



Background

As You Sow is concerned that Starbucks lags beverage industry peers on recycling and recycled content policies for its beverage containers – paper cups, plastic water bottles, and glass and metal coffee containers.

Our proposal asks the board of directors to adopt a comprehensive recycling strategy for beverage containers. We request that the strategy include aggressive recycled content goals and container recovery goals for plastic, glass, paper and metal containers. We ask the board to prepare a report by October 2010 on company's efforts to achieve this strategy.

Shareholders filed this proposal because actions announced so far by the company on container recycling do not address recycled content goals in paper, glass, plastic and aluminum containers, and participation in programs designed to increase container recovery in a significant way.

Participation in recovery strategies on a national scale for paper, glass, plastic and aluminum containers is important since 80% of company beverages are consumed and disposed off of Starbucks premises.

Starbucks has a **reputational risk** by lagging behind peers with no commitments on recycled content in cups, bottles and cans, and no commitments on container recovery efforts.

Other major beverage companies have already made important commitments. Pepsi and Coca-Cola use 10% recycled PET plastic in plastic bottles sold in the U.S. market. On container recovery, Coke has pledged to recycle 50% of the bottles/cans it sells by 2015; Nestle Waters has committed to recycle 60% of the bottles it sells by 2018.

Recycling and Recycling Content Policies

Paper We appreciate the commitment by Starbucks to make all paper cups used for serving coffee recyclable by 2012, but this needs to be strengthened with a goal and strategy for recovery of a **specific amount** of cups to be recycled over a specified time frame. This is the best way to ensure a significant amount will actually get recycled.

Plastic A major concern is lack of recycled content in *Ethos* water bottles. Even though it represents a small portion of overall beverage sales, we believe the company risks harming the brand and its mission to fund clean water projects by continuing to market a product with no recycled content and no responsibility strategy for recovery and reuse of empty bottles.

Glass Frappuccino bottles are widely sold in grocery and convenience stores nationwide. They are a significant part of the value and visibility of the brand. The company should develop recycled content goals for its glass bottles and a container recovery strategy.

Aluminum A similar strategy is needed for Double Shot products bottled in cans. Starbucks should develop recycled content goals for its aluminum cans and a container recovery strategy.

Vote FOR Proposal 3 on the Starbucks Proxy!

For more information, contact Conrad MacKerron, Director, Corporate Social Responsibility Program at mack@asyousow.org.