that rewards our shareholders. We are fully accountable to get each of these elements right so that Starbucks—and everyone it touches—can endure and thrive.

Environmental Mission Statement

Starbucks is committed to a role of environmental leadership in all facets of our business.

>We fulfill this mission by a commitment to

- Understanding of environmental issues and sharing information with our partners.
- Developing innovative and flexible solutions to bring about change.
- Striving to buy, sell and use environmentally friendly products.
- Recognizing that fiscal responsibility is essential to our environmental future.
- Instilling environmental responsibility as a corporate value.
- Measuring and monitoring our progress for each project.
- Encouraging all partners to share in our mission.



Message From Howard

“ We feel now is the time to invest - truly and authentically - in ways to help create a better future for the world we share. ”

Starbucks has always stood not only for exceptional coffee but also for a commitment to social responsibility.

Starbucks Coffee Company began as a single store in Seattle, Washington, in 1971 during the height of a deep local recession.

But Starbucks founders had a vision. That vision was to create a community and share their passion and knowledge with their customers. The experience they created represented hope, inspiration, moments to savor and appreciate.



Today, what we stand for is more important than ever. It is our mission and principles that will help carry us through short-term challenges and make our company an enduring one.

Now is the time to embrace what makes us Starbucks. Now is a time to be bold.

We've staked out some bold goals as part of Starbucks™ Shared Planet™ in the way we work to buy our coffee responsibly, help our communities and care for the environment. We feel now is the time to invest – truly and authentically – in ways to help create a better future for the world we share.

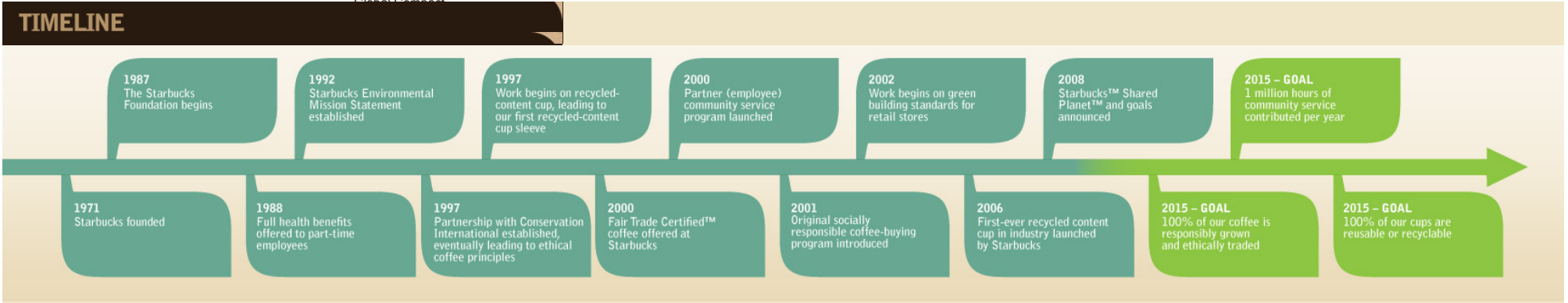
What began nearly 40 years ago continues on today.

We are on a journey. Thank you for joining us.



Starbucks is committed to upholding the principles of the UN Global Compact

Howard Schultz
chairman, president and chief executive officer



Our Collaborations

>Extending our reach – one partnership at a time.

Starbucks™ Shared Planet™ is our commitment to doing business responsibly. And while our vision is big, we're doing things to extend our reach at the same time. We're working to promote a better way of helping each other and the planet – by inspiring our customers and partners to take action and by joining forces with a cross-section of non-governmental organizations (NGOs). Our NGO partners bring specialized expertise and experience to the table, and they work with us to create solutions that support our commitments to ethical sourcing, environmental stewardship and community involvement.

Starbucks partners with organizations like Conservation International, Fairtrade Labelling Organizations International (FLO), Earthwatch Institute, Save the Children, Youth Venture and the International Youth Foundation. We're also members of industry organizations that help us further define our strategy and meet our goals. Every one of them plays a part in our success, and they're crucial to helping us reach our goals.



Our Goals and Progress

During the last year we stepped back, reflected and imagined how much more impact we could have on our partners (employees), customers, communities, the environment and our business if we set our sights high enough. We identified three areas of focus where we believe our impact could be the greatest: [Ethical Sourcing](#), [Environmental Stewardship](#) and [Community Involvement](#). In each area, we set longer range goals to help us stay on track, measure results and share our progress with you. These goals have been integrated with our other Key Performance Indicators (KPIs) that we have reported for several years, and they provide the direction for Starbucks™ Shared Planet™, our commitment to doing business responsibly.

>Categories

Click on a category below to learn more.

- Ethical sourcing
- Environmental stewardship
- Community investment
- Other

>Keys to Symbols

ACHIEVED

MAKING PROGRESS

DID NOT IMPROVE



ETHICAL SOURCING GOAL

100% of our coffee will be responsibly grown and ethically traded by 2015

- FISCAL 2007
- FISCAL 2008
- STATUS

SUPPORTING GOALS

Increase annual purchases of coffee purchased through C.A.F.E. Practices¹	65% of Starbucks total coffee purchases (228 million pounds) (goal: 225 million pounds)	77% of Starbucks total coffee purchases (295 million pounds) (goal: 65% ²)	
Double our purchases of Fair Trade Certified™ coffee to 40 million pounds in 2009	20 million pounds 6% of Starbucks total coffee purchases	19 million pounds 5% of Starbucks total coffee purchases	
Invest in farmers and their communities by nearly doubling farmers loans to \$20 million by 2015	\$10.5 million in loans	\$12.5 million in loans (loans are cumulative year over year)	
Pro-actively affect climate change by offering farmers incentives to prevent deforestation		Announced a renewed 5-year partnership with Conservation International with a three-year commitment for \$7.5 million.	

¹C.A.F.E. Practices and Fair Trade purchases are not mutually exclusive.

²Beginning in 2008, Starbucks set goals as a percentage of total purchases rather than absolute volume.

**ENVIRONMENTAL STEWARDSHIP GOAL**

100% of our cups will be reusable or recyclable by 2015



FISCAL 2007



FISCAL 2008



STATUS

SUPPORTING GOALSDevelop and launch recyclable cup by 2012

Began exploring additional opportunities to make our cups more recyclable which will be formalized into a plan this year.

25% of our cups will be reusable by 2015

Customers in the U.S. and Canada increased their use of commuter mugs for their beverages to nearly 22 million times representing 1.3 percent of the transactions in these stores.

**ENVIRONMENTAL STEWARDSHIP GOAL**

Significantly reduce our environmental footprint through energy and water conservation, recycling and green construction



FISCAL 2007



FISCAL 2008



STATUS

SUPPORTING GOALSRecycling available in all of our company-owned stores where we control waste collection by 2015

73%

70%
(goal: 76%)50% of the energy used in our company-owned stores will come from renewable sources by 2010

20% renewable energy

20% renewable energy

Reduce our greenhouse gas emissions by making our company-owned stores 25% more energy efficient by 2010

Completed a comprehensive energy audit that will help focus our immediate investments in new lighting, and improving the efficiency of HVAC (heating, ventilation and cooling systems and other equipment.

Significantly reduce water usage in our company-operated stores

25 gallons of water used per square foot of retail per month

24 gallons of water used per square foot of retail per month

All new company-owned stores worldwide will be certified green by 2010

As of the end of 2008, we had one LEED certified store. Our prototype certification is registered with the US Green Building Council.





COMMUNITY INVESTMENT GOAL

Contribute over 1 million hours of community service per year by 2015

✓ FISCAL 2007 ✓ FISCAL 2008 ✓ STATUS

<u>Community service hours</u>	320,000 hours (goal: 375,000)	246,000 hours (goal: 421,000)	↓
SUPPORTING GOALS			
<u>Engage 50,000 young people to innovate and take action through the youth action grants</u>		Made 64 grants totaling \$2.1 million to organizations supporting young social entrepreneurs.	↑

OTHER MEASURES

In addition to our Starbucks™ Shared Planet™ goals, we track and report the following KPIs as part of our overall commitment to being a responsible company.

✓ FISCAL 2007 ✓ FISCAL 2008 ✓ STATUS

CHARITABLE CONTRIBUTIONS			
<u>Total cash and in-kind contributions</u>	\$18 million	\$14 million	↓
<u>Percentage of pretax earnings</u>	1.7%	3%	↑
WORKPLACE			
Partner satisfaction	86% ¹	80%	↓
Partner engagement	69% ¹	64%	↓
DIVERSITY			
Women - U.S. executives (vice presidents and above)	34%	33%	↓
Women - U.S. workforce	66%	67%	↑
People of color - U.S. executives (vice presidents and above)	14%	14%	unchanged
People of color - U.S. workforce	31%	32%	↑
Suppliers - amount spent with certified minority and women-owned businesses in U.S.	\$350 million (goal: \$206 million)	\$331 million (goal: \$375 million)	↓
¹ We did not conduct a survey in 2007. This data is from 2006 for comparison.			



Reporting On 2008

Our commitment to being a responsible company includes our efforts to be open and honest about the successes and challenges we face pursuing that commitment – with our customers, our partners (employees) and the communities where we do business. Each year since 2001, our reports on our corporate social responsibility efforts – which we now call global responsibility – have told the story of our journey and progress related to Starbucks social, environmental and economic impacts.



This year we're creating a better experience for you by incorporating our fiscal 2008 report throughout the Starbucks™ Shared Planet™ website. You can also customize a report printout based on your interests with the [build-your-own report feature](#).

Thank you for taking the time to check in on what we're doing. We invite you to [share your thoughts](#) with us with our survey so we can continue to improve our approach.

> About our report.

Scope

The report for fiscal 2008 focuses on our three Starbucks™ Shared Planet™ commitments: 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 Starbucks™ Shared Planet™ commitments is contained in our [Starbucks™ Shared Planet™ scorecard](#).

Boundaries

The report content is focused largely on Starbucks U.S. and Canada company-operated retail stores and global supply chain operations – areas that represent the majority of Starbucks social, environmental and economic impacts. Our system for reliably collecting and reporting related data does not currently encompass all of our operations. For now, anecdotal information is included for international operations, licensed store operations and joint ventures, where available and relevant. 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.

Reporting Year

Starbucks fiscal year 2008 (October 1, 2007 – September 28, 2008), unless otherwise noted.

Currency

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

Previous Reports

<http://www.starbucks.com/aboutus/csr.asp>

Information Integrity

Starbucks management is responsible for the preparation and integrity of the information being reported for fiscal 2008. 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 2008. 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 2008 includes forward-looking statements about the company's business and the company's future business plans, initiatives 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 transformation strategy, restructuring, cost reduction and other initiatives; fluctuations in U.S. and international economies and currencies; the impact of competition; the effect of legal proceedings; and other risks detailed in the company's filings with the Securities and Exchange Commission, including

the "Risk Factors" section of Starbucks Annual Report on Form 10-K for the fiscal year ended September 28, 2008. The company assumes no obligation to update any of these forward-looking statements.

MISSION STATEMENT



Being a responsible business is a commitment that is embedded in our culture and reflects the core values expressed in our Mission Statement

[READ MORE](#)

A MESSAGE FROM HOWARD



"We feel now is the time to invest – truly and authentically – in ways to help create a better future for the world we share."

[READ MORE](#)



Materiality

>Materiality – what matters most.

Since 2001, Starbucks has reported on our social, environmental and economic impacts.

We consider a number of factors in deciding which data and stories are most important to share and report. One determining factor is the materiality – or the importance an issue or performance metric has both to our business and our key stakeholders. This framework helps us assess what matters most to our audiences both inside and outside the company.

Our Global Responsibility Report for fiscal year 2008, a key component of the Starbucks™ Shared Planet™ website, focuses on the work we are doing in our three main Starbucks™ Shared Planet™ commitments: ethical sourcing, community involvement and environmental stewardship. These are the areas of greatest importance to Starbucks, our customers and partners (employees), as well as non-governmental organizations and investors. We also know health and wellness and workplace practices are of considerable interest to our stakeholders. Information about these key topics can be found on Starbucks.com.

>How we determine materiality.

Our process for determining materiality for our Global Responsibility Report involves assessing Starbucks significant economic, environmental and social impacts, and then factoring in how these impacts substantively affect or influence our stakeholders. We included a variety of inputs – both internal and external – to ensure we are aligned with the materiality principle of the Global Reporting Initiative regarding content. These inputs

include:

- Customer feedback.
- Company objectives, strategies, policies, programs and risk factors.
- Partner (employee) surveys and other input.
- Shareholder resolutions and anecdotal feedback.
- Input gathered through stakeholder dialogues.
- Informal input from coffee suppliers.
- Media coverage and blog discussions of issues.
- Stakeholder feedback from previous reports.
- Global Reporting Initiative (GRI) recommended topics and data for inclusion.

After reviewing these inputs, we compiled a list of issues, and prioritized each one based on the following criteria:

- The importance of the issue to – and potential impact on – Starbucks.
- The importance of the issue to – and potential impact on – customers, partners and other stakeholders.
- The amount of reasonable control Starbucks has over an issue.

The result is a comprehensive report that we hope addresses the issues most critical to our social, environmental and economic impacts. As always, we'd appreciate your feedback on how we're doing.



Global Reporting Initiative

> Global Reporting Initiative Performance Indicators Starbucks Fiscal 2008

Starbucks self declares this report to GRI application level B+ as evidenced in the table below.

> Categories

> Keys to Symbols

Strategy and analysis	<p>● COMPLETELY REPORTED ◐ PARTIAL INFORMATION ○ NO INFORMATION</p>
Organizational profile	
Report parameters	
Governance, commitments, and engagement	

Note: In some cases, information is









Economic performance indicators	included in the "explanation" column or is
Environmental performance indicators	available on another website rather than
Labor practices and decent work performance indicators	within our report.
Human rights performance indicators	
Society performance indicators	
Product responsibility performance indicators	

Strategy and Analysis









	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
1.1	Statement from the senior decision-maker of the organization (e. g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and its strategy	● Message from Howard	
1.2	Statement from the senior decision-maker of the organization (e. g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and its strategy	● Our Responsibility	






Organizational Profile

	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
2.1	Name of the organization	●	Starbucks Fiscal 2008 Form 10-K
2.2	Primary brands, products and/or services	●	Starbucks Fiscal 2008 Form 10-K

2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures		Starbucks Fiscal 2008 Form 10-K
2.4	Location of the organization's headquarters		Starbucks Fiscal 2008 Form 10-K
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		Starbucks Fiscal 2008 Form 10-K
2.6	Nature of ownership and legal form		Starbucks Fiscal 2008 Form 10-K
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		Starbucks Fiscal 2008 Form 10-K
2.8	Scale of the reporting organization including: number of employees, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided		Starbucks Fiscal 2008 Form 10-K
2.9	Significant changes during the reporting period regarding size, structure or ownership		Starbucks Fiscal 2008 Form 10-K
2.10	Awards received in the reporting period		No significant related (awards) were received during the reporting period.

Report Parameters






	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	 Reporting on 2008	
3.2	Date of most recent report (if any)	 Reporting on 2008	
3.3	Reporting cycle (annual, biannual etc.)	 Reporting on 2008	
3.4	Contact point for questions regarding the report or its contents	 Contact Us	
3.5	Process for defining report content including: materiality, prioritizing topics within the report and identifying stakeholders the organization expects to use the report	 Materiality	
3.6	Boundary of the report (e.g. countries, subsidiaries, leased facilities, joint ventures, suppliers)	 Reporting on 2008	
3.7	State any specific limitations on the scope or boundary of the report	 Reporting on 2008	Starbucks Fiscal 2008 Form 10-K
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	 Reporting on 2008	Starbucks Fiscal 2008 Form 10-K








3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report		Standard and generally accepted definitions are employed.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such restatement (e. g. mergers/ acquisitions, change of base years/periods, nature of business, measurement methods)		Not applicable for reporting period.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	 Reporting on 2008	No significant changes were made during the reporting period.
3.12	Table identifying the location of the Standard Disclosures in the report		This GRI index contains the locations of our standard disclosures.
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship	 External Assurance Report	

between the reporting organization and the assurance provider(s)		
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Governance, Commitments, and Engagement

		Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
4.1	Governance structure of the organization including committees under the highest governing body responsible for specific tasks, such as setting strategy or organizational oversight.	<input checked="" type="radio"/>		Starbucks Corporate Governance
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	<input checked="" type="radio"/>		Starbucks 2008 Proxy
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	<input type="radio"/>		Not applicable. Starbucks does not have a unitary board structure.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	<input checked="" type="radio"/>		Starbucks 2008 Proxy
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the	<input checked="" type="radio"/>		Starbucks 2008 Proxy

4.6	organization's performance (including social and environmental performance). Processes in place for the highest governance body to ensure conflicts of interest are avoided.		<u>Starbucks Business Ethics and Compliance</u>
4.7	Processes for determining qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social performance and the status of their implementation.		Executive Committee appointed to determine strategy and implementation on ethical sourcing, environmental and social development objectives. Selection is based on member's ability to provide expertise and make decisions to deliver publicly-stated objectives
4.8	Internally developed statements of mission and values, codes of conduct, and principles relevant to economic, environmental and social topics		<u>Mission Statement, Ethical Sourcing, Environmental Stewardship</u>
4.9	Procedures of the highest governance body for overseeing the organization's identifications and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles.		<u>Starbucks Fiscal 2008 Form 10-K</u>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.		<u>Starbucks 2008 Proxy</u>

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		<u>Environmental Stewardship</u>	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		<u>Throughout report</u>	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.		<u>Our Collaborations.</u> Throughout report	
4.14	List the stakeholder groups engaged by the organization.		<u>Our Collaborations.</u> Throughout report	
4.15	Basis for identification and selection of stakeholders with whom to engage.		<u>Our Collaborations.</u> Throughout report	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		<u>Our Collaborations.</u> Throughout report	Proactively engaged and garnered feedback from key stakeholders on priority CSR and business issues including coffee sourcing, water, packaging materials and community development. Through regular dialogue with industry experts, key stakeholder groups, NGO's and civic leaders we were able to better understand their concerns and gain input on topics of mutual importance.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		<u>Our Collaborations.</u> <u>Materiality.</u> Throughout report	










Economic Performance Indicators

		Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
	Management approach disclosures			Starbucks Fiscal 2008 Form 10-K
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		A Closer Look at Our Giving	Total wages and benefits paid to U.S. and Canada partners in fiscal 2008: \$3.3 billion. Includes salaries, bonuses, vacation, payroll taxes, healthcare benefits, workers' compensation and 410 (k) matches.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change			Climate Change Strategy
EC3	Coverage of the organization's defined benefit plan obligations.			Starbucks Benefits Plan
EC4	Significant financial assistance received from government			Not applicable. Starbucks does not receive significant financial assistance from the government.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.			Starbucks considers this proprietary information.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			Starbucks stores make substantial efforts to buy products and services, such as baked goods, from local vendors. Local sourcing amplifies the positive economic impact of each store, resulting in the indirect benefits of creating new jobs, generating additional income for the community and providing increased tax revenue.







EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	○		Starbucks Fiscal 2008 Form 10-K
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	Social Investments in Coffee Communities, A Closer Look at our Giving	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	Ethical Sourcing, Community Involvement	

Environmental Performance Indicators

	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
EN1	Management approach disclosures	●	Ethical Sourcing, Environmental Stewardship
EN1	Materials used by weight or volume.	●	Ethical Sourcing, Environmental Stewardship
EN2	Percentage of materials used that are recycled input materials.	●	Environmental Stewardship
EN3	Direct energy consumption by primary energy source.	●	Energy
EN4	Indirect energy consumption by primary source.	●	Energy

EN5	Energy saved due to conservation and efficiency improvements.		<u>Energy</u>	
EN6	Initiatives to provide energy-efficient or renewable energy based on products and services, and reductions in energy requirements as a result of these initiatives.		<u>Energy, Climate Change Strategy</u>	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		<u>Energy, Climate Change Strategy</u>	<u>Starbucks Fiscal 2008 Form 10-K</u>
EN8	Total water withdrawal by source.			Starbucks does not currently track this information.
EN9	Water sources significantly affected by withdrawal of water.			Starbucks does not currently track this information.
EN10	Percentage and total volume of water recycled and reused.			Starbucks does not currently track this information.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			Starbucks does not currently track this information.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		<u>Ethical Sourcing, Environmental Stewardship</u>	
EN13	Habitats protected or restored.		<u>Ethical Sourcing, Environmental Stewardship</u>	






EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	<input checked="" type="radio"/>	<u>Ethical Sourcing, Environmental Stewardship</u>	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	<input type="radio"/>		Starbucks does not currently track this information.
EN16	Total direct and indirect greenhouse gas emissions by weight.	<input checked="" type="radio"/>	<u>Climate Change Strategy</u>	
EN17	Other relevant indirect greenhouse gas emissions by weight.	<input type="radio"/>		Starbucks does not currently track this information.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	<input checked="" type="radio"/>	<u>Climate Change Strategy</u>	
EN19	Emissions of ozone-depleting substances by weight.	<input type="radio"/>		Starbucks does not currently track this information.
EN20	NO, SO, and other significant air emissions by type and weight.	<input type="radio"/>		Not applicable.
EN21	Total water discharge by quality destination.	<input type="radio"/>		Not applicable.
EN22	Total weight of waste by type and disposal method.	<input type="radio"/>		Starbucks does not currently track this information.
EN23	Total number and volume of significant spills.	<input type="radio"/>		Not applicable.





EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			Not applicable.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			Starbucks does not track this information.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		<u>Ethical Sourcing, Environmental Stewardship</u>	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		<u>Environmental Stewardship</u>	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.			No fines were paid in fiscal 2008.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.			Starbucks does not currently track this information.

EN30	Total environmental protection expenditures and investments by type.	<input type="radio"/>		Starbucks does not currently track this information.
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Labor Practices and Decent Work Performance Indicators






	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
LA1	Total workforce by employment type, employment contract, and region.	<input type="radio"/>	Ethical Sourcing
LA1	Total workforce by employment type, employment contract, and region.	<input type="radio"/>	Total partners (employees) globally: 176,000; U.S. partners - retail: 136,000; U.S. partners - nonretail: 7,000; international partners - retail: 32,000; international partners - nonretail: 1,000
LA2	Total number and rate of employee turnover by age group, gender, and region.	<input type="radio"/>	Starbucks considers this proprietary information.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<input type="radio"/>	Starbucks Benefits Plan
LA4	Percentage of employees covered by collective bargaining agreements.	<input type="radio"/>	24 partners were represented by a trade union during the reporting period.
LA5	Minimum notice period (s) regarding operational changes, including whether it is specified in collective agreements.	<input type="radio"/>	Not applicable.





LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		Starbucks does not report this information.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		Hours of Exposure-Retail Stores: 144 million; Occupational Injury-Related Fatalities-All Locations: 0; Rate of Injury Per 200,000 Hours Worked-Retail Stores: 5.21; Time Loss Claims-Non-Retail Locations: 17; Time Loss Claims-Retail Stores: 920; Total Time Loss Claims-All Locations: 937; Total Workers' Compensation Claims-All Locations: 3840; Worker's Compensation Claims-Retail Stores: 3748; Workers' Compensation Claims-Non-Retail Locations: 92.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		<u>Starbucks Benefits Plan</u>
LA9	Health and safety topics covered in formal agreements with trade unions.		Not applicable.
LA10	Average hours of training per year per employee by employee category.		Average amount of training per assistant store manager: 8 months; Average amount of training per barista: 2 weeks; Average amount of training per district manager trainee: 15 weeks; Average amount of training per store manager: additional 8 weeks; Average amount of training per store shift supervisor: 4 weeks; Total hours of partner training annually: 6 million hours.

LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		
LA12	Percentage of employees receiving regular performance and career development reviews.		Starbucks does not currently report this information. The company's policy is all partners (employees) should receive annual performance reviews.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		Diversity at Starbucks
LA14	Ratio of basic salary of men to women by employee category.		Starbucks does not report this information.



Human Rights Performance Indicators

	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
Management approach disclosures		Ethical Sourcing	Starbucks is committed to respecting the rights of our partners (employees), customers and suppliers. Whether it is the respect we demonstrate for our partners or through our commitment to the people and communities with whom we do business, Starbucks believes the vitality of our people and their communities is critical to our success. Starbucks supports internationally accepted principles and standards regarding human rights and is a signatory to the United Nations Global Compact. We seek to operate our business in a manner consistent with these international standards

				and with business partners who share our commitments, as well as to meet or exceed national and local laws in the countries in which we operate. We have the following policies and programs in place to ensure we uphold these commitments: <u>Standards of Business Conduct</u> <u>Supplier Code of Conduct</u> <u>C.A.F.E. Practices</u> <u>Cocoa Practices</u>
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		<u>Ethical Sourcing</u>	Starbucks business partners are expected to adhere to the company's Code of Conduct, which includes human rights clauses.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		<u>Ethical Sourcing</u>	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.			Starbucks has not instituted formal human rights training but all partners (employees) are expected to adhere to the company's <u>Standards of Business Conduct</u> .
HR4	Total number of incidents of discrimination and actions taken.			Starbucks does not report this information.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.			

HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.		Ethical Sourcing	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.		Ethical Sourcing	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Not applicable	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		Not applicable	

Society Performance Indicators

	Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information
	Management approach disclosures.		Community Involvement Starbucks Public Policy
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and		Our Responsibility , Community Involvement

SO2	Percentage and total number of business units analyzed for risks related to corruption.	○	Starbucks does not report this information.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	○	Starbucks does not report this information.
SO4	Actions taken in response to incidents of corruption.	○	<u>Starbucks Standards of Business Conduct</u>
SO5	Public policy positions and participation in public policy development and lobbying.	●	<u>Starbucks Public Policy</u>
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	Starbucks did not make any political contributions in fiscal 2008. <u>See Starbucks Public Policy for more information.</u>
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	○	Starbucks does not report this information.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	○	Starbucks does not report this information.

Product Responsibility Performance Indicators		
Information Reported	Location within Starbucks Fiscal 2008 Report	Explanation/Additional Information

PR1	<p>Management approach disclosures</p> <p>Life cycle stages in which health and safety assessed for improvement, and percentage of significant products and services categories subject to such procedures.</p>	<p>○</p> <p>○</p>	<p><u>Ethical Sourcing</u></p>
PR2	<p>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.</p>	<p>○</p>	<p>Quality Assurance and Product Recalls: Starbucks places the highest priority on the safety and well-being of our customers and partners. Our quality assurance (QA) process is extremely rigorous and extends from coffee, dairy and other agricultural products to manufactured goods, such as brewers, mugs and gift items. Our commitment to product safety means that we not only comply with government regulations, but strive to openly communicate with our customers when we have an issue, explaining the situation and describing the corrective action we are taking. Several years ago we formed an internal Product Incident Team, comprised of representatives from QA, Legal, Operations and Communications in order to provide additional monitoring of product quality. The team is tasked with weekly review of product performance information, customer and partner (employee) feedback, and other product usage information in order to proactively assess any potential issues. Should an issue relating to product quality, failure or safety arise, an extensive response system, including communications and operational components, is rapidly implemented. Despite having extensive QA controls, certain unforeseen situations can arise, making a product recall necessary in order to bring a product into government compliance and/or to ensure the health and safety of partners and customers. In Starbucks history, we've had very few</p>

PR3

Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.



incidents that warranted a product recall, and in each situation we took a proactive and universal approach to rectifying the situation and maintaining customer trust and loyalty. While we did not experience a recall for products sold in 2008, we did proactively issue a 'stop sell' in two separate incidents on products that contained peanut butter and tomatoes until we were able to determine our products did not come from an affected supplier.

Quality Assurance and Product Recalls: Starbucks places the highest priority on the safety and well-being of our customers and partners. Our quality assurance (QA) process is extremely rigorous and extends from coffee, dairy and other agricultural products to manufactured goods, such as brewers, mugs and gift items. Our commitment to product safety means that we not only comply with government regulations, but strive to openly communicate with our customers when we have an issue, explaining the situation and describing the corrective action we are taking. Several years ago we formed an internal Product Incident Team, comprised of representatives from QA, Legal, Operations and Communications in order to provide additional monitoring of product quality. The team is tasked with weekly review of product performance information, customer and partner (employee) feedback, and other product usage information in order to proactively assess any potential issues. Should an issue relating to product quality, failure or safety arise, an extensive response system, including communications and operational components, is rapidly implemented. Despite having extensive QA controls, certain unforeseen situations can arise, making a product recall necessary in order to bring a product into government compliance and/or to ensure the health and safety of partners and customers. In Starbucks

			<p>history, we've had very few incidents that warranted a product recall, and in each situation we took a proactive and universal approach to rectifying the situation and maintaining customer trust and loyalty. While we did not experience a recall for products sold in 2008, we did proactively issue a 'stop sell' in two separate incidents on products that contained peanut butter and tomatoes until we were able to determine our products did not come from an affected supplier.</p>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<input type="radio"/>	Starbucks does not report this information.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<input type="radio"/>	Starbucks does not report this information.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	<input type="radio"/>	Starbucks does not report this information.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	<input type="radio"/>	Not applicable during reporting period.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<input type="radio"/>	Not applicable during reporting period.

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	○		Not applicable during reporting period.
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Un Global Compact

> Starbucks Commitment to the UN Global Compact

In June 2004, Starbucks joined the UN Global Compact, a voluntary international network of corporations, UN agencies, trade unions and non-governmental organizations that support 10 universal principles. These principles are based on the UN Universal Declaration of Human Rights, the International Labour Organisation's Declaration of the Fundamental Principles and Rights at Work, and UNEP's Rio Declaration on Environment and Development. We consider these principles to be a natural extension of [Starbucks Mission Statement](#), which underscore the company's commitment to doing business responsibly.

U.N. Global Compact "Communications on Progress" Report for Fiscal 2008

Principles	Section
HUMAN RIGHTS	
Business should support and respect the protection of internationally proclaimed human rights.	Coffee, Cocoa, Tea, Products for Our Stores, Business Ethics and Compliance
Business should ensure that they are not complicit in human rights abuses.	Coffee, Cocoa, Tea, Products for Our Stores, Business Ethics and Compliance
LABOR STANDARDS	
Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	GRI Index
Business should support the elimination of all forms of forced and compulsory labor.	Coffee, Cocoa, Products for Our Stores
Business should support the effective abolition of child labor.	Coffee, Cocoa, Products for Our Stores
Business should support the elimination of discrimination of employment and occupation.	Employment Policy
ENVIRONMENT	
Business should support a precautionary approach to environmental challenges.	Environment, Coffee, Cocoa, Tea

Business should undertake initiatives to promote greater environmental responsibility.	Environment , Coffee , Cocoa , Tea
Business should encourage the development and diffusion of environmentally friendly technologies.	Environment , Climate Change Strategy , Green Store Design , Cups
CORRUPTION	
Business should work against corruption in all its forms, including extortion and bribery.	Business Ethics and Compliance



Independent Assurance Letter

To the Stakeholders of Starbucks Coffee Company:

We have examined the Data identified below contained within the Starbucks Coffee Company's Global Responsibility Annual Report (the Report) for the year ended September 28, 2008. 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.

We have performed evidence-gathering procedures on the following subject matter:

- Fiscal Year 2008 performance data contained in the [Starbucks™ Shared Planet™ Scorecard](#), and is evaluated against the following Criteria:
 - C.A.F.E Practices coffee purchases contained in the Ethical Sourcing – [C.A.F.E Practices section](#)
 - Fair Trade coffee purchases contained in the Ethical Sourcing – [Fair Trade section](#)
 - Reusable mug usage contained in the Environment – [Cups section](#)
 - Percentage of stores recycling contained in the Environment – [Recycling section](#)
 - Renewable energy purchases contained in the Environment – [Energy Conservation section](#)
- Key Performance Indicators (KPIs) contained in the [Starbucks™ Shared Planet™ Scorecard](#)
- Total coffee purchases data contained in the [Sustainable Prices section](#)
- Organic coffee purchases data contained in the [Certified Organic Coffee section](#)
- Cocoa purchases data contained in the [Cocoa section](#)
- Electricity and gas usage data contained in the [Energy Conservation section](#)
- Greenhouse gas inventory – Scope 1 and Scope 2 emissions contained in the [Climate Change Strategy section](#)

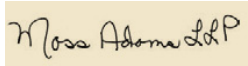
The Criteria used to evaluate the Data are contained in the sections of the Report indicated above.

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 identified above which is included in the Report;
- Performing specific procedures, on a sample basis, to validate the Data identified above, 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; and partners at retail store locations;
- 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 identified above that is included in the Report, and
- Confirming certain of the Data identified above to third party reports.

In our opinion, the Data for the fiscal year ended September 28, 2008 is fairly presented, in all material respects, based on the Criteria indicated above.



Seattle, Washington

March 19, 2009

www.mossadams.com



Green Stores

> **Building greener stores.**

This video highlights the collaboration between Starbucks design team and local artists and craftsmen

We're always looking for ways to improve the environmental performance of our stores. It's a big part of our commitment to environmental stewardship – it's also one way we're working to significantly reduce our environmental footprint by 2015, a Starbucks™ Shared Planet™ goal.

For us, 'greening' our stores means designing, building and operating them in ways that reduce our impact on the planet. We're incorporating everything from sustainable building materials and furnishings to energy- and water-efficient measures into our store designs.

>What we've been doing.


One big first step toward our goal is to have all new company-owned stores worldwide be third-party certified green, using the [LEED® green building program](#), beginning in late 2010. LEED – which was developed by and is overseen by The U.S. Green Building Council (USGBC) – is short for Leadership in Energy and Environmental Design.

LEED was originally established to green-certify individual office buildings, but it needed to be adapted for retailers – especially for retailers like Starbucks that build multiple, similarly designed buildings.

Since 2001, we've helped lead the work with other retailers and the USGBC to create a system to certify retail stores and store prototypes. This volume-certification process will pre-certify our green stores at the design, construction and operational strategy level. This will permit efficient and effective expansion of our green store program to multiple locations. We'll then be held accountable through spot checks and continued review to ensure we are meeting the high standards we've set for ourselves. This process will increase our certification speed and help us reach our goal by 2010. We also believe that green stores will substantially reduce operating costs.

Our ongoing efforts to green our stores include a mix of design elements:

- Conserving energy by allowing air-conditioned stores to reach 75 degrees Fahrenheit instead of 72 on warm days
- Saving water by using high-blast nozzles to clean pitchers instead of running water
- Installing low-flow valves throughout the store
- Installing cabinetry made from 90 percent post-industrial material (where available), with no added formaldehyde
- Improving lighting efficiency
- Using recycled flooring tiles
- Using wood products that are Forest Stewardship Council–certified (where available)
- Using paints with lower amounts of volatile organic chemicals

[EXPLORE OUR GREEN STORE](#) 

>Hurdles.

We're excited about our ambitious goal to certify all our new company-owned stores

green beginning in late 2010. However, the journey is not without its challenges.

For example, in China where we plan to build green certified stores, Forest Stewardship Council–certified lumber is not readily available without shipping it from overseas. That comes with a large carbon footprint. So in this case, we're choosing to go with products that can be sourced regionally to lower our carbon impact, knowing we'll have to look elsewhere for additional LEED credits.

We acknowledge there are tradeoffs with every decision, and we feel that ultimately this is the right decision. We'll continue to work with the U.S. Green Building Council as they address these same challenges to come up with the most sustainable building solutions for our business.

We've heard from thousands of our customers that having recycling available in our stores should be a top priority. We agree it's important – and that's why one of our Starbucks™ Shared Planet™ goals is to have recycling available in all our stores by 2015. But we also understand that the energy our stores use to operate the heating and air conditioning units, store lighting and coffee-brewing equipment has a far greater impact on our total environmental footprint than our cups and packaging. We're looking into ways to help our customers and partners (employees) understand that addressing recycling is really just the first small step in minimizing our stores' environmental impacts.



What we're working on.

We're working to ensure all of our new company-owned stores worldwide will be LEED certified beginning in late 2010. Initially, we are piloting specific strategies in several new stores that are registered to be LEED certified.

In spring 2010 we're planning to open 10 pilot stores that will be registered LEED certified in six different bio-regions. These pilots will test a variety of strategies to reduce energy and water use without adding significant additional store construction costs.

A few of these specific strategies within the environments we control include:

- Adjustable low-energy lighting systems
- Continuing to use green materials and finishes
- Recycled construction, finish and casework materials
- Dual-flush toilets and low-use water faucets
- Drought-resistant native landscaping that may remove the need for irrigation after the first 12 months



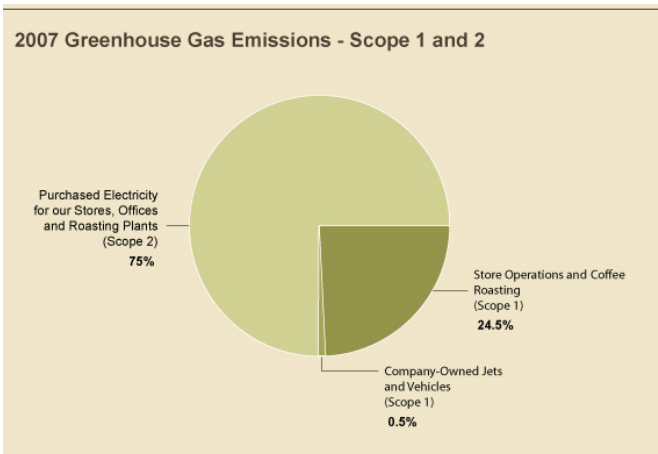
Tackling Climate Change



Addressing climate change is a big priority for Starbucks. Coffee farmers are reporting shifts in rainfall and harvest patterns that are hurting their communities and shrinking the available usable land in coffee regions around the world. We believe now is the time to increase our investments in solutions and strategies that address this crisis.

The steps we're taking not only address climate change for future generations – they help ensure the supply of high-quality coffee that our customers expect from us into the future.

We're working to significantly shrink our environmental footprint by conserving energy and water, reducing the waste associated with our cups, increasing recycling and incorporating green design into our stores. We're also working with Conservation International to address climate change on coffee farms.



Starbucks total scope 1 and 2 greenhouse gas emissions from roasting plant operations, store operations and company-owned jets and vehicles in fiscal 2007 were 913,000 metric tons of carbon dioxide equivalents. Because 75 percent of our greenhouse gas emissions come from the electricity used in our stores, offices and roasting plants, we are focusing our efforts on energy conservation.

>What we've been doing.

Starbucks has been implementing a climate change strategy since 2004, focusing on renewable energy, energy conservation, and collaboration and advocacy. In fiscal 2008, we conducted our second carbon footprint study to see if our biggest impacts, as measured in 2003, remained the same – and indeed they have. So we'll continue to focus our efforts in these three areas.

