



As You Sow Shareholder Proposal to Starbucks

Please Support Item #7 on Starbucks Proxy – Vote by March 23, 2011

Our Proposal Seeks a Comprehensive policy:

“RESOLVED that shareowners of Starbucks request that the board of directors adopt a comprehensive recycling strategy for beverage containers sold by the company. The strategy should include consideration of aggressive recycled content goals, and container recovery goals for plastic, glass, paper and metal containers.”

Starbucks’ Current Policies Far From Comprehensive

A comprehensive policy is clearly defined in the resolved clause as setting recycled content goals and container recovery goals for plastic, glass, paper, and metal containers. The company’s current policy is not comprehensive:

- The company has set only recovery goals for paper cups.
- It has not set recycled content goals for paper cups.
- It has not set recycled content for glass (Frappuccino), plastic (Ethos water) or metal (Doubleshot) beverage containers.
- It has not set recovery goals for glass, plastic, or metal beverage containers.

Existing Commitment Covers Just 18% of Stores Serving Starbucks Coffee

The existing commitment to offer recycling at all owned and operated Starbucks locations is far less than comprehensive, covering only a small fraction of total company operations. In addition to its flagship coffee stores, the company controls Seattle’s Best Coffee brand which provides beverages under license to other restaurants and fast food outlets.

A Sept. 2, 2010 Starbucks press release (http://news.starbucks.com/article_display.cfm?article_id=435) states that Seattle’s Best is available at 30,000 locations in the US and Canada including 20,000 Subway and 7,500 Burger King restaurants. These numbers dwarf the 11,000 U.S. and 1,000 Canadian Starbucks stores, suggesting that total cups vended annually by Starbucks are far greater than 3 billion. The company has made no commitment to recovery of Seattle’s Best cups.

The company says its cup recycling commitment applies only to 7,529 U.S. and Canada stores it owns and operates, meaning it applies to only 18% of the 42,000 outlets serving Starbucks brands of coffee.

Company Not Counting How Many Customers Use Reusable Tumblers and Mugs On-Site

The company’s commitment to implementing its existing strategy is far less than comprehensive. Starbucks says it encourages customers to choose reusable beverage containers as a way to reduce paper cup usage. However, in dialogue with the company it has acknowledged it’s not even counting how many customers actually choose to drink beverages from glasses and mugs consumed in its stores! Starbucks does keep track of customers who



bring their own reusable mugs into stores and carry them out. However, it has confirmed it does not count customers who use glassware for hot and cold beverage consumed in its stores.

- The lack of this basic metric calls into question the company's commitment to serve 25% of beverages made in its stores in reusable serverware or tumblers by 2015. If the company is not counting how many customers use its serverware, how will it be able to track and meet this laudable goal?
- Failure to count and promote in-store serverware use appears to violate a commitment made to Environmental Defense Fund's Alliance for Environmental Innovation Joint Task Force (http://www.edf.org/documents/11568_Starbucks_final_report.pdf) more than 10 years ago to reduce the impacts associated with disposable cups by stocking serverware in its stores. The serverware may be there but its use needs to be promoted and recorded.
- EDF's website still touts this as a success (<http://business.edf.org/casestudies/starbucks-improving-cups>), stating: "Based on a financial analysis showing potential savings of over \$1 million per year, Starbucks instituted a policy of offering ceramic plates and cups to its in-store customers."

Company Statement in Opposition Misrepresents "Ready To Drink" Beverages

The company's proxy response to our proposal seeks to minimize our request that SBUX set recycled content and container recovery goals for products like Frappuccino sold in glass bottles and Doubleshot sold in aluminum cans nationwide in grocery and convenience stores as well as at Starbucks. The response says such ready to drink (RTD) products represent less than 4% of total retail beverage sales and it's more appropriate to focus on paper cups which is the largest share of its sales.

However, it doesn't mention the company recently announced plans to base its future growth on sales of these very products in grocery stores. Stories published Dec. 1, 2010 in the Seattle Times (http://seattletimes.nwsource.com/html/business/technology/2013570618_starbucks02.html) and Bloomberg (<http://www.bloomberg.com/news/2010-12-01/starbucks-plans-acquisitions-to-build-grocery-business-ceo-schultz-says.html>) state that CEO Howard Shultz and other company executives told an analysts' conference that its future growth will be more about consumer products sold in grocery stores than cafes. One company mentioned under consideration for purchase is Dean Foods, the largest U.S. milk distributor. The story notes that milk is a primary ingredient in RTD coffee drinks.

It is misleading to minimize the importance of these sales at the same time publicly announcing a ramp up of sales of RTD products. Recycled content and recovery goals need to be part of this business planning. If there are plans to sell more RTD drinks in grocery outlets, the need for container recycled content and recovery goals takes on even more importance in terms of social responsibility policy and business planning.

Please Support Item # 7 on the Starbucks 2011 Proxy - Thank You!