Some steps we took in fiscal 2008 include:

1. **Renewable energy:** We purchased renewable energy credits equal to 20 percent of the electricity for company-operated stores in the U.S. and Canada. This is the equivalent of the electricity used by more than 18,000 homes each year in the U.S. Learn more about our [efforts to use renewable energy](#).
2. **Energy conservation:** Our stores used slightly more energy per square foot in fiscal 2008 than the previous year. We are optimistic, however, that we'll see significant improvements in this trend starting next year, as a result of the opportunities we identified in our recent energy audit. Learn more about our [efforts to conserve energy](#).
3. **Collaboration and advocacy:** We recognize that we aren't alone in our work to address climate change. In 2008, we announced a renewed multi-year partnership with the nonprofit [Conservation International](#) to help coffee farmers protect standing forests and restore degraded landscapes surrounding their farms. It's an important step, because 20 percent of the world's carbon dioxide emissions come from burning and clearing forests – more than is released by all cars, trucks, planes, trains and ships, combined.

We have also joined with Nike, Timberland and other U.S. businesses in calling for strong U.S. climate change and renewable energy legislation. As charter members of [BICEP](#) (Business for Innovative Climate and Energy Policy), we believe climate change will impact all sectors of the economy and that various business perspectives are needed to provide a full spectrum of viewpoints for solving the climate and energy challenges facing America.

>Hurdles.

The electricity we purchase for our stores is still our biggest contributor to climate change. We are investing in new lighting, HVAC (heating, ventilating and air conditioning) and other equipment to address this area in the way [we design our stores](#).

What we're working on.

Addressing climate change will not be easy, but it is a big priority for us. We believe that governments, businesses, non-governmental organizations and individuals all can take action to have an impact. Starbucks is committed to the following goals to make a meaningful reduction in our greenhouse gas emissions:

- Making our company-owned stores 25 percent more energy efficient by 2010 and upgrading our existing stores to use less energy as we renovate them
- Opening our newest coffee roasting plant in South Carolina with the latest emissions control technologies on our roasters
- Continuing to focus on the aspects of our store operations that impact our carbon footprint, such as refrigerants in our coolers and ice machines and nitrous oxide in our whip cream dispensers
- Championing tropical rainforest protection in coffee-growing regions as a way to mitigate climate change and support coffee farming communities

>About the numbers.

For fiscal 2007 we conducted an inventory of our greenhouse gas emissions based on the [Greenhouse Gas Protocol](#) developed by the [World Resources Institute](#). We expanded the scope of our 2007 carbon footprint study to include international company-owned and joint-venture stores, using the criteria established in the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories to define the materials measured in our footprint. Sources included company-operated and joint-venture U.S. and international retail stores, coffee roasting and administrative operations. Our 2003 inventory did not include international stores or emissions from store operations.



Energy Conservation



>Reducing our energy use.

Energy use makes up roughly 80 percent of our entire carbon footprint. That makes it our single biggest impact on the climate – and our single biggest opportunity to make significant improvements. Conserving energy and increasing efficiency are two important measures we can take to reduce our contribution to climate change.

>What we've been doing.

- **We learned more about how we use energy.**

We completed a comprehensive energy audit – monitoring all aspects of energy usage around the clock among a representative sample of 19 Starbucks stores in the U.S. over a six-month period. As a result of what we learned, we're investing in new lighting and improving the efficiency of HVAC (heating, ventilation and cooling) systems and other equipment.

- **We purchased renewable energy.**

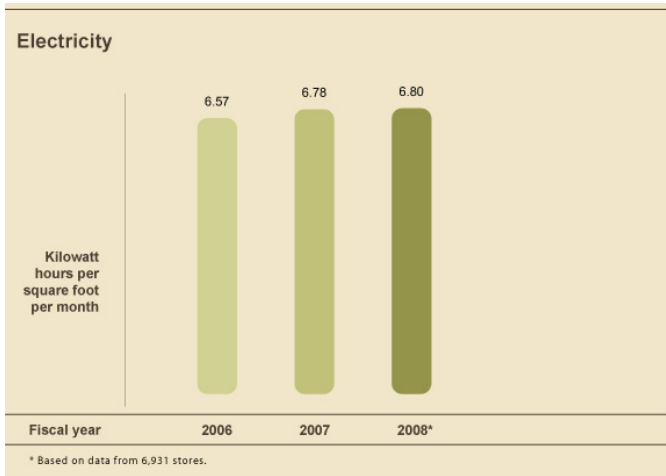
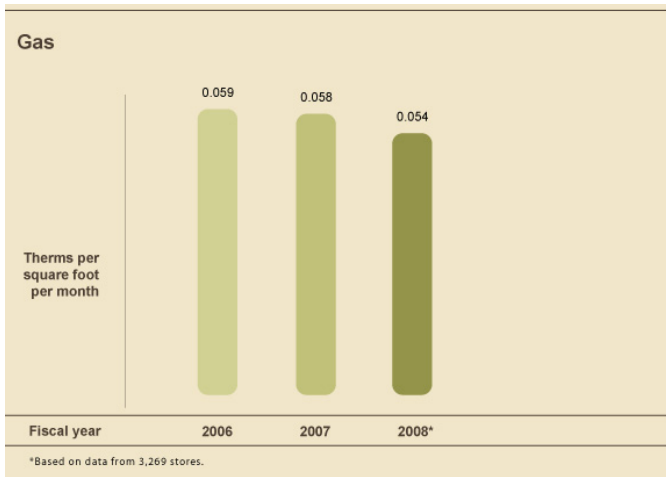
During fiscal 2008, we continued to purchase renewable energy in the amount that represents 20 percent of the total electricity used in our company-operated stores in the U.S. and Canada. We worked with [3Degrees](#) to buy wind renewable energy certificates for more than 211 million kilowatt hours, equivalent to the electricity used by more than 18,000 U.S. homes.

- **We supported green power.**

Starbucks is a member of the World Resources Institute [Green Power Market Development Group](#) and the U.S. Environmental Protection Agency's (EPA) [Green Power Partnership](#). This voluntary program supports the organizational procurement of green power by offering expert advice, technical support, tools and resources.

- **We advocated for climate and energy legislation.**

Starbucks is a charter member of [BICEP](#) (Business for Innovative Climate and Energy Policy). Working with other leading U.S. businesses, we hope to help spur the clean energy economy and reduce global warming pollution.



>Hurdles.

In spite of our efforts to conserve energy, our store energy use increased in fiscal 2008 as we added energy-consuming equipment to accommodate new products. We are optimistic, however, that we'll see significant improvements in this trend starting next year as a result of several opportunities we identified in our recent energy [audit](#).

What we're working on.

We are working to improve our environmental footprint through minimizing our energy use and utilizing renewable sources of energy.

> Our goals include:

- Fifty percent of the energy used in our company-owned stores will come from renewable

sources by 2010

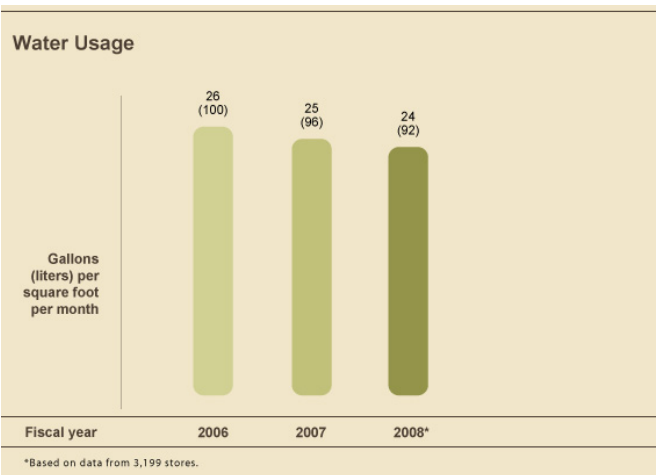
- Reducing our greenhouse gas emissions by making our company-owned stores 25 percent more energy efficient by 2010



Reducing Water Use



Water is a precious natural resource. It is also a key ingredient in most of our beverages, so it's necessary for operating our stores. We're working to better understand how we use water, and how we can use it more responsibly.



>What we've been doing.

A great deal of the water we use in our stores is to make coffee and tea beverages and for "back of the house" operations, such as running dishwashers and ice machines.

We work to include water-saving technology in our equipment specifications. In our U.S. company-owned stores, our mechanical dishwashers use less than one gallon of water per cycle through high pressure spray arms. And we train our partners (employees) to keep the refrigeration coils on ice machines clean to reduce the amount of latent heat from the machines and minimize ice melt.


In many markets, we use a blast of higher-pressure water to clean blender pitchers instead of an open tap. We've also programmed our espresso machines to dispense less water when rinsing espresso shot glasses.

>Hurdles.

We balance water conservation with the need for customer and partner health and safety. For many years, we've been using dipper wells (or sanitizing sinks) to store the spoons we use to prepare beverages. Dipper wells use a continuous stream of potable running water to rinse away food residue, helping keep utensils clean and preventing bacterial growth. Our effort was focused on ensuring that we would meet or exceed regulatory requirements and internal food safety standards.

We recognize that the amount of water used by the dipper well system is unacceptable. We've been working since 2007 to find a solution that balances the need for water conservation and customer safety. In 2008, we intensified our search for alternative methods that can achieve both objectives.

In 2009, we started implementing new operational alternatives to the dipper well system that we believe will significantly reduce our water usage across the globe. We plan to begin installing hand meter systems in U.S. stores starting in spring 2009 that will use less water than the dipper well system. In locations where the hand meter system is not available, alternatives have been made available, including the new "single spoon, single pitcher" procedure. Both solutions reduce water consumption while still protecting customer safety.

 **What we're working on.**

We're committed to significantly reducing our water usage. In addition to finding an alternative to dipper wells, in 2009 we'll conduct a comprehensive water footprint audit to evaluate our store design, equipment and operations. We'll use these findings to better understand our water usage, identify opportunities to reduce our overall water consumption and set measurable goals.



Recycling

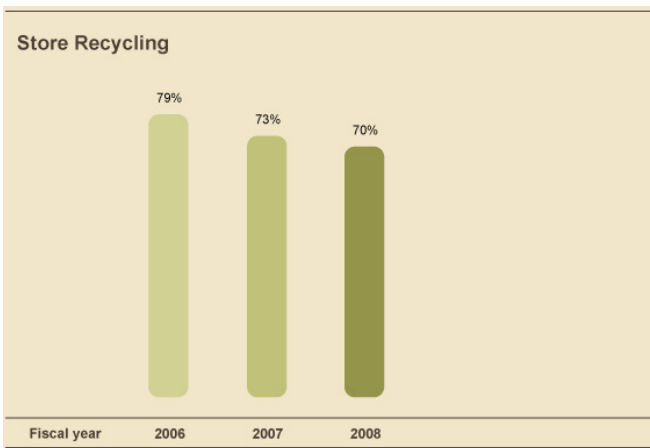
>More recycling. Less waste.



Starbucks is committed to significantly reducing the waste our stores generate – especially when it comes to recycling. We know this is important to our customers, to us and to our planet. That's why we've set a goal of having recycling available in 100 percent of our stores where we control waste pick-up by 2015.

Last year, 70 percent of our stores recycled at least one type of waste where commercial recycling is available – but it's often happening behind the counter, out of sight to customers. Recycling is dependent on the availability of commercial recycling services where our stores are located. Unfortunately, some local communities that offer comprehensive residential recycling may provide minimal or no commercial recycling.

Our customers are also concerned with the waste generated from our paper and plastic cups, which are not currently recyclable in many communities. We're concerned too, and we're committed to coming up with innovative solutions that will make our cups universally recyclable or compostable.



In 2008, Starbucks (and not the landlord) was responsible for providing waste removal services at 3,194 stores in North America. Of these stores, 70 percent (or 2,222 stores) are recycling at least one commodity, mainly cardboard. This is a three percent decrease from fiscal 2007.

Of the 972 stores that do not recycle, 57 percent do not have the interior/exterior space needed for bins and dumpsters, and eight percent do not have commercial recycling available in their area. Other reasons include the lack of landlord permission and service termination by the recycler due to continual contamination (most likely done by unauthorized users). In a few instances services were cancelled by store partners (employees).

>What we've been doing.

One way we reduce the amount of waste our stores add to landfills is by composting used coffee grounds. At a typical Starbucks store, coffee grounds make up more than one-third of the waste stream by weight (see Starbucks Waste Audit table below).

We introduced Grounds for Your Garden in 1995, which offers customers complimentary five-pound (2.27-kilogram) bags of used coffee grounds to enrich garden soil. And where commercial composting is available, many stores are able to divert other food waste and coffee grounds from the landfill as well.

>Hurdles.

Starbucks 2005 Waste Audit – *take a closer look at what makes up a typical Starbucks store's waste.*

BY VOLUME	BY WEIGHT
30% cardboard	34% coffee grounds
14% milk jugs & syrup bottles	12% cardboard
14% paper waste	12% food waste
8% paper cups	7% paper waste
5% other dairy containers	6% newspaper
29% other waste	29% other waste

The world of garbage and recycling is complicated. We'd like the solution to be as simple as putting recycling bins in all of our stores. Unfortunately, residential garbage collection and recycling is usually controlled by city or county governments who either manage it directly or contract it out to private haulers. These local authorities can provide subsidies and sometimes mandate whether or not the haulers have to collect paper, glass, plastics or compostable waste.

For commercial recycling (such as at a Starbucks store), the items that get collected are almost always driven by the open market. This means that if the haulers can get a good price for recyclable materials (cardboard, glass, plastic, food-contaminated paper products), they'll collect it from local businesses. But if they can't get a good price – or when there's not a critical mass of materials to collect – they may not collect them because there's no financial benefit for them.

One other significant challenge is the fact that half of our stores are located in leased spaces where we don't control waste collection and recycling. Our landlords often determine whether tenants can recycle based on space availability and commercial recycling services.

What we're working on.

We're committed to finding innovative solutions to overcome these challenges. In fact, by 2015 we'll have recycling available in all of our stores where we control waste collection. As a first step, we are testing front-of-house recycling in several markets in 2009.

In the meantime, here are a few things you can do to help.

1. **Learn more.** Ask your store manager if their store recycles – you may be able to recycle through a back-of-house recycling program.
2. **Hold your local government accountable.** If commercial recycling services are not available in your community, encourage local government officials to address the issue. Often the same haulers who pick up residential recycling can provide commercial services too – if the right incentives are provided.
3. **Bring your own mug.** Bring your [reusable commuter mug](#) to Starbucks to get 10 cents off the price of your drink at our company-operated stores in the U.S. and Canada. Or if you are planning to enjoy your beverage in our store, ask for your drink in a "for-here" mug.



Greener Cups

>The quest for the 100% recyclable cup.



The Starbucks cup is a widely recognized symbol of our company. The environmental impact of our disposable paper and plastic cups is a big area of concern to our customers and we are committed to significantly reducing this impact by 2015.

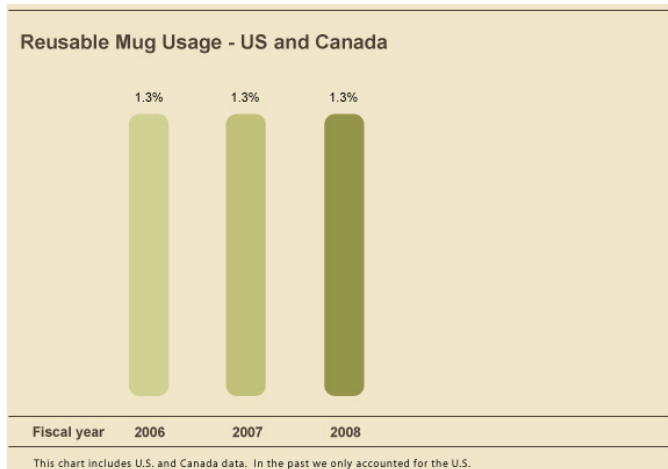
>What we've been doing.

Starbucks has spent more than ten years looking for ways to decrease the environmental impact of our disposable cups. In 1997 we developed our recycled-content cup sleeve as a way to curb the use of "double cupping" to protect customers from hot beverages and also to reduce our environment impact.

In 2006 we launched the industry's first hot beverage [paper cup](#) with post-consumer recycled fiber. And in 2008, with the launch of our Vivanno™ beverages, we rolled out a

new plastic cup that has less of an environmental impact than our original plastic cups.

We know we can do more, and we want to make thoughtful choices about our disposable cups and other packaging. This means not simply buying an “off the shelf” solution, but assessing the true environmental impacts our packaging has throughout its lifecycle and developing innovative solutions.



>Reusable mugs and cups.

A lot of our customers are also working to reduce their own environmental impact even as we are. To help them help us, we offer a 10-cent discount in the U.S. and Canada to encourage customers to use their own reusable mugs for their beverages. Customers staying in a store can also request that their beverages be served in a ceramic mug.

Our U.S. and Canadian customers increased their use of reusable mugs to nearly 22 million times during fiscal 2008 – representing nearly one million pounds (454,000 kilograms) of paper saved. The percentage of total transactions where reusable mugs were used remained constant at 1.3 percent.

We think good habits should start with us. So we’ve challenged our U.S. partners (employees) to use only for-here cups for their own beverages – which would save more than 39 million cups per year. We’ve also asked them to encourage for-here customers to use ceramic cups and commuter mugs when they are taking their beverage to go.

>Hurdles.

Reducing the environmental impact of our cups depends on the success of two interrelated efforts: developing recyclable cups and dramatically increasing our customers’ use of reusable mugs.

Increasing the use of reusable mugs has been a challenge in recent years. Part of this is simply a lack of awareness of this choice. We can change that. Our goal is that 25 percent of our cups will be reusable, and we hope to reach that by working with our partners to

spread the news to our customers. We also intend to re-establish ceramic mugs as the global standard for our in-store beverages.

What we're working on.

Our goal is that by 2015 100 percent of our cups will be reusable or recyclable. To help achieve this goal, we've made the following commitments:

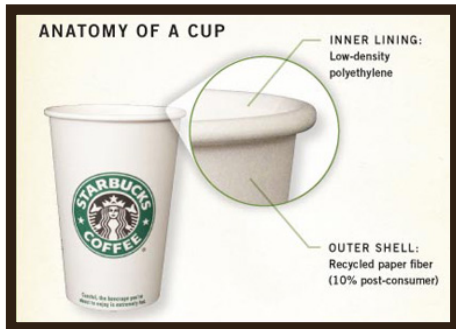
- Developing and launching recyclable hot and cold cups by 2012
- Reducing paper and plastic cup usage in our stores by 25 percent by using reusable mugs instead
- Having recycling available in our stores
- Re-establishing glassware or ceramic mugs as our global standard for our customers who enjoy their beverages in our stores
- Converting all of our plastic cups to polypropylene in our stores in North America and Latin America, and Foodservice accounts by 2009



Paper Cups

> Innovating for a new paper cup.

Our paper cups represent more than half of all the paper Starbucks buys, and we've spent more than ten years looking for opportunities to decrease their environmental impact. For example, we spent several years working with our suppliers to pioneer the



industry's first hot beverage cup with 10 percent post-consumer fiber (PCF). Since adding the new PCF cups to stores in the U.S. and Canada in 2006, we've saved more than 44,000 tons of virgin wood fiber, the equivalent of more than 300,000 trees.

Resource savings from post-consumer fiber cup

FISCAL YEAR	RESOURCE SAVINGS	EQUIVALENCY
2008	17,153 fewer tons of virgin wood fiber	118,754 trees
2007	15,966 fewer tons of virgin wood fiber	110,000 trees
2006	11,300 fewer tons of virgin wood fiber	78,000 trees

Source: Environmental Defense Fund calculation by www.papercalculator.org

We're proud of the trees saved through the PCF cup. But these cups cannot be recycled in many paper recycling systems because of their plastic liner, which provides rigidity and protects the paper from the hot beverage.

As a result, we're now working toward a goal of 100 percent of our cups being reusable or recyclable.

>What we've been doing.

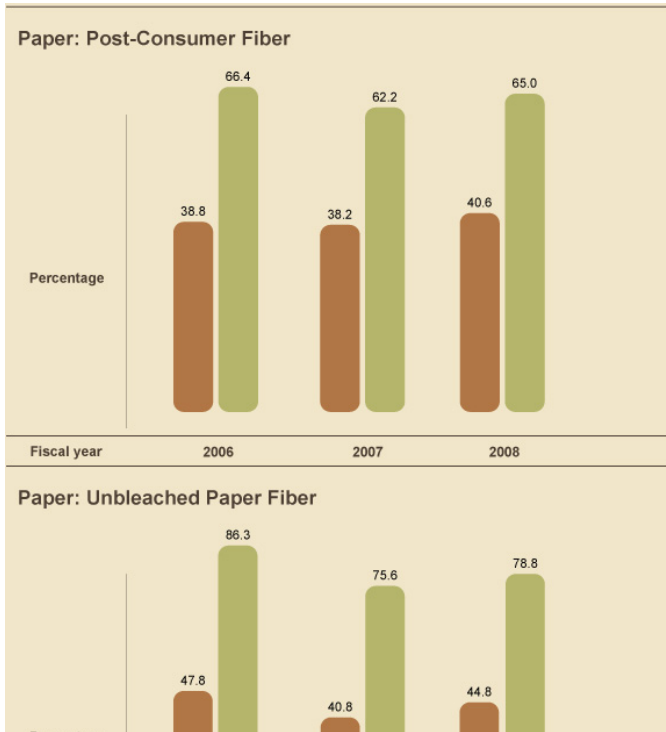
100% reusable or recyclable cups

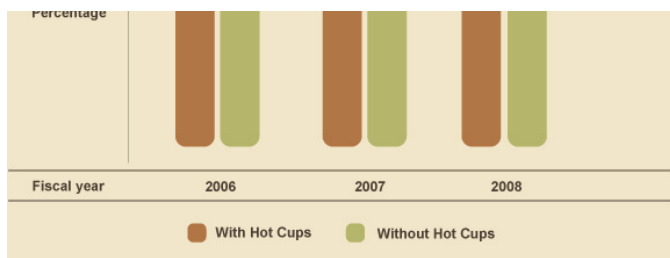
We are working to develop a recyclable paper cup that minimizes its environmental impact over its entire lifespan – the materials used to make it, the impact of the way it's manufactured, and the way it is disposed of after use. Our first step will be to engage key stakeholders (manufacturers, non-governmental organizations and government officials) to get their feedback on potential solutions.

Other paper products

Starbucks considers environmental impacts when we purchase paper, and we've tracked the recycled and unbleached fiber content of our paper purchases for seven years. Along with paper cups, our paper uses includes pastry bags, napkins, packaging and office paper (see charts above). As members of the [Sustainable](#)

[Packaging Coalition](#) we're actively exploring more sustainable alternatives to conventional packaging and evaluating ways to analyze material choices.





>Hurdles.

In fiscal 2008, Starbucks purchased 2.7 billion paper cups. The move to a recyclable cup will be groundbreaking – but the scale and complexity of the effort is a significant challenge. We must be sure that the cups can be ethically sourced and responsibly manufactured. We're also working to make sure we consider how the cups are disposed after they are used. And we must ensure that recycling is available in our stores. Finally, that means we must also work with communities to make sure our cups can be recycled or composted.

What we're working on.

Our goal is that by 2015, 100 percent of our cups will be reusable or recyclable. To help achieve this goal, we've made the following commitments:

- Supporting the development of and launching a recyclable cup by 2012
- Reducing cup usage in our stores by 25 percent by using reusable mugs instead
- Having recycling available in our stores where commercial recycling is available
- Re-establishing ceramic mugs as our global standard for our customers who enjoy their beverages in our stores



Plastic Cups

>The search for a new plastic cup.

The environmental impact of our plastic cups and other packaging is definitely something we're concerned about. Starbucks sells more than one billion cold beverages every year, so any improvement we can make in reducing the greenhouse gas emissions caused from producing our cups has a big impact.

Our cold cups have traditionally been made from the industry-standard polyethylene

terephthalate (PET or PETE) plastic – identified by the No. 1 symbol on the bottom of



the cup. Although it's the same PET used for most beverage bottles, the different manufacturing processes between cups and bottles makes PET cups difficult to recycle in most communities. Unfortunately, this means most recyclers won't accept any PET cups for recycling, as they have little value in the commercial recycling market.

>What we've been doing.

In 2008, we asked an outside group of external lifecycle scientists to produce a peer-reviewed study evaluating the entire environmental impact lifecycle of our cups – from extracting the raw materials, converting the plastic resins into cups, transporting them, using them and finally disposing of them. They discovered that polypropylene (PP) cups use 15 percent less plastic than PET cups and emit 45 percent less greenhouse gasses during their production. Unlike PET cups, PP cups (identified with the No. 5 symbol) can also be co-mingled with other PP containers, such as margarine tubs and yogurt containers without impacting their ability to be recycled.

This information encouraged us to switch our plastic cups. In 2008, Starbucks began the changeover to polypropylene (PP) cups with the launch of our new plastic cups for Vivanno™ nourishing blends. We are now transitioning our standard plastic cups, straws, lids and cutlery to the new PP, reducing the number of different plastic types coming out of our stores.

>Hurdles.

The reduced impact of switching to PP cups is a good step, but we recognize that they are still a petroleum-based product. We also explored using the polylactide (PLA) plastic resin, an alternative material made from corn, for our new cold cups as part of our lifecycle impact assessment. Although PLA cups are accepted for composting in more commercial facilities than plastic-lined cups, we are not rolling out the cup broadly because it produces a slightly higher carbon footprint than its PP counterpart in the manufacturing process.

Additionally, studies by organizations such as the World Bank, International Monetary Fund and Oxfam have indicated that they believe the diversion of food corn to non-food applications (such as fuel and bioplastics) has been a primary factor behind the recent spikes in global food prices. We believe that weighing these lifecycle impacts and benefits of compostability versus the costs of carbon footprint and impact on the global food supply are all important factors in deciding which materials we choose for our cups.

What we're working on.

Our goal is that by 2015, 100 percent of our cups will be reusable or recyclable. To help achieve this goal, we have made the following commitments:

- Developing and launching a recyclable cup by 2012
- Having recycling available in our stores
- Reestablishing ceramic mugs as our global standard for our customers who enjoy their beverages in our stores

- Converting all of our plastic cups to polypropylene in our stores in North America and Latin America, and Foodservice accounts by 2009



Starbucks and Fair Trade

>Fair prices, a better quality of life.



We have purchased and sold Fair Trade Certified™ coffee for nearly 10 years. The goal of Fair Trade certification is to empower small-scale farmers organized in cooperatives to invest in their farms and communities, protect the environment, and develop the business skills necessary to compete in the global marketplace.

Starbucks began purchasing Fair Trade Certified coffee in 2000. And we have been recognized for helping grow the market for Fair Trade Certified coffee in the U.S. and bringing it to consumers.

In 2008, we announced that we're expanding our work with Fair Trade to support small-scale farmers. As part of this effort, Starbucks will increase our purchases in 2009 to reach 40 million pounds (18 million kilograms). This will make us the largest purchaser of Fair Trade Certified coffee in the world.

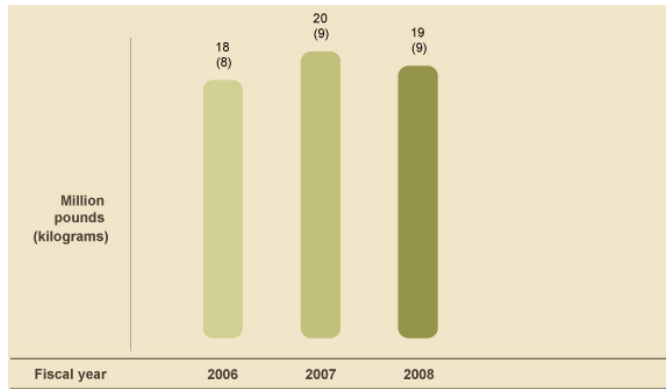
>What we've been doing.

Starbucks, [TransFair USA](#) and the [Fairtrade Labelling Organizations International \(FLO\)](#) announced a groundbreaking initiative in late 2008 to be launched in fiscal 2009 that builds upon our shared history of support for small-scale coffee farmers, their communities and the environment.

We're working to leverage the strengths of our respective coffee-buying programs to benefit even more farmers. This includes exploring ways to integrate the inspection and auditing processes for Fair Trade certification and [C.A.F.E Practices](#); increasing efficiencies in training farmers on sustainable coffee production and implementing our

respective programs; and buying more coffee from suppliers participating in both programs.

With joint announcements in October 2008, TransFair USA and FLO join [Conservation International](#) as key partners of the Starbucks™ Shared Planet™ commitment to ethically source our coffee.



> Total Purchases of Fair Trade Certified™ Coffee – Fiscal 2008

Starbucks global purchases of Fair Trade Certified coffee totaled 19 million pounds (nine million kilograms), representing approximately 10 percent of global Fair Trade Certified coffee imports and 20 percent of U.S. Fair Trade Certified coffee imports in fiscal 2008. This equaled five percent of Starbucks total coffee purchases.

> Hurdles.

Together, Starbucks and Fair Trade have had good success working with farmers to encourage good agricultural and environmental practices and in improving the prices farmers can receive for their coffee – particularly in Latin America.

But both groups have recognized the difficulty of expanding their programs with farmers in the Africa/Arabia and Asia/Pacific coffee-growing regions, where locations of farms can be extremely remote, and the coffee industries and infrastructure pose greater challenges due to supply chain complexities.

Specific challenges that we are committed to working together to overcome include:

- Making field inspections more efficient for farmers, mills and suppliers. The proliferation of certification programs is frustrating for many farmers because of sometimes conflicting requirements and cost of audits. We hope to solve this by unifying the inspection processes for Fair Trade inspections and C.A.F.E. Practices verifications. Our end goal is that the farmers who implement responsible growing practices and socially responsible working conditions can qualify for both C.A.F.E. Practices and Fair Trade certification labeling in the marketplace.
- Developing efficient systems for licensing and labeling Fair Trade Certified coffee so that Starbucks can offer Fair Trade Certified products globally under one recognizable Fair Trade brand for customers around the world.
- Launching an initiative to help small-scale farmers increase product quality and business viability through technical support that they have historically not had access to. Starbucks Farmer Support Centers have already started addressing this

need, but this initiative will further help farmers implement changes and benefit from both the C.A.F.E. Practices and Fair Trade systems.

What we're working on.

Increasing our purchases of Fair Trade Certified coffee will result from the critical steps (outlined above) in our collaboration toward achieving our Starbucks™ Shared Planet™ goal of 100 percent responsibly grown, ethically traded coffee by 2015.

We're working to double our purchases of Fair Trade Certified coffee in 2009. And, we've also committed that 100 percent of the espresso coffee sold – both as whole bean and in espresso-based beverages – in Starbucks stores in the UK and Ireland will be both Starbucks™ Shared Planet™ and Fair Trade Certified by the end of 2009.

**TransFair USA is one of the 23 member organizations that comprise Fairtrade Labelling Organizations International. In the U.S., TransFair labels certified products with its Fair Trade Certified™ label to indicate that Fairtrade standards have been met, as does TransFair Canada. In other countries, member organizations use the FAIRTRADE certification mark to label Fairtrade products.*



Starbucks and Conservation International

> Supporting farmers, combating climate change.



According to [Conservation International](#) (CI), there are 34 biodiversity hotspots in the world—areas that are some of the Earth's most biologically rich and most endangered eco-regions. One of these vital biodiversity hotspots is in Chiapas, Mexico, the area where 10 years ago we started working with CI on a project to encourage local coffee farmers to use responsible farming practices and to also help protect the environment.

Like CI, we believe responsible coffee production contributes to higher quality coffee and is better for the environment. It also provides a direct benefit to farmers and their communities. Farmers are able to earn the higher prices that premium-quality coffee commands, while also implementing more ecologically sound growing practices that help sustain the health of the coffee-growing areas and surrounding forests.

Over time, and with CI's help, our entire approach to responsibly grown, ethically traded coffee has been strengthened. Today our approach is based on a comprehensive set of environmental, social, economic and quality guidelines, Coffee and Farmer Equity (C.A.F.E.) Practices, developed in collaboration with CI. These are the principles under which our Starbucks™ Shared Planet™ coffees are purchased, and our coffees that carry this logo are responsibly grown and ethically traded.

Starbucks and CI have also collaborated to provide loans to farmers through Verde Ventures, a loan fund serving farmers in areas of high biodiversity and within communities working to conserve critical ecosystems. These loans help farmers make improvements to their farms and invest in more sustainable measures.

We asked CI to review our C.A.F.E. Practices suppliers' progress from 2008 and provide some additional feedback and insight, so we can continue to learn what is working best and to help our suppliers improve.



>The link between coffee farmers and the planet.

Together with CI, we are addressing one of the most pressing environmental challenges of our time – global climate change – which threatens the natural resources and livelihoods of farming communities.

The same tropical forest regions that produce the world's best coffee and sustain millions of farmers also extract and store vast amounts of carbon dioxide. The problem is, these forests have been disappearing at a rapid rate. In fact, the burning and clearing of tropical forests emits at least 20 percent of all greenhouse gases that are cited as a cause of climate change. That's more than all the world's cars, trucks and airplanes combined. This causes changing rainfall patterns, increasing drought and rising disease risks – all directly impacting the surrounding coffee-growing regions and the people who depend on these lands for their livelihoods.

>You're already helping.

Every time customers buy Starbucks™ Shared Planet™ coffees they can be assured that they are contributing to better environmental practices and a more stable future for coffee farmers.

We introduced our first Starbucks™ Shared Planet™ coffee, Pike Place™ Roast, in U.S. stores in March 2008. A series of offerings followed in autumn 2008, starting with Espresso Roast in our European, African and Middle Eastern markets. We will continue to roll out more of these coffees, moving toward our goal of having 100 percent of our coffee being responsibly grown and ethically traded by 2015.

We also offer our customers direct ways to join our efforts to address climate change and support coffee farmers. On Earth Day in April 2008, our customers had a chance to give back to the environment just by using their Starbucks Card at participating Starbucks stores in the U.S. and Canada. With each Starbucks Card purchase that day, we donated five cents to CI to plant trees in Chiapas, Mexico. In this one simple action, Starbucks customers helped us donate money to plant thousands of trees in an area that has suffered from deforestation. We hope to bring more such opportunities to our customers in the future.

> Addressing climate change on coffee farms.

There is literally no time to waste. So in 2008 Starbucks and CI announced a renewed five-year relationship, joining forces to tackle climate change head-on and to measure the impact of our responsible coffee growing methods, C.A.F.E. Practices, on farmers and the environment.

Starbucks committed \$7.5 million over the first three years, with more than half of this funding aimed at project sites in Mexico and Indonesia. Our plan is to help implement the findings from these projects in other coffee-growing communities in the Asia/Pacific, Africa/Arabia and Latin America growing regions.

Efforts will focus on expanding farmer participation in C.A.F.E. Practices and leveraging our guidelines to support farmer activities, protect important habitat for the world's plant and animal species, and help farmers directly address the potentially devastating causes of climate change.



Starbucks Shared Planet Principles

> Our goal – 100% responsibly grown, ethically traded.

In 2008, we put a major stake in the ground by making a public commitment that all of our coffee will be responsibly grown and



ethically traded by 2015. This is our goal for ethical sourcing under Starbucks™ Shared Planet™ – and our pledge to you. [Read about our progress.](#)

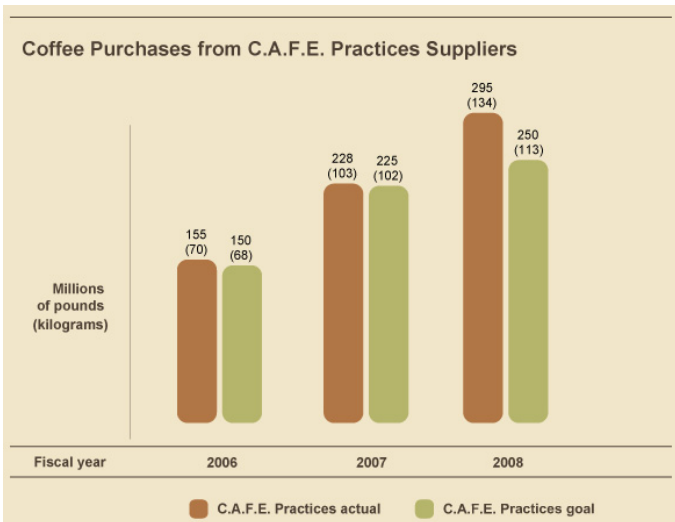


> Starbucks™ Shared Planet™ coffee.

We have always worked to buy our coffee in a way that respects the people and places that produce it. It's simply what we believe to be right. We've also established specific environmental, social, economic and coffee quality principles. These principles are the foundation of our commitment to ethical sourcing under Starbucks™ Shared Planet™. Coffees that are responsibly grown and ethically traded under these principles are called Starbucks™ Shared Planet™ coffees.

Over the last decade, [Conservation International](#) has helped us develop guidelines that address our principles for ethical sourcing. Called Coffee and Farmer Equity (C.A.F.E.) Practices, these guidelines help our farmers and suppliers fulfill the principles of Starbucks™ Shared Planet™ coffee offerings. C.A.F.E. Practices is a comprehensive set of measurable standards, including 24 criteria supported by more than 200 environmental and social indicators.

In 2008, seventy-seven percent – 295 million pounds – of the coffee we bought was purchased from suppliers who have been verified and approved under C.A.F.E. Practices guidelines. To gain approval, suppliers must be evaluated by an independent third party to demonstrate they are in compliance with our zero-tolerance standards and are making progress toward the implementation of the guidelines. [Find out how our suppliers scored.](#)



> Good for farmers – and the earth.

Responsibly grown, ethically traded coffee also means we're working with farmers to produce coffee in ways that help provide benefits to their business, their communities and the environment.

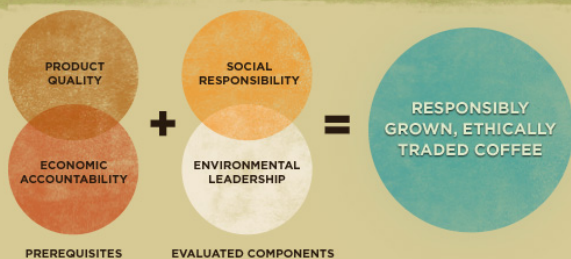
Since establishing our first [Farmer Support Center](#) in Costa Rica in 2004, we've been able to work more directly with farmers in the field, encouraging their use of the best agricultural practices. In 2008, 1.2 million farmers and workers were impacted by C.A.F.E. Practices.

Also in 2008, we expanded our on-the-ground presence in Africa by hiring a director of agronomy to oversee the new Farmer Support Center in Rwanda. We also remain committed to opening a Farmer Support Center in Ethiopia at some point in the future.

[Read how coffee farmers helped rebuild East Timor and joined C.A.F.E. Practices.](#)

> Starbucks™ Shared Planet™ Ethical Sourcing Principles

Our ethical coffee-sourcing principles have four areas of focus.



● **Product Quality** (requirement):

All coffee must meet Starbucks standards of high quality.

● **Economic Accountability** (requirement):

Transparency is required. Suppliers must submit evidence of payments made throughout the coffee supply chain to demonstrate how much of the price Starbucks pays for green (unroasted) coffee gets to the farmer.

● **Social Responsibility** (evaluated by third-party verifiers):

Measures in place that concern safe, fair and humane working conditions.

These include protecting the rights of workers and providing adequate living conditions. Compliance with the indicators for minimum-wage requirements and addressing child labor/forced labor and discrimination is mandatory.

● **Environmental Leadership** (evaluated by third-party verifiers):

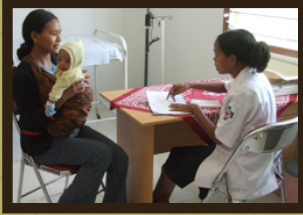
Measures in place to manage waste, protect water quality, conserve water

and energy, preserve biodiversity and reduce agrochemical use.

>Farmer story

Renewing a partnership, rebuilding a community – Cooperativa Café Timor, East Timor

Cooperativa Café Timor (CCT) is a coffee farmer cooperative formed in 1995 with the intention of raising quality standards so local coffee farmers could get higher prices. And it worked – soon after CCT was established, Starbucks began buying the co-op's coffee and paying about 30 percent or more than the commodity market price. Conditions for local farmers improved as planned – until a setback in 1999 when violence erupted after East Timor sought independence from Indonesia.



Starbucks helped improve primary health services in Estado, Dukurai, Lissapat and Manelobas villages so more expectant and new moms would have access to quality care.

The new government had the task of rebuilding the local economy. Coffee is a significant industry, with 25 percent of East Timor's population depending directly on it for their livelihoods. CCT, which exports more than half the country's coffee, is particularly vital not only to the more than 20,000 local small-scale farmers who are members, but to the nation as well.

CCT re-emerged as a voice in the Timor coffee industry, renewing its focus on coffee quality. It became a Fair Trade Certified™ co-op in 2001, and two years later began selling to Starbucks again. Today CCT is not only part of the Starbucks™ Shared Planet™ coffee-supplier base, it is the largest single-source producer of [organic-certified coffee](#) in the world.

In 2008, the Starbucks relationship brought added benefits to residents of four remote villages within CCT's network. Through direct social investments, local primary-health services were greatly improved with a focus on expectant and new mothers and their infants, especially in the remote rural coffee-growing highlands. Today, access to health services is a key benefit offered to CCT's vast membership.



Performance and Progress

>Big vision, big results.



When we launched our original ethical coffee coffee-buying guidelines in 2001, our vision was to ensure that the coffee we purchased from suppliers was responsibly grown and ethically traded. Our vision has not changed. In fact, our commitment has only deepened.

Since then, we've established a big goal: By 2015, all of the coffee we purchase will be responsibly grown and ethically traded. Given our ambitious goal, we're continually working on ways to increase the supply of responsibly grown and ethically traded coffee.

As of today, the best indicator we have to gauge our progress is to track, year-over-year, the amount of coffee we purchase under C.A.F.E. Practices. In fiscal 2008, we purchased 295 million pounds, or 77 percent of our total coffee purchases, from suppliers who have been verified and approved under the C.A.F.E. Practices guidelines.

To be approved under C.A.F.E. Practices, suppliers must be evaluated by an independent third party to demonstrate their progress and level of compliance with our 24 criteria and more than 200 supporting indicators.

>Tracking our suppliers' progress.

For the first time, we're publishing the average compliance rates per criteria from the independent verifications of coffee farms and coffee mills during the 2008 verification period. Below we discuss some of the highlights and challenges we gleaned from the scores.

We also asked Conservation International, our partner that helped in designing C.A.F.E. Practices, to review our suppliers' progress from 2008 and provide some additional feedback and insights.

>How our suppliers scored: a few highlights.

Over the past four years, we've seen average supplier scores improve considerably among the following criteria and set of indicators, especially in Latin America where the majority of C.A.F.E. Practices–approved suppliers currently are located.

- **Hiring practices and employment policies:** When C.A.F.E. Practices was first launched, some suppliers were not fully aware of local labor laws and their obligation to uphold them. Since then, both suppliers and workers have gained a better understanding of the local laws and regulations along with their respective obligations and rights. Additionally, they better understand the C.A.F.E. Practices guidelines requirements that in some circumstances address aspects that are beyond those stipulated by local laws or regulations.
- **Ecological pest and disease control:** Scores in this area have improved for two reasons: First, we've been emphasizing the value of employing environmentally-friendly pest and disease control techniques and teaching farmers how to implement them. Second, is that the costs of agrochemicals have increased, making them a less attractive option for farmers to use on their farms.
- **Waste management practices:** Scores for dry milling have greatly improved in this area. Many mills are using coffee by-products as a fuel source for energy. Much of the improvements can be attributed to the high cost of energy. Suppliers are motivated to cut costs, and if it means making certain investments and modifications to their infrastructure, they will. In the end, it's a responsible way to eliminate waste and reduce energy costs.

>How our suppliers scored: some challenges.

Among the criteria and indicators for C.A.F.E. Practices, there are several areas where scores are lower than we'd like. These include:

- **Protecting water resources:** Water management is an important component of C.A.F.E. Practices and something we stress in the training we provide to farmers. But for many farmers, water resource management hasn't been a top priority, especially compared to other factors that may have a more direct impact on coffee quality, like soil productivity and the shade canopy levels in the coffee fields.
- **Minimizing water consumption:** C.A.F.E. Practices contains five indicators related to water consumption at the wet mills that process the coffee cherries. Scores in this area have been relatively low for a couple of reasons, both of which could involve a considerable investment from millers in order to address: a lack of proper equipment to monitor, manage and reduce the volume of water used in wet milling processes; and a lack of resources to recycle used water.

In order to maintain coffee quality, yet still maintain a low ratio of water to coffee cherry, new technologies are being implemented that reduce the amount of water used – by as much as 90 percent, when compared to older technologies. But these technologies cost money, an investment that farmers can't always make.
- **Farm management:** Small-scale farmers tend to score low on farm management indicators in large part because they don't typically develop annual work or business plans, things that are emphasized in C.A.F.E. Practices. Through our Farmer Support Centers, we're helping farmers develop plans for the steps they can take to make improvements in the more challenging or costly areas of C.A.F.E. Practices.

>What we're doing to address the challenges.

We've recognized for many years that both the size and scale of a farm impacts a farmer's ability to implement many of the social and environmental practices contained in C.A.F.E. Practices. That is why we designed a smallholder scorecard in 2005 and included it again with the Version 2.0 release. This is a modified version of the generic scorecard that includes only the 74 indicators that are most relevant for conditions on small farms of 30 acres (12 hectares) or less.

We also know that most small farms are selling their crops to a local supplier. In these

cases, we encourage these suppliers to help the small farms with the implementation of C.A.F.E. Practices by creating networks of coffee farmers. For these networks, there is a separate set of indicators and a corresponding "Producer Support Organization" scorecard designed to evaluate the extent to which the local supplier is providing support to the small farms. The scorecard covers a variety of things, from providing a list of endangered species to helping farmers implement a system for maintaining receipts when there isn't an existing process in place.

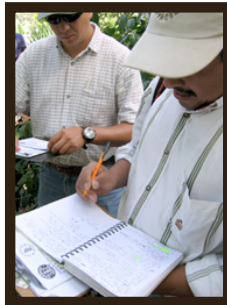
With the focus on helping small-scale farmers, we've seen big improvements in their scores year-over-year. But, as always, more needs to be done. One hallmark of C.A.F.E. Practices is that it was designed to drive continuous improvement. We don't see this emphasis changing because there will always be advancements and more responsible ways to grow and produce quality coffee.



Verification & Transparency

> C.A.F.E. Practices third-party verification and transparency.

When we developed C.A.F.E. Practices with [Conservation International](#), we put measures in place to help ensure the integrity of the program. We believe that having farm evaluations completed by third-party organizations and requiring price transparency are essential to a system that can provide our customers assurance that the products they buy meet certain criteria.



> Verification ensures integrity.

Since launching C.A.F.E. Practices in 2004, Starbucks has worked with [Scientific Certification Systems \(SCS\)](#) to develop and oversee the third-party [verification system](#). Inspectors working for a diverse group of third-party organizations based in the Latin America, East Africa/Arabia and Asia Asia/Pacific coffee-growing regions receive training from SCS before they are approved to conduct C.A.F.E. Practices verifications.

SCS trainings focus on teaching inspectors how to evaluate coffee suppliers against C.A.F.E. Practices criteria. In addition to offering these trainings, SCS oversees reporting by the organizations, utilizing periodic audits to confirm the accuracy of reports submitted to Starbucks.

> Becoming a C.A.F.E. Practices-verified supplier.

When suppliers apply to become C.A.F.E. Practices verified, they hire an independent

third-party organization to evaluate the degree to which their practices are aligned with our comprehensive set of criteria in the areas of social responsibility, coffee growing and coffee processing. Evaluations involve field inspections, worker interviews, field observation and document review.

When the evaluations are completed, the verifier organization first sends the report to the supplier and then to Starbucks for review. The evaluations in the report determine the supplier's approval status in C.A.F.E. Practices.

Suppliers are verified on an on-going basis, generally every one to three years to continue their participation in the program. Continuous improvement through the implementation of additional sustainable practices (a main objective of the program) can be measured through evaluations on a regular basis.

> A hurdle and a solution.

To be verified for C.A.F.E. Practices, a supplier or farmer must have an independent inspection conducted of their supply chain. As with other verification or certification programs, there is a cost involved for an audit, which may make it unaffordable for some farmers. This challenge can be addressed if suppliers plan in advance, and prepare materials to make the inspection process more efficient.

> Ensuring farmers and workers are paid equitably.

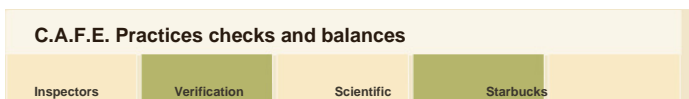
To help ensure that farmers receive an equitable share of the purchase price paid by Starbucks, a requirement for economic transparency is included in most of our coffee contracts, including those contracts with suppliers who aren't yet participating in C.A.F.E. Practices. This provision requires our suppliers to provide proof of payments made and prices paid throughout the coffee supply chain, often going to the farm level. Although we make an effort to ensure we have such documentation for our contracts, the structure of the coffee markets in some countries makes this difficult.

> What we've been doing.

Building on the release of our updated C.A.F.E. Practices scorecard and a new online verification reporting system in March 2007, SCS continued training on verification and reporting procedures to continually strengthen the verification process. Five new verification organizations were trained to work in the C.A.F.E. Practices program, including three in Latin America, one in East Africa, and one in Asia/Pacific.

At the end of fiscal 2008, the verification system involved 29 different organizations with a combined network of more than 150 inspectors who conducted verifications for Starbucks in 18 countries around the globe.

[See how suppliers scored.](#)



Conduct inspections of farms and mills using the C.A.F.E. Practices scorecard.	<p>Organizations</p> <p>Oversee inspectors' work and provide organizational capacity to administer the C.A.F.E. Practices verification process.</p>	<p>Certification Systems (SCS)</p> <p>Provides training and performs yearly audits of approved verification organizations checking that they have robust processes in place to ensure the quality of inspectors and their reports.</p>	<p>Global Responsibility Department</p> <p>Reviews the quality of SCS services by reviewing the audits of verification organizations and soliciting feedback on SCS from verification organizations and suppliers.</p> <p>Moss Adams: Certified Public Accounting Firm</p> <p>Independently verifies the key performance data included in Starbucks Global Responsibility Annual Report, including C.A.F.E. Practices purchases and progress statements.</p> <p><u>See Moss Adams independent</u></p>
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[assurance](#)

[report for](#)

[more](#)

[information.](#)

>The list of verifier organizations we've worked with.

The following third-party organizations were some of the organizations that were part of our global network of approved verification organizations for C.A.F.E. Practices at the end of fiscal 2008. They evaluate coffee suppliers for performance against C.A.F.E.

Practices guidelines and help us ensure that coffee is being produced in an environmentally and socially responsible manner.

- Africa Now
- Africert
- Aires de Cambio S.C.
- Gagas DinamiGa Aksenta
- BIOCert
- Bio Latina Certificadora Latinoamericana
- BIOTROPICO S.A.
- CERES GmbH
- CONTROL UNION CERTIFICATIONS, LATIN AMERICA
- CONTROL UNION CERTIFICATIONS, Indonesia
- Eco-LOGICA S.A.
- Fundación Interamericana de Investigación Tropical (FIIT)
- IMO Control Latinoamérica
- Koffee Seedz Guatemala S.A.
- Latcert S.A.
- MACS Guatemala
- María Regina Barillas
- Mayacert, S.A.
- Programas Sustentables para Certificación
- SalvaNATURA
- Sistemas Empresariales de Mesoamerica (SEM)
- Søren Knudsen Group/Vaering Corp.
- Suárez Solórzano S.A.
- Tanzania Organics Limited



Scorecard

Download the PDF



Farmer Support Centers

>Connecting in the field with our Farmer Support Centers.



Making a personal connection in coffee-growing communities is important to the success of our coffee sustainability efforts.

When we formally launched [C.A.F.E. Practices](#) in 2004, we believed one of the best ways to gain adoption of our new standards would be to spend time in the field, learning, explaining and demonstrating the benefits to farmers. We appointed a team of agronomy experts to start the first Starbucks Farmer Support Center in Costa Rica.

The decision turned out to be a good one. Working on-the-ground with farmers and suppliers throughout Latin America, agronomists like [Carlos Mario Rodriguez](#) have helped them to improve their coffee quality through the adoption of C.A.F.E. Practices. This has also led to a 20 percent increase in farmers' yields per hectare, an 80 percent reduction in the use of pesticides, and a 383 percent increase in the supply of high-quality coffee purchased from approved C.A.F.E suppliers since 2005.

> More support for farmers in Africa.

In 2008, we expanded our on-the-ground presence in Africa by hiring a director of agronomy to oversee the new Farmer Support Center in Rwanda. Like Carlos Mario Rodriguez, our director of agronomy in Central America, the staffs of both centers are working with East African coffee communities to help farmers continue to improve their coffee quality and increase the number of suppliers participating in C.A.F.E. Practices in order to achieve our sustainability goals.

We had originally hoped that an additional Farmer Support Center in Ethiopia would be open by now. However, delays in opening the regional center in Rwanda and the global economic slowdown have made it challenging for us to move as quickly as we'd like. We remain committed to opening a Farmer Support Center in Ethiopia, but do not have an opening date to share at this time.



> A day in the field with a Starbucks agronomist.

Carlos Mario Rodríguez is the director of agronomy at the Starbucks Farmer Support Center in Costa Rica. As a Starbucks agronomist, Carlos works hand-in-hand with farmers on sustainable crop production and soil management. Below he shares what a day in his life is all about.



I start my day at 5:30 a.m. with a good cup of coffee and a half an hour walk around the neighborhood. After that, I drive with my six-year-old daughter Elena to her preparatory school in a small town called Grecia in Costa Rica.

From there, I travel to Coopeatenas, where Leopoldo, the cooperative's agronomist, is waiting for me to visit four farmers to take soil samples from their coffee farms. This allows us to tailor their fertilization strategy to each individual plot of land using computer tools that facilitate an understanding of the soil analysis.

By helping farmers learn how to take soil and leaf samples and to interpret the results, Starbucks is helping them develop a "precision agriculture" model that guides us to use the proper macro- and micro-nutrients in the amount that each plot or farm needs.

This process is helping farmers to reduce the cost of production, correct the soil composition, reduce fungus infections, improve coffee quality and increase the production of premium coffee. All these components are directly related to Starbucks C.A.F.E. Practices guidelines and our focus on coffee sustainability.

I feel very proud to work at Starbucks Farmer Support Center because we are truly giving farmers the support and tools they need to produce more and better coffee in harmony with nature – by reducing the total amount of pesticide use and their production costs while improving high-quality coffee yields.

>What our farmers say.



Luis Alberto Monge



Luis Alberto Monge
Santa Martha and San Isidro farms

Herbert Chacon. We have been able to identify what the real needs are for our coffee plantations by the soil and leaf analysis. This has been helping us to apply what our coffee farms really need. We made many improvements in



Herbert Chacon

Las Peñas farm

Sabanilla de Alajuela, Costa Rica

changes that our farms made which is reflected our coffee farm yield and maintenance in our in the improvement in their higher and more coffee farms with the collaboration and direct stable yield. All these changes have been very support from the agronomy team from Starbucks positive for our lives, especially in these difficult office. Thank you very much, friends." moments in our economy. Besides these

benefits, we don't need to apply so many agrochemicals, which has been allowing us work in harmony with nature."



Social Investments In Coffee Communities

>Helping the people and places that grow our coffee.

Supporting social programs in coffee communities isn't just about doing the right thing. It's also the right thing to do for our business – helping those communities to thrive and keep growing high-quality coffee for the future. We believe our investment of resources to help sustain coffee farms and strengthen surrounding communities is mutually beneficial.



There are a number of ways we do this, including our support of the following non-governmental organizations and programs:



Conservation International

African Wildlife Foundation

Philanthropic support
Loans for farmers

Coffee community projects

Starbucks® Black Apron
Exclusives

>Projects in coffee-growing communities.

Through some of our coffee contracts Starbucks invested \$1.6 million in social projects in coffee-growing communities during fiscal 2008. The funds benefited more than 186,000 people in 10 countries where our coffee is grown.

The projects range from helping to fund schools and health clinics to infrastructure projects that serve the farmers, cooperatives and their surrounding communities.

>Focusing on health for farmers of San Miguel Duenas, Guatemala.

In the coffee-growing community of San Miguel Duenas, many farmers share a sense of loyalty to Estuardo Falla Castillo and his company, Entre Volcanes, S.A.

Entre Volcanes owns San Miguel Mill, a place where local farmers come to process and sell their freshly harvested coffee cherries – and where they receive some of the highest prices paid in the surrounding area. Entre Volcanes is an approved C.A.F.E. Practices supply chain and produces coffee used in several Starbucks offerings, such as Guatemala Casi Cielo®.

There is another benefit associated with San Miguel Mill. It is the site of the area's only health clinic, staffed by Dr. Isabel Rivera. Since the clinic opened in 2002, Rivera has dispensed treatment and medications free-of-charge to thousands of farmers, workers and their families, some of whom are employed on Falla's farm, El Tempisque, and others who run their own small neighboring farms.

The clinic is unique because of the way it is funded. The facility, known as Clinica Rural Arturo Falla, opened with a \$13,000 startup stake from Starbucks and \$10,000 from a Special Reserve Award, a Starbucks coffee coffee-quality competition won by Entre Volcanes in 2001.

Every year Starbucks provides funding to keep the clinic stocked with medicines and to pay Dr. Rivera. The other operating costs are paid by Estuardo Falla. In 2008, Starbucks and Falla both contributed \$34,000 toward the clinic's expenses to provide both preventive and necessary medical care.

> Special coffees with special rewards.

Starbucks® Black Apron Exclusives® program was designed to recognize some of the most extraordinary and unique coffees in the world. Typically limited in quantity, these coffees are often discovered in small, remote areas of Africa, Latin America and Asia Pacific. Starbucks awarded \$15,000 to the farming community that produced the coffee for use for a targeted project that will serve to improve the sustainability of its farms, the village or the local environment. Since launching the Black Apron Exclusives® program, Starbucks has featured 18 coffees, including three that were introduced in fiscal 2008.





Starbucks and the African Wildlife Foundation

>Conserving wildlife and wild lands in Africa's coffee regions.

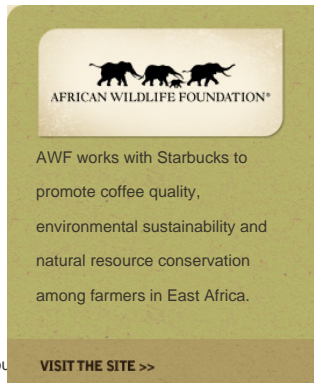


AWF's Robert Thuo (right) grew up on a five-acre coffee farm and pursued a degree in agronomy. He aspired to make a difference in a lifestyle he loved. Working with small-scale farmers in Kenya on implementing C.A.F.E. Practices and improving coffee quality, he is doing just that.

For well over a century, Kenyan farmers have cultivated some of the most distinctive, highly desired coffee in the world. In particular, the areas surrounding Mount Kenya and the Aberdares National Park in the Samburu Heartland are home to thousands of small-scale coffee farmers – and some of Africa's most impressive wildlife.

It is here that Starbucks and the [African Wildlife Foundation](#) (AWF) have found

interdependent interests. AWF seeks to protect critically endangered ecosystems that are essential both for sustaining wildlife and coffee-based livelihoods.



Reaching out with the Kenya Heartland Coffee Project.

In 2005, Starbucks and AWF joined forces and launched the initial three-year phase of the Kenya Heartland Coffee Project at two coffee cooperatives. The second three-year phase of the project began in early 2008, with the addition of five new sites and an expanded scope that now involves 7,000 coffee growers. In fiscal 2008, Starbucks provided AWF with \$550,000 for the project.

From the start, Starbucks and AWF established clear objectives:

- Increase the supply of high-quality coffee from the area
- Improve profitability for small-scale farmers
- Safeguard the ecological integrity of the land
- Support economic development in the area

AWF's agricultural experts work directly with farmers to implement [C.A.F.E. Practices](#)

guidelines. For Robert Thuo, an AWF agronomist and the son of coffee farmers, his days are spent going farm to farm and teaching state-of-the-art growing practices and ecologically sound techniques that will help sustain the health of their lands.

Of course, one person alone cannot possibly reach the 7,000 small-scale farmers across seven project sites, each with its own coffee-processing mill. In the first and second phases of the project, AWF has sought to use promoter farmers to train other farmers at the co-ops and mills. In February 2008, AWF brought coffee farmers together from the new project sites and mills to train them on C.A.F.E. Practices. When they returned to their farms, they shared what they learned with their neighbors. As a result, nearly 1,500 growers were brought into the program in fiscal 2008.

>What we've been doing.

In fiscal 2008, Starbucks purchased 128,000 pounds (58,000 kilograms) of coffee from farmers who participated in the project.

>Hurdles.

While the response from farmers has been positive, and an increasing number are participating and benefiting from the various training offered, there are several challenges that Starbucks and AWF have identified to be addressed in the project's second phase:

- Farmers may have a difficult time implementing changes due to cost and fluctuating global coffee prices.
- Climate change is having an increasing impact by creating unpredictable weather and harvests. Conditions that lead to problems such as coffee berry disease, which struck the area during the last growing season, will undoubtedly affect coffee volumes. This is compounded by the high cost of copper-based fungicides, an effective standard industry treatment.
- The drought in Kenya in 2008 will also affect coffee volumes and quality due to moisture stress.
- The nature of cooperative society politics can lead to management turnover and a lack of transparency and accountability. In these cases, the project outputs are affected.
- Some of the promoter farmers recruited during the project's first phase ended up not wishing to continue in this role. They will need to be replaced by more willing participants in the future.

What we're working on.

Most coffee farmers never get to taste their own coffee because they lack access to tasting and roasting facilities. We've found that experiencing and understanding the taste profile specialty coffee buyers (like Starbucks) are looking for is a critical link for farmers in the process toward quality improvements.

As an objective of the project's second phase, AWF had hoped to establish a local tasting room during fiscal 2008. Plans were delayed, but as of September 2008, AWF and Kimathi University signed a memorandum of understanding to build and equip a coffee-quality laboratory for farmers to sample and taste their beans. Our

goal is to help farmers be in a position to earn the prices that higher-quality coffee deserves.



Starbucks Earthwatch Expeditions

>Working side by side with scientists and coffee farmers in Costa Rica.



Spending time at a coffee cooperative in Costa Rica can be a transformational experience. Starbucks Earthwatch Expeditions offer our partners (employees) and customers the chance to become active members of a scientific research team on coffee farms in Costa Rica's CoopeTarrazú cooperative. Those selected for the expedition conduct research that encourages environmentally sound farming practices at 24 C.A.F.E. Practices-approved farms.

Building on a relationship formed in 2001, Starbucks and Earthwatch Institute began a three-year pilot program in 2007 to assist scientists practices for pest management and mapping farm sites.

Three separate expeditions took place in fiscal 2008, providing 17 customers and 13 Starbucks partners with the unique opportunity to help farmers improve farming techniques and the quality of their coffee.

Earthwatch plans to publish the findings of the three-year pilot and make them available to scientists.

>Here's one story:

Starbucks Earthwatch Expedition Partner Blog



Earthwatch Institute helps our partners (employees) and customers participate in expeditions to replant rainforests, map water sources and biodiversity indicators, and share sustainable farming practices.

[VISIT THE SITE >>](#)

Wednesday, July 23, 2008

This is Matt with a few final thoughts after returning from our expedition.

A week has passed since I left Costa Rica and parted ways with some amazing new friends. I've had some time now to decompress, get much-needed rest and think about how our expedition has affected me and what it means.

First, I want to say that Earthwatch did a great job in describing what was needed. But I don't think anyone can prep you for the mental stress of living every moment in a vacuum for two

weeks with a dozen strangers, working in the pouring rain on slopes steep enough to start the adrenaline pumping, and the bouts of home sickness that would hit as you went to sleep each night.

In the end we all made it, we all learned about our mental and physical limits and how to push through them, and now we are all stronger for it. This is something that I simply could not experience in my world of information technology at the Starbucks Support Center.

Once you go through that inner transformation, you have more mental clarity and are able to better see the world around you. Observing the world that the coffee farmers live in, the challenges they face trying to balance between sustainability and profitability where the standard of living continues to rise, you develop an immense respect for what they do and the intense pride they exude for their farms and country.

Some people may go home and make life-changing decisions because of this expedition, while others will simply make small but meaningful changes to better themselves and the world we live in.

I don't believe anyone will simply return to the status quo. We've experienced what sustainability really means at the source, and I hope we can all teach that to others and improve the lives and ecosystems around us in even the smallest way.

Costa Rica left an imprint on every one of us. I can't look at one of the 500 photos that I brought back without taking a deep breath and feeling a sense of peace. I can't sip a cup of coffee without thinking about where those tiny beans came from and if I might have counted one of the trees.

I know that this is a place that I will return to as often as possible and when I do, I know that there are warm and welcoming people waiting to say hello at the local market.



Thank you, Starbucks, Earthwatch, Costa Rica and all my new friends.

- Matt

Matt Redetzke is part of the information technology team at the Starbucks Support Center in Seattle.



Certified Organic Coffee

> Certified Organic – good coffee that’s better for the planet.

Organic coffee is grown using methods and materials that have a lower impact on the environment. Organic farming practices help replenish and maintain soil health, reduce the use of toxic and persistent pesticides and fertilizers, and build biologically diverse agriculture.



A small portion of the coffee Starbucks purchases is certified as organic. The

organic certification is a third-party assurance that the coffee was grown without the use of synthetic pesticides, herbicides or chemical fertilizers, helping to maintain healthy soil and groundwater.

Starbucks offers our customers certified organic coffee to meet their requests for the assurance that the label provides. We also believe that organic farming practices support our commitment to environmental responsibility. In fact, we value the principles of organic certification so much that we incorporated them into our [ethical sourcing guidelines](#).

> What we’ve been doing.

Starbucks purchased 10 million pounds (4 million kilograms) of certified organic coffee in fiscal 2008. Even though it is a small percentage of our overall purchases of responsibly grown coffee, we’re proud to offer the best possible organic coffees we can find.



One of our customers' favorite certified organic coffees is Serena Organic Blend®.

Serena is the Spanish word for "calm" or "tranquil" – we thought it was the perfect

In fiscal 2008, Starbucks purchased 10 million pounds (4 million kilograms) of certified organic coffee, representing nearly 3% of our total coffee purchases.

name for a coffee that provides peace of mind to customers wanting to protect the environment. Our other organic offerings include Organic Shade Grown Mexico and several in the Seattle's Best Coffee® lineup.

>Hurdles.

Our purchases of organic coffee are limited due to the limited quantities available worldwide and the constraints of the organic certification system for producers.

Only a small percentage of coffee in the world is actually "certified organic." Official certification requires farmers to verify that they are using accepted organic farming practices. In some cases, they must conduct three years of soil testing during transition periods before they are eligible for organic certification, and annual testing thereafter. This process can often be very costly for farmers.

What we're working on

We will continue to purchase certified organic coffee because we believe it's better for the planet, and the assurance of this label is a priority to some of our customers. And organic growing methods and practices complement our C.A.F.E. Practices guidelines, too. So we'll continue to encourage their use by providing scoring incentives and preference to suppliers who reduce and eliminate the use of chemicals and synthetic fertilizers.



Loans For Farmers

>Loans for farmers – a better future for farmers and their communities.

See how farmer loans are making a difference for a coffee-growing community in Tanzania.

We know our long-term success is linked to the success of the thousands of farmers who grow our coffee.

One way we make sure we have a sustainable supply of high-quality coffee is by investing in the future of our coffee farmers and their communities through alternative loan programs. These provide farmers with access to loans that the commercial or traditional lending sector is unable to serve. Starbucks has already committed \$12.5 million to a variety of farmer loan funds. Now, as part of the Starbucks™ Shared Planet™ commitment to ethical sourcing, we plan to nearly double our investment in these kinds of programs to \$20 million by 2015.

>Why it's important.

During the growing and harvest cycles, many coffee farmers dip into their modest reserves to cover expenses until they can sell their crops. Some farmers may even experience a cash shortage, prompting them to sell their crops early—and for less—to local buyers. Alternatively, farmers will sometimes borrow money at exorbitant local interest rates until they can sell their crops. This cuts into their profits and sets up a similar scenario for the next year.

Starbucks provides funding to organizations that make loans to coffee growers, which will help them sell their crops at the best time to get the right price. The loans also help farmers to invest in their farms and make capital improvements.

Our commitments include:

- \$7 million loaned to [Root Capital](#)
- \$4.5 million committed to [Verde Ventures](#)
- \$1 million loaned to [Calvert Foundation](#)

In turn, these organizations provide trade credit to cooperatives and farmers who need access to financing for pre-harvest activities, improvements to farms or equipment, or export financing.

>One story of success.

Since 2004, Starbucks has provided \$2.5 million in loans to Verde Ventures, an investment fund managed by Conservation International (CI). In fiscal 2008, Starbucks made an additional \$2 million commitment to Verde Ventures.

Verde Ventures was able to use this money to provide pre- and post-harvest loans and capital improvement financing to farmers located near key biodiversity areas in Mexico. The investments benefited 379 farmers managing 7,300 acres (3,000 hectares) of land.

In terms of financing power, the initial \$2 million from Starbucks actually translated into much more than \$2 million worth of loans in terms of financing power. As the

loans are repaid, the money becomes available for new loans. Since our original commitment in 2004, a total of more than \$7 million worth of loans have been issued, repaid and rotated to coffee growers. In that time, these cumulative investments have directly benefited more than 7,600 farmers and 51,000 acres (20,000 hectares) of land.

>Where we're investing.

Our total commitment to these financing organizations is \$12.5 million.

(See chart below.)

 FARMER LOAN PROGRAMS					
Organization	Amount of Starbucks loans	Loans in fiscal 2008	Average loan size (per borrower) in fiscal 2008	Purpose(s) of loans made from Starbucks capital	# of farmers participating
Calvert Foundation	\$1 million in fiscal 2004	3 loans valued at \$1.5 million — Peru	\$496,000	Prefinancing of Fair Trade and Organic coffee contracts	18,233
Verde Ventures	\$2.5 million in fiscal 2004 \$2 million in fiscal 2008	3 loans valued at \$700,000 —Mexico	\$233,000	Prefinancing and working capital for C. A. F. E. Practices and Conservation Coffee™ farms	379
Root Capital	\$2.5 million in fiscal 2004 \$2.5 million in fiscal 2005 \$1 million in fiscal 2006 \$1 million in fiscal 2007	13 loans valued at \$5.9 million — Costa Rica, Peru, Rwanda, Tanzania, Ethiopia	\$454,000	Prefinancing of Fair Trade, Organic and specialty coffee and cocoa contracts; capital investments for infrastructure	85,091



Sustainable Prices For Quality Coffee

>Quality coffee, quality prices.

Starbucks is committed to paying the higher prices that premium-quality coffee.

commands. This means our approach to pricing (meaning the amount we pay for coffee) is largely based on quality. In fact, when we're working closely with people throughout our coffee supply chain – farmers, millers, exporters and importers – quality is always stressed as the best, most sustainable driver of higher prices.



\$1.49 PER POUND

Average Price Starbucks paid for coffee in fiscal 2008

>Extra rewards for extra effort.

Other factors can influence contract decisions and how suppliers are rewarded for certain coffees, too. Suppliers who have been independently verified and scored against our social and environmental criteria are able to join C.A.F.E. Practices and become part of a network that we buy from first. Suppliers strive to continuously improve and increase their yearly scores against our criteria—because improved scores mean higher preference in terms of our purchasing decisions.

When suppliers achieve Starbucks best practices levels, reaching 80 percent or more in each of the social and environmental categories, they become Starbucks "strategic suppliers", the highest level that can be achieved in C.A.F.E. Practices.

Suppliers are rewarded with a five-cent per pound premium on their coffee deliveries to us, on top of the purchase price paid, for the first year after they achieve strategic supplier status. They receive the same reward when they have improved their scores by another 10 percentage points over their previous scores.

In fiscal 2008, 38 million pounds (17 million kilograms), or 13 percent, of all the coffee we purchased from C.A.F.E. Practices suppliers came from new strategic suppliers and existing strategic suppliers who had improved their scores by 10 percentage points or more. These suppliers were rewarded with an additional \$1.9 million in premiums, over their fiscal 2008 contract prices.

The \$1.9 million in extra money earned from these premiums helps farmers offset the out-of-pocket investments they may have made to improve their agronomy practices and/or enhance the working conditions on the farm.

>The facts on pricing.



What determines coffee prices?



For Starbucks, quality is the most important factor when it comes to pricing. Other contributors include the cost of production and the prevailing market conditions, which vary from country to country and even from region to region. Social and environmental practices on the farm are considered too, based on information gathered through C.A.F.E. Practices or through certification systems like Fair Trade and Certified Organic.



How much does Starbucks pay for coffee?



In fiscal 2008, Starbucks purchased 385 million pounds (175 million kilograms) of coffee and paid an average price of \$1.49 per pound (\$3.28 per kilogram).

Our total purchases include some third-party certified coffees, such as [Fair Trade Certified](#)[™] and [Certified Organic](#). These certified coffees often cost us a little more because they include licensing fees and charges for third-party labeling. If we remove the purchases of certified coffees from our total coffee purchases in fiscal 2008, then our average purchase price is \$1.48 per pound.



What is the "C" market price?



Arabica coffee is traded as a commodity on the New York "C" market (the worldwide pricing mechanism for commercial grade arabica coffee and a reference used by coffee traders). In the early 2000s, "C" market prices were depressed due to an oversupply of coffee that exceeded demand. In the past few years, demand and supply have been more in balance, which has been reflected in the rise of "C" prices. (see chart)



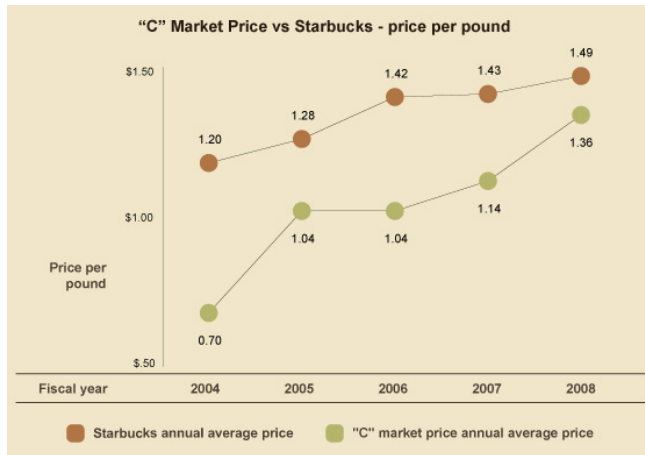
Why doesn't Starbucks buy coffee at the "C" market price?



Prices for premium-quality arabica beans, sold as specialty coffee, are often negotiated independently of the "C" prices. These prices are set higher to compensate farmers for producing premium-quality beans. Coffee can be purchased from exporters, brokers, multi-national trading companies, cooperatives and, in some cases, directly from farmers.

While the "C" market price tends to fluctuate as a result of weather conditions, speculation and other factors, the price we pay remains relatively stable. In 2002 and 2003, Starbucks paid approximately twice the "C" market price. Although the "C" prices have gradually risen in recent years, the average price paid by Starbucks continues to be higher than the

market price. (see chart)



Up close: How much a Guatemala farm got paid.

In fiscal 2008 we purchased coffee from Finca El Hato, an approved C.A. F.E. Practices farm since 2007

located in Guatemala. In fact, Finca El Hato became a strategic supplier in

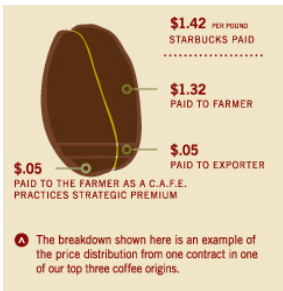
fiscal 2008 and was eligible for a five-cent per pound premium for deliveries made to Starbucks during that period, which was in addition to the purchase price reflected below.



Our contract for this coffee was negotiated with the exporter, in which we agreed to pay \$1.37 per pound for coffee from Finca El Hato. Of this purchase price, the exporter retained five cents per pound and paid \$1.32 per pound to the producer who grew and milled the coffee. Based on our transparency requirements noted in the contract, we received documentation from the exporter indicating how much coffee was received by the exporter and paid to the producer. This was in the form of notarized receipts and statements from the producer.

In addition, Finca El Hato became a strategic supplier in fiscal 2008 and was eligible for a 5-cent-per-pound premium on top of the negotiated purchase price for deliveries to Starbucks during this period.

Based on our transparency requirements noted in the contract, we received documentation from the exporter indicating how much coffee was received by the exporter and paid to the producer. This documentation was in the form of notarized receipts and statements from the producer.



Our coffee supply chain is diverse and complex, and it differs from country to country, or even within areas. So the price distribution can vary depending on different purchase and delivery structures, production costs, quality premiums and the margin distribution within each country.



Beyond Coffee

> Beyond coffee: working to ethically source all our products.

From the cocoa found in our Starbucks® hot chocolate, to the teas in our Tazo® beverages, to the aprons worn by our baristas – we're committed to making sure our products are produced in a responsible way.

WHY I SHOULD CARE?

> Cocoa



We're committed to purchasing cocoa that has been produced and traded in ethical, transparent and responsible ways. That's why we're working with the cocoa industry, growers, processors, exporters and manufacturers to develop a program that ensures that we buy cocoa in a way that is aligned with our ethical sourcing principles.

[Learn more about how we buy cocoa.](#)

> Tea



Tazo (our tea brand), is dedicated to bringing high-quality, distinctive blends to our customers. As a member of the [Ethical Tea Partnership](#), we're working along with other buyers to improve conditions across the tea industry.

We also reach out to communities that produce Tazo® tea ingredients through the CHAI (Community Health and Advancement Initiative) project, a joint partnership with Mercy Corps. This project targets the needs of tea- and spice-growing communities with health services and economic development. Since 2003, Starbucks and our tea suppliers have contributed \$2.4 million, including \$530,000 in fiscal

2008, to the CHAI project.



>Products for our stores

The merchandise we buy to sell in our stores and for use in our operations is purchased with the same commitment to social and environmental responsibility as our coffee, tea and cocoa. This not only supports the communities we buy from – it's also good for our business. We strengthen the reliability of our supply chain by working with suppliers who share our commitment to ethical sourcing.

[Learn more about how we buy products for our stores.](#)



Cocoa

>Ethically sourcing our cocoa.



Saying cocoa is an important ingredient in many of our products might be an understatement. Cocoa is contained in some of our most popular beverages, such as our Caffè Mochas and Mocha Frappuccino® blended coffees.

Just like coffee, our approach to cocoa buying is designed to ensure a long-term supply of high-quality, ethically sourced cocoa while contributing positively to the environment and to cocoa-farming communities. To achieve this, in 2007, we launched a two-year pilot using a set of responsible buying guidelines that we call Cocoa Practices, modeled after our [guidelines for ethical coffee sourcing](#).

[Cocoa Practices](#) are our set of buying guidelines for growing, processing and trading cocoa in ways that are more environmentally sound and socially responsible. Cocoa Practices are meant to promote equitable relationships with farmers, workers and their communities.

The [guidelines](#) and corresponding [scorecard](#) contain more than 200 specific indicators designed to address the issues facing cocoa farmers, especially small-scale farmers in West Africa. Suppliers, farmers, processors and exporters who participate in Cocoa

Practices must comply with the required indicators and demonstrate best practices, all of which are subject to independent verification.

>About cocoa

Approximately five million farmers around the world depend on cocoa for their livelihoods. Ninety percent of them are smallholder farmers, growing cocoa on less than 25 acres (10 hectares) of land.*

A combination of low and volatile commodity prices, lack of credit, and pests and disease challenges have made cocoa farming unpredictable for many of the families who depend on this crop for their livelihoods. At the same time, cocoa farmers cultivate in some of the most biodiverse regions on the planet, and their stewardship of these areas is vital.

Worldwide cocoa production for the 2007/2008 crop year was eight billion pounds (four billion kilograms). Most of this was produced in West Africa.

In fiscal 2008, Starbucks purchased 26 million pounds (12 million kilograms) of processed cocoa from our suppliers in five countries, but primarily from the Cote d'Ivoire in West Africa. Of that, eight million pounds – or 30 percent - was bought through suppliers participating in Starbucks Cocoa Practices, exceeding our projected goal of 28 percent. The cocoa will be used into fiscal 2009.

* International Cocoa Organization and Conservation International

>Reaching out to cocoa communities – social investments and loans for farmers.

In 2008, Starbucks joined the [ECHOES](#) (Empowering Cocoa Households with Opportunities and Education Solutions) Alliance, a joint project with USAID, the World Cocoa Foundation, and the non-profit development organizations International Foundation for Education and Self Help and Winrock International. ECHOES aims to help improve education and the quality of life for young people in cocoa farming communities in West Africa.

Our support of ECHOES helps to integrate basic education (reading, writing and math) and livelihood education (farming and business skills) through teacher training and agriculture education. The ECHOES alliance also funds scholarships that support micro-enterprise development for families in cocoa-growing communities in Cote d'Ivoire. This program supports families by funding three years of a child's education while making it possible for their mothers to use two years' worth of funds to earn increased income by adding capital to her own small businesses.

Knowing that farmers also need reliable and affordable loans to get through the growing season, we've been working with Root Capital since 2004 to provide capital for farmer loan programs. Over the years, we've provided \$12.5 million in funding for use in coffee and cocoa communities, including the \$1.7 million Root Capital loaned to seven cocoa farming cooperatives during 2008.

>What we've been doing.

After first introducing Cocoa Practices in 2007, we focused on working with our suppliers to implement the program and help farmer cooperatives meet our criteria. We've also

been using this pilot period to test our approach and work through problems as they arise.

We began by enlisting the help of TechnoServe, an international non-governmental organization (NGO), to conduct an independent audit to assess our suppliers' ability to source responsibly produced cocoa that could be traced to back to the farm.

They found, just as we have in coffee communities, that farmers needed training materials and cooperatives needed better financial management systems. Processes were also required to ensure that participating farmers were getting their fair share of any price premiums paid.

In 2008, we invested in developing third-party inspection capacity for Cocoa Practices verifications in West Africa. We contracted with [Scientific Certification Systems](#) (SCS) to select, train, and oversee independent verification organizations with local inspectors who could evaluate the performance of farms, cooperatives, and suppliers' against the Cocoa Practices guidelines.

By the end of fiscal 2008, approved verifiers had completed evaluations of thousands of farms in Cote d'Ivoire against Starbucks Cocoa Practices guidelines. SCS also completed a verifier training in the region, and performed shadow audits in the field and on cocoa farms in Cote d'Ivoire in 2008.

By the end of fiscal 2008, one of our key suppliers had completed the verification process to become our first Cocoa Practices-approved supplier, using one of the two independent third-party verifiers we had identified for this purpose.

While Starbucks is not a major purchaser of cocoa beans, the company's efforts in promoting sustainable and responsible cocoa production has been welcomed by the industry. In 2008 Starbucks disseminated the Cocoa Practices evaluation guidelines to members of the World Cocoa Foundation, prospective suppliers, certification entities such as Utz Certified, and retailers like Wal-mart. The World Cocoa Foundation, of which Starbucks is a member, recently launched an initiative to define cocoa sustainability.

>Hurdles.

Identifying and training local verification organizations in the Cote d'Ivoire with the capacity to conduct farm inspections against our Cocoa Practices guidelines has been a challenge. In 2008, only two organizations were approved by SCS to conduct inspections in the region, although at least five organizations received formal training. This challenge reflects the complexity of the social and environmental circumstances in the cocoa sector and the diverse expertise and staff required to evaluate supply chains in West Africa.

Cooperatives verified in 2008 demonstrated ongoing challenges in disseminating information to farmers, providing training to farmer members, and ensuring transparent

What we're working on.

We're committed to improving the Cocoa Practices Guidelines and increasing our purchases of responsibly grown cocoa. Specifically we plan to:

- Increase cocoa purchases from verified and approved Cocoa Practices suppliers to 35 percent in 2009.
- Continue support the ECHOES Alliance project through \$200,000 over three years.
- Update the criteria in Cocoa Practices based on feedback from verifiers, suppliers and the program auditor.
- Collaborate with the World Cocoa Foundation and the Bill and Melinda Gates Foundation to support a West Africa Cocoa Farming Communities Livelihoods Improvement program.



Products For Our Stores

> Ethically sourcing products for our stores.

The merchandise on our shelves, the tables and chairs in our stores, the aprons worn by our baristas and more – we care how the products manufactured for our stores are made. And just like with coffee, we want to buy from suppliers who share our values and have a commitment to social and environmental responsibility.



Our buyers work directly with suppliers, negotiating contracts for the products we need in our operations or sell to our customers. Their purchasing decisions are influenced by many factors, including how well a supplier performs against our Supplier Social Responsibility (SSR) Standards for manufactured goods and services.

> Supporting economic development in Ethiopia.

It's a fact that local economies are strengthened when jobs are created from a diverse range of sectors, from farming to manufacturing. This is as true in the communities where our coffee is produced as any other.

So, in 2008 we worked with a factory in the Tigray region of Ethiopia, an important coffee-growing community for Starbucks, to produce aprons for our stores. Now for the first time, the factory is producing some of the black aprons worn by our Coffee Masters, our most knowledgeable coffee experts.

>What we've been doing.

We originally piloted our Supplier Social Responsibility program and standards in 2006, and began implementing it in 2007. Starbucks SSR standards for manufactured goods and services address the specific expectations we have of our suppliers. These standards outline our preference for long-term and collaborative relationships with suppliers and, when needed, our commitment to help them continuously improve their practices in order to meet our high expectations for performance.

In fiscal 2008, we continued to make advances to key areas of our SSR program:

- **Training suppliers and buyers:** For suppliers, we conducted training in factories, held one-on-one supplier meetings, and made more than 50 factory visits. We also continued to conduct in-field and classroom SSR training for Starbucks buyers to help ensure they are buying our products according to our ethical standards.
- **Monitoring conditions across industries:** We continue to participate in the Fair Factories Clearinghouse, a nonprofit organization that helps companies across industries to share their factory assessment results and corrective action plans.
- **Empowering workers:** Factory workers are being empowered to report abuses through Clear Voice, a communications hotline, which we piloted in 2008.

>Factory Audits – Fiscal 2008

>Hurdles.

Factories assessed	94 in the following countries: China Colombia Ethiopia Italy Japan Mexico Malaysia Peru Poland Portugal Rwanda Thailand Taiwan USA
Factories failing zero zero-tolerance standards	24
Factories participating in Starbucks continuous improvement efforts	33
Factories that are discontinuing as a Starbucks supplier due to non-compliance with our standards	18

As of the end of fiscal 2008, our monitoring firms had conducted 94 on-site assessments, 16 more than the previous year. There were 24 instances of failure to comply with our zero-tolerance standards, mostly due to a lack of transparency, primarily related to wages and working hours. This is an improvement over last year when 41 instances of zero-tolerance violations were identified. In all cases we encourage suppliers to participate in continuous improvement plans. However, some suppliers are unwilling to do so or cannot resolve their issues even after

remediation. This is why 18 factories were dropped from our supplier network in 2008.

Despite the advances made in 2008, we also had some challenges.

In a factory being used by a supplier located in China that produces a key supply for our stores, we discovered that workers were being paid less than the prevailing minimum wage. This is a violation of our "zero-tolerance" standards.

Once the problem was identified through our third-party monitoring program, we began working with the supplier on a remediation plan. We asked if the price we were paying was sufficient to cover production costs and pay workers the legal minimum wage. Our supplier said no. We asked the supplier to provide us with a higher price and a complete cost breakdown, called an open-book costing approach. When this work was completed, the Starbucks buyer was able to justify the increased cost and renegotiated the contract at the higher price.

During a follow-up visit at the factory three months later, we found that factory management had never been notified of the new agreement and had not increased workers' wages. We brought in a third-party organization with experience in wage compliance to ensure the new contract terms were met and that factory workers were paid the correct wage and given full back wages. We were at the factory the day the workers were presented with their back wages.

This experience reinforced for us that our commitment to ethical sourcing brings with it the obligation to uphold our standards.



What we're working on.

Building on the progress we made in 2008, our next steps will involve conducting social responsibility verification assessments to determine the degree to which our suppliers can manage ethical sourcing themselves or need assistance in developing internal systems. Our intent is to create increased ownership and accountability among suppliers around social and environmental issues.

We will also continue to identify and assess potential new suppliers of products and merchandise in regions where we buy coffee.

[Read our Supplier Code of Conduct](#)



>China earthquake triggers Starbucks aid.

Sometimes tragic events demonstrate just how interconnected we are in our shared world. When a severe earthquake rattled China's Sichuan province in May 2008, Starbucks partners (employees) and customers joined the global relief effort, rallying to bring much-needed financial, volunteer and in-kind support to the devastated communities.

In partnership with the American Red Cross and the International Federation of Red Cross and Red Crescent Societies (supporting the Red Cross

Society of China), [The Starbucks Foundation](#) provided \$250,000 for immediate humanitarian and long-term recovery efforts.



In addition to The Starbucks Foundation's support, Starbucks Coffee Greater China contributed \$100,000 for immediate disaster relief and long-term recovery through company donations, materials and fund raising by partners and customers.

Starbucks partners in Chengdu, close to the disaster area, volunteered with the local Red Cross, delivering food and cleaning devastated public and residential areas. Many partners made visits to the Chengdu Children's Hospital, bringing donated books and food.

Efforts to help took place in many Starbucks stores across Greater China. Collection bins for donations were set up in stores, and opportunities were created for customers and partners to give to a variety of organizations. Through the dedicated work of our partners across Greater China and beyond, we were able to donate thousands of jackets, tents, blankets and other items requested by the Red Cross Society of China.

The International Coffee Partnership, a joint venture between Starbucks and PepsiCo, also committed \$25,000 for immediate disaster response.

Starbucks Coffee Greater China is working on programs to continue our support of rebuilding efforts through Starbucks China Education Fund.



>Mexico coffee-growing community gets local help.

High in the mountains of the Chiapas state of southern Mexico, farmers grow the beans we use in our Organic Shade Grown Mexico coffee. The cooperatives in this area are made up of more than 150 families working small plots, often in their own backyards, many hours away from any city center.



One of these cooperatives, located in an extremely remote area, has been producing high-quality coffee for Starbucks for several years. Although the children of the village could attend primary school in the central co-op area, there was no secondary school within a reasonable distance. That meant most children either left their families for school in bigger towns or left their education altogether to stay with their families.

Because Mexico is one of the countries where we not only have retail stores but also an excellent source of coffee, our partners (employees) in Mexico have the unique opportunity to give back to the very places that grow our coffee – within their national borders.

In 2005, our partners in Mexico and our joint venture partner, Alsea S.A.B. C.V., began working to help bring a secondary school to this community so that local children could continue their education without leaving home.

The community provided the land and construction workers, using premiums earned from selling high-quality coffee grown under Starbucks™ Shared Planet™ principles. The well-respected Tecnológico de Monterrey university donated the online curriculum, and Starbucks gave \$10,000 to help build the single-classroom school and the satellite hookups needed. Sedesol, a public institution for social development in Mexico, donated computers and equipment for the classroom.

When this first classroom opened in June 2006, it became so successful that the community asked for another. We shared this story with our customers in Mexico, and through a variety of donations and fundraising efforts from Starbucks partners and customers, a fully equipped second classroom and sports court were built for the children in July 2008.

In fiscal 2008, Starbucks Mexico launched a second in-store campaign to build the village's next request: a student dormitory. Our Mexico partners held a fundraising event for customers, honoring Chiapas farmers by auctioning pieces of a lifelike coffee tree sculpted by an internationally renowned Mexican artist. Starbucks also donated \$10,000 to this part of the project.

Altogether, more than \$180,000 has been raised for the community since the beginning of the project. The Mexico team hopes to continue working with the Chiapas community for as long as the area can benefit from the collaboration.



> Starbucks Spain partners help students make the grade.

Madrid has dozens of Starbucks stores, and Starbucks partners (employees) in Spain have found a way to inspire and impact the community in significant ways through their youth tutoring program.

In fiscal 2008, Starbucks, our Madrid team and our joint venture partner Grupo Sigla, S. A., worked together with Fundación Voluntarios por Madrid on a project to help children ages five to 14 with their schoolwork.

The children invited to be part of the program were identified as having trouble in school or coming from families where they couldn't get help at home. Store partners met on a weekly basis with these students at their schools and tutored them in whatever assignments they were working on at the time.

The program identified students and schools in the same neighborhoods as the Starbucks stores where the volunteering partners worked. This increased the value and connection of the program for partners, students, local customers and the community.

Since March 2008, partners in Madrid have contributed more than 750 hours of volunteer service.



> Good coffee deserves good health.

The coffee farms of Northern Thailand grow rich, bold coffee that we have been buying since 2002 for our Muan Jai™ Blend. One village in this area is Huay Som Poi.

Starbucks Coffee Thailand has been supporting the Huay Som Poi community for a number of years. It was traditionally a very poor farming community, but with the involvement of Starbucks, coffee farmers here have seen their welfare and lives elevated.

In fiscal 2008 – around the time of our one-hundredth store opening in Thailand – our partners (employees) held a fundraising event for the creation of a health clinic in Huay Som Poi. In partnership with the Integrated Tribal Development Program, and with construction help from Starbucks Coffee Korea and Malaysia partners, Starbucks Coffee Thailand helped build and open the clinic in less than a year. It is now providing better access to immediate medical attention for many villagers.

Additionally, Starbucks Coffee Thailand contributes five percent of its Muan Jai™ Blend sales to continuously support Huay Som Poi and other coffee-growing villages. This money has been used to help build water tanks and drainage systems and fund the maintenance and continued operation of the clinic.

Our partners from this entire region are proud that they are able to support and honor these farming communities.



> Starbucks UK puts reading first.

2008 marked the seventh anniversary of the Starbucks UK team working with the National Literacy Trust (NLT), a leading domestic literacy charity. We focused our support on the NLT Reading is Fundamental, UK initiative, which promotes a love of reading among children from disadvantaged backgrounds.

Our partners (employees) in the UK also ran their fifth annual Starbucks Book Drive, collecting more than 200,000 books from local customers, partners and businesses. The books were given to more than 300 primary schools. Since the inception of this partnership with the NLT, Starbucks partners and customers have donated more than 460,000 books to communities throughout the UK.

Starbucks has also supported the National Literacy Trust in 2008 through one of its inaugural international [youth grants](#). The support helped NLT implement a plan to more fully engage youth.

> Starbucks UK and Ireland help coffee farmers in Ethiopia.

Since 1992, The Starbucks Foundation has contributed to CARE International, the humanitarian and development organization. The Foundation has committed \$500,000 to CARE for a three-year social development project with the coffee-growing community of Gewgew Dingete in West Hararghe, Ethiopia.

Starbucks Coffee UK and Ireland have committed an additional \$350,000 to support initiatives for improved water resources, sustainable farming and life-long learning for the people of Gewgew Dingete. Starbucks partners helped raise additional money toward the project through events and volunteering time toward charitable projects in their local communities.

In fiscal 2008, UK and Ireland Starbucks partners showed their support for Gewgew Dingete in an unusual way – by raising money through an adventure race organized by CARE. Partners tackled over 15 miles of forest trails on mountain bikes, kayaked the choppy waters of the local reservoir and completed a tough trek in the Brecon Beacons National Park in Wales. The team effort, along with local collections in stores, helped raise \$100,000.



> Rebuilding New Orleans together.



Communities along the U.S. Gulf Coast affected by the 2005 hurricanes Katrina and Rita have faced a long and difficult task to recover and rebuild.

In 2005 [The Starbucks Foundation](#) and Starbucks Coffee Company pledged \$5 million over five years for relief, recovery and rebuilding efforts immediately following the storms.

> [Sharing the power of 9,000 volunteers.](#)

Starbucks was involved in an extraordinary way in early fiscal 2009, contributing one of the largest blocks of service in the history of New Orleans. Starbucks mobilized 9,000 partners (employees) to contribute about 36,500 service hours in projects from October 27-30, 2008. This was a big step toward accomplishing our Starbucks™ Shared Planet™ goal to contribute more than one million hours of community service per year in communities where we do business by 2015.

We helped restore homes, parks and schools by painting, landscaping, cleaning up, planting trees, building playgrounds and creating artistic murals. [The Starbucks Foundation](#) invested \$900,000 in fiscal 2008 to local organizations to support the effort.

> [Continuing to help with COAST Fund community grants.](#)

Starbucks continues to be involved with community-based grants through the [Creators of a Strong Tomorrow \(COAST\) Fund](#). COAST Fund grants are awarded to community-based, grass roots organizations that are directly involved in the recovery efforts.

Starbucks partners who live in the Gulf Coast area participate in the review and recommendations of COAST Fund grants.



> [A shared commitment to diversity.](#)

In May 2006, Starbucks and the National Association for the Advancement of Colored People ([NAACP](#)) announced a partnership to identify and support projects reflecting our shared commitment to diversity, and social and economic equality. Starbucks committed \$2.5 million of funding and in-kind donations over five years to the NAACP.

In fiscal 2008, Starbucks and the NAACP worked on two major projects stemming from our shared belief in the importance of social and economic empowerment for individuals and communities.

The first project was the NAACP Civil Rights Schools, which documented the Association's history and sought to promote civic engagement. This program, part of the NAACP's 100th year anniversary, brought a Civics 101 class to Howard University in Washington, D.C., Harvard University in Cambridge, Mass., and New York University. This innovative program brought together leading scholars, historians, social scientists and jurists to discuss and teach the history of the NAACP, social activism and civil rights.

What we're working on.

Our partnership with the NAACP is dynamic by design, to evolve and expand with the changing needs of communities. We continue to develop initiatives that promote the shared values of the two organizations, including their desire to be forces for positive action in the communities we serve.



> Youth Grants

Jennifer Staple launched Unite for Sight (UFS) in 2000 while a sophomore at Yale University in New Haven, Conn. Today, UFS is a global nonprofit working to improve eye health and eliminate preventable blindness.

"Eighty percent of all blindness is curable or preventable, which means that 36 million people throughout the world are living with needless blindness," Jennifer says. "We eliminate the barriers to eye care for patients living in poverty."

To date, UFS has provided eye care services to more than 600,000 people worldwide, with more than 19,500 individuals benefiting from sight-restoring surgeries. Central to the organization's approach is training community eye health workers who can reach the poorest and most vulnerable patients.

In 2008, through a partnership between the International Youth Foundation and Starbucks, UFS received a \$15,000 [youth grant](#) to train and employ 24 new community health care workers to screen for eye disease in Ghana. Once trained, these workers are expected to reach more than 86,000 patients annually.

International Youth Foundation (IYF) prepares young people to be healthy, productive and engaged citizens. In 2008, IYF and the Starbucks Foundation helped support 25

young social entrepreneurs just like Jennifer around the world.

How are things going so far?

> Learn more in Jennifer's blog.

February 3, 2009

The 24 community eye health workers received training in October by Ghanaian ophthalmologist Dr. James Clarke at Crystal Eye Clinic. The community eye health workers were trained to coordinate vision screenings in local communities and identify basic eye diseases such as red eye, cataract, pterygium and foreign body. Each received instructions in how to carry out simple first aid for an eye injury and the importance of notifying an eye clinic immediately. Each also learned how to record their activities and follow the tenets of professionalism and ethical patient care.

Leticia, one of the community eye health workers, explains the importance of the training course:

"Following the training, I can now identify common eye problems. I can now screen the patients and organize them for further screening. The training helped me to better organize and advise patients about what a particular patient is supposed to do after a cataract or pterygium surgery. Other benefits I acquired include advising patients on how to take good care of their eyes, what and what not to put in their eyes, and diets that aid good sight. I wish to express my sincere gratitude for this kind gesture of having a little knowledge about the eye.

Following their training in October 2008, the community eye health workers served in their communities during November, December and January. Already, the impact of their work is identifiable.

Dr. Clarke, who also provides surgeries for 2,000 patients annually through Unite For Sight's program, is impressed that patients now come for surgery with a better understanding of what is being done for them. He says the patients have much less fear of surgery.

Most importantly, with the aid of the community eye health workers, patients are adhering to their postoperative medication regime, resulting in a better recovery.



> Connecting customers and partners through V2V.

Every April, Earth Day inspires Starbucks partners (employees) and customers to become involved in projects to help the environment.

Starbucks partner Peter Johnson from store #7482 in Newtown, Conn., reached out for volunteers for his Earth Day 2008 community project in a new way. He invited volunteers to gather on V2V.

V2V is an online community that helps connect partners and customers in community service.

There, Peter created an action for a project to revitalize the nearby Old Quarry Nature Center, an indoor/outdoor classroom and sanctuary in Danbury, Conn. He also used the online community to invite others, post registration and event information, share project photos and celebrate the results.

More than 30 volunteers – Starbucks partners, mentors and kids from the local mentorship organization Good Friend – participated in the effort. They completed more than a dozen projects that support the natural science education.

To join V2V, visit www.v2v.net/starbucks



>Revitalizing neighborhoods



The [Local Initiatives Support Corporation](#) (LISC) has played an active role in Chicago's historic Bronzeville neighborhood for many years.

LISC is dedicated to helping community residents transform distressed neighborhoods into healthy, sustainable mixed-income communities of choice and opportunity –good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations.

Bronzeville is one of the nation's most significant landmarks in African-American urban history. In the early 20th century, it was known as "Black Metropolis" – a vibrant, dynamic area of African-American-owned businesses, cultural institutions and entertainment destinations. By the 1960s, the area began a period of steep decline. In particular, the area around 35th and State Street on Chicago's South Side became notorious for its crime and blight.

Today, that corner is home to a bright, bustling Starbucks, which sits within a master-planned development called Park Boulevard. Where there used to be a deteriorating 1,600-unit public housing project, there are now rental apartments, condominiums, townhouses and new retail space. Starbucks anchors this corner and benefits from ongoing redevelopment efforts while at the same time helping attract new ones.

LISC and its tax-credit affiliate – National Equity Fund – invested in multiple pieces of the ongoing redevelopment effort and a variety of other projects throughout the community.



Investing in Coffee Communities



Rural communities that are dependent on cash crops – like coffee – often face challenges that begin at the farm and extend beyond. Starbucks contributes resources to strengthen coffee-growing communities through our community investments programs, and through social investments funded in some of our coffee contracts. We also invest in programs in communities that grow our cocoa and tea.

>What we've been doing.

Starbucks invests in coffee communities by working collaboratively with non-governmental organizations (NGOs). These organizations have the specialized experience and expertise to work with farming communities, improving their ability to bring high-quality coffee to market, and providing access to education and health care that helps improve their overall quality of life.

>Hurdles.

Our work with NGO partners:

>African Wildlife Foundation

The African Wildlife Foundation (AWF) is one focal point of our coffee community investments in Kenya.

The three-year project helps improve coffee quality and promote responsible growing practices while helping preserve the wildlife and wild lands of Africa. [Learn more.](#)



> Conservation International

Conservation International (CI) and Starbucks are working to tackle climate change by working with farmers to help protect forests and restore degraded landscapes, and by raising consumer awareness about climate issues. [Learn more about CI and Starbucks.](#)



> CARE

Our partnership with CARE is dedicated to improving economic and educational opportunities for families in the rural coffee-growing region of West Hararghe, Ethiopia. In fiscal 2008, [The Starbucks Foundation](#) made a gift of \$68,000. [Starbucks partners](#) (employees) in our [Europe, Middle East and Africa region](#) have taken this effort to heart, raising additional money to support this initiative.



> **Save the Children**

A quality education for Mayan children in Guatemala can be difficult to find – often because school is taught in Spanish instead of their native Mayan language. In fiscal 2005, Starbucks launched the Guatemala Education Initiative, a four-year, \$1.5 million effort with Save the Children to bring bilingual education programs to remote, coffee-growing Mayan villages. In fiscal 2008, Starbucks helped more than 9,000 young people and 26 schools.



This program goes beyond our corporate giving – Starbucks partners have also raised money and volunteered their time to help. In September 2008, 15 Starbucks store managers traveled to Guatemala to help. To read about their trip, visit their [blog](#).

> **Coffee Kids**

Since 2000, Starbucks has given \$200,000 to Coffee Kids, including \$25,000 in fiscal 2008. Coffee Kids helps coffee-farming families improve the quality of their lives.



Coffee Kids is a nonprofit that works with local organizations in Latin America to create education, health care, micro-credit and community-based programs for coffee farmers and their families. For more information, visit [their website](#)



We want to help improve the overall quality of life in the farming communities that grow coffee, tea and cocoa for Starbucks. The wide range of needs found in these communities can make it challenging to determine which investments will make the most significant impact. This dynamic and the nature of communities can also make measuring the short- and long-term impacts of our efforts difficult.



What we're working on.

We will continue to support the people and places where our coffee is grown and work closely with the organizations with expertise in managing programs in these communities.



Starbucks (Red)

> Saving lives in Africa with (PRODUCT)RED™



Howard Schultz (right) and Bono join Starbucks partners to announce Starbucks partnership with (PRODUCT)RED™.

Africa is home to many of the world's best coffees. It's also a key coffee-growing region for Starbucks.

We buy coffees from ten African countries: Burundi, Cameroon, Congo, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia. We have doubled our coffee purchases in East Africa since 2006, and we announced plans to open two new Farmer Support Centers there, in Rwanda and Ethiopia.

In early fiscal 2009, Starbucks joined (PRODUCT)RED to help save lives in Africa. Under the multi-year agreement, a contribution is made from the sale of special STARBUCKS (PRODUCT)RED products to the Global Fund to help in the fight against AIDS.

Teaming with (PRODUCT)RED strengthens our connection to Africa and provides an opportunity to raise awareness with our customers. We hope that together with our customers we can make a real difference –by providing lifesaving medication to communities in need.

“ The business of Starbucks with roots in Africa and branches all over the world is an ideal fit for (RED). It's pretty mind-blowing to think that millions of people can buy (RED) going about their daily lives and in doing so raise millions of dollars to fight AIDS in Africa.

– Bono, co-founder of (PRODUCT)RED ”



Investing in Retail Communities

>The heart of the neighborhood.

Starbucks stores can be found in thousands of communities around the world. We want to be a good neighbor and give back in meaningful ways. Two ways we do this is by encouraging our partners (employees) and customers to participate in community service and by supporting young people to make positive differences in their communities.

By 2015, our goal is to contribute more than one million hours of community service each year.

We're also working to engage 50,000 young people to take action and solve problems in their communities. We call this Starbucks™ Shared Planet™ – our commitment to doing business responsibly.

There are so many great stories we want to share, of remarkable people who work for or with Starbucks to make extraordinary impacts in their communities. Here are a few of the programs that help make this happen.



We've always believed in doing business a different way.

Since 1971, when we opened our very first store in Seattle, to today with nearly 17,000 stores around the world, we've always been committed to doing business responsibly and conducting ourselves in ways that earn the trust and respect of our customers and

Planet™ – our commitment to doing business responsibly.

What we're working on.

✓ Global programs

Connecting volunteers through social networking

V2V (Volunteer to Volunteer): Our online social network encourages volunteerism and connection.

Inspiring youth leaders for change

Youth Grants: Starbucks is working to help the next generation of youth leaders realize their natural potential to reinvent the world.

✓ Regional programs

Supporting partner volunteerism

Community Service Grants: Our long-standing volunteer program in the United States and Canada continues to inspire and motivate Starbucks partners.

Matching donations

We encourage our partners in the United States and Canada to make charitable gifts to organizations they care about. Starbucks partner matching grants are part of a flexible matching gift program in the United States and Canada that matches each partner's charitable contributions, up to \$1,000 annually. In fiscal 2008, Starbucks matched \$836,000 of our partners' charitable contributions.

Supporting education in China

In 2005, as part of our ongoing commitment to social responsibility and in recognition of China's rich tradition of placing importance on education, Starbucks established the Starbucks China Education Project. This \$5 million commitment supports educational programs in China through Give2Asia, a U.S. nonprofit organization founded by The Asia Foundation to promote philanthropy in Asia.

Since that time, the inaugural grant made to the China Soong Ching Ling Foundation has supported training for nearly 2,000 teachers in rural communities, provided scholarships to 600 teaching college students in need, and created or improved libraries for 75 schools in remote regions. The partnership with the All China Women's Development Foundation provided training to more than 8,000 women who in turn helped teach water sanitation practices to approximately 40,000 women in remote villages.

Nurturing Community Development

As part of our Starbucks™ Shared Planet™ commitment to communities, we partnered in 2008 with the Local Initiatives Support Corporation (LISC), a U.S. organization with a community focus. Under our partnership a portion of each purchase using a Starbucks Card Duetto® Visa® is donated to LISC in support of their community development work. To date \$60,000 has been contributed to [LISC](#).

NAACP

Starbucks and the NAACP work together to identify and support projects reflecting our shared commitment to social and economic equality.

> Hurdles.

The difficult business climate in fiscal 2008 and beyond has brought challenges to Starbucks and the communities we serve.

We are working to balance our business priorities with the engagement of our partners in community initiatives. We hope partners will use Starbucks V2V and other social media to mobilize other partners and our customers. We will explore these media to highlight and help focus their efforts.



What we're working on.

Starbucks is committed to being actively involved in the communities we're a part of. We hope we can do that by contributing more than one million hours of community service per year and engaging 50,000 young people to create positive change.



Community Service

> Helping make the world a better place through community service.



We believe that being involved in our communities is not only the right thing to do, it's also good business. Year after year, our partners (employees) and customers inspire and amaze us with how enthusiastically they come together to make the world a better place.

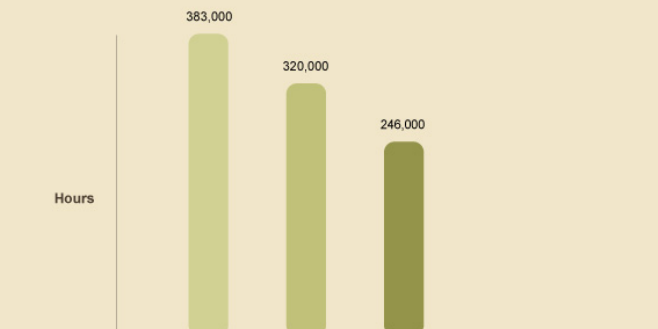
Starbucks has created a variety of programs to facilitate community service and giving. And we keep looking for innovative ways to do this, as we did in January 2009 when we saluted customers with a cup of brewed coffee for their pledge of five hours of community service.

It's our goal that by 2015, we will contribute more than one million hours of community service each year.

Starbucks *Make Your Mark* Grants



Make Your Mark Volunteer Hours



Fiscal year	2006	2007	2008
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>What we've been doing.



V2V – connecting volunteers through social networking

Starbucks launched the V2V (Volunteer-to-Volunteer) online social network in 2008 to extend and encourage human connections beyond our stores. The site, which

now has more than 10,000 members in more than 60 countries, promotes direct connections among Starbucks partners and customers to share community experiences and opportunities to improve our local communities.

Starbucks™ Shared Planet™ Community Service Grants – encouraging volunteerism

Starbucks community service grants (formerly known as *Make Your Mark*) is our volunteer program in the United States and Canada that brings partners and customers together to work on projects that directly affect their communities. Our partners organize projects – such as park cleanups, AIDS walks and reading events – in conjunction with local nonprofit organizations. In fiscal 2008, partners and customers volunteered 246,000 volunteer hours in community service events.

In addition to the hands-on help from Starbucks partners, we make a donation in correlation to the number of hours volunteered – by partners and customers alike – up to \$1,000 per project. Since it was started in 2000, our community service program has inspired our U.S. and Canadian partners and customers to volunteer 1.7 million hours for thousands of community organizations.

Make Your Mark participation has declined the past two years, and we've heard anecdotal examples from partners that participation may have declined due to competing business priorities. But we know that giving back to our communities isn't a distraction from our business – it's an essential component of our success.

To reach our global goal of more than 1 million hours of community service each year, we will develop a global strategy with input from our NGO partners. We hope to encourage and record community service activities, encourage store managers to promote volunteerism and leverage V2V. The *Make Your Mark* program only captured activities in the United States and Canada. We know there are many community service projects going on around the world that are not yet systematically tracked.

What we're working on.

Starbucks is committed to being actively involved in our communities. By 2015, it is our goal to contribute more than one million hours of community service each year

>Hurdles.

and engage 50,000 young people to take action in their communities.



Social Entrepreneurship



> Young people have the power to change the world.

It's part of who we are at Starbucks to create and innovate. With [Starbucks youth grants](#), we use our spirit of entrepreneurialism and innovation to inspire young people. Through this initiative – formerly called the Starbucks Social Entrepreneurs Fund – we hope they will create positive solutions for the needs they see in their communities. We believe that by supporting young social entrepreneurs, we can make real change in local communities. Our goal is to engage 50,000 young people, who will in turn innovate, take action and inspire 100,000 individuals in their communities by 2015.

> Supporting young people.

In fiscal 2008, we made 64 grants totaling \$2.1 million to organizations supporting young people.

We established major relationships with International Youth Foundation and Youth Venture. These organizations are experts in providing comprehensive support to help young people identify and address the needs in their communities. Young people also receive advocacy, training, financial help and other resources for their efforts to flourish around the world.

[Here's one story.](#)



Investing in Coffee Communities

Since 2001, Starbucks has donated \$142 million to help make a positive difference in the communities where our stores are located. We also make investments in the regions that grow our coffee, tea and cocoa. And, through the Ethos Water Fund, we're helping communities affected by the global water crisis.

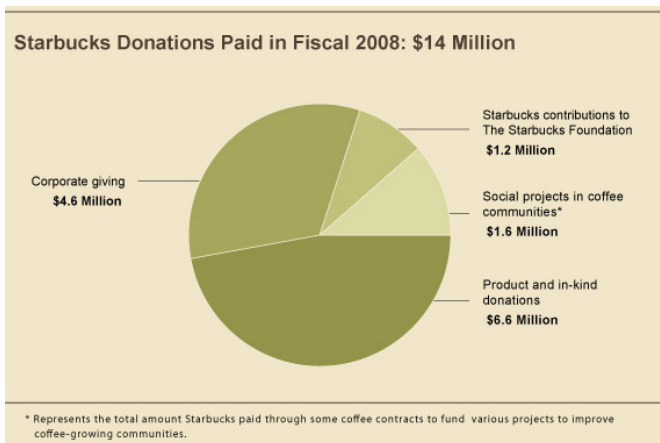
Our community investments include cash and in-kind donations from across the company, investments in coffee community projects, partner volunteer and matching gifts programs, and contributions from The Starbucks Foundation.

The Starbucks Foundation is a separate 501(c)(3) charitable organization that receives most of its funding from Starbucks Coffee Company and the rest from private donations. Since it was founded in 1997, The Foundation has provided more than \$32 million in funding to efforts that strengthen communities where we do business.

>What we've been doing.

In fiscal 2008, Starbucks cash and in-kind contributions were valued at \$14 million; or three percent of the company's earnings before interest and tax.

The Foundation made 89 grants to nonprofit organizations in fiscal 2008, totaling just over \$6.5 million. Significant accomplishments included \$2.1 million in grants through Starbucks youth grants, \$900,000 to continue our support of rebuilding efforts after Hurricane Katrina, \$2 million in Ethos Water Fund grants for clean water projects, and \$250,000 to assist some of the areas hardest hit by the earthquake in China's Sichuan province.



>Hurdles.

Given the headwinds experienced across the globe with the current economic crisis, Starbucks cash contributions to communities decreased from the previous year. Going forward, we're taking a closer look at our giving to ensure we remain consistent and

focused in our funding.



What we're working on.

We continue to support local neighborhoods and coffee communities because it's core to who we are. We will continue to increase our impact by focusing our efforts on community service and young people.