

March 15, 2022

Melody Hobson, Independent Chair of the Board of Directors
Kevin Johnson, CEO
Starbucks Corporation
Investor Relations Department
2401 Utah Avenue South, Mailstop EX-4
Seattle, WA 98134

Re: Starbucks' Commitment to Upholding International Labor Standards

Dear Ms. Hobson and Mr. Johnson,

We, the undersigned investors, representing over \$3.4 trillion in assets under management or advisement, are writing to highlight the value of worker representation to company productivity and the fundamental right of workers to freely associate and collectively bargain. To date, at least 120 Starbucks stores across the U.S. are pursuing union elections.¹ As more Starbucks partners make the decision of whether they should unionize, we believe the company should publicly commit to a global policy of neutrality and swiftly reach fair and timely collective bargains with the workers should they vote to unionize.

First, these investors commend the company for its comprehensive Global Human Rights Statement which espouses commitments to a wide variety of agreements, including the United Nations (UN) Guiding Principles on Business and Human Rights; UN Global Compact; Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises; International Bill of Rights; International Labor Organization Core Labor Standards; Women's Empowerment Principles; Children's Rights and Business Principles; and Framework Principles on Human Rights and the Environment.

However, we believe the way Starbucks has responded to union organizing activities suggests a departure from international norms and standards as well as from its commitments to them. Our concerns include Starbucks' activities at stores that have organized after the Buffalo election such as alleged retaliatory termination of employees and continued captive audience meetings.² Previously, some investors wrote to Starbucks to highlight concerns that the company was attempting to use the National Labor Relations Board (NLRB) process to seek a single election for all stores in the Buffalo region and thereby weaken the unions by delaying the process. The company lost this appeal in New York; yet it continues to re-use this argument in unsuccessful responses to other petitions, seemingly in vain.³

¹ <https://twitter.com/SBWorkersUnited/status/1495830153905197058>

² <https://www.wsj.com/articles/starbucks-union-campaign-spreads-online-beyond-buffalo-11642772517>;
<https://www.theguardian.com/business/2022/feb/09/starbucks-union-memphis-workers-fired-us-movement>
<https://www.npr.org/2022/01/31/1076978207/starbucks-union-push-spreads-to-54-stores-in-19-states>;
https://www.huffpost.com/entry/starbucks-union-campaign-legal-strategy_n_61fc4a2ce4b06abdc42d615b

We would like to offer an alternate perspective in considering unions at Starbucks. In many contexts, it is the norm for companies to have positive working relationships and partnerships with their unions. For example, a recent study in Norway found that the presence of a collective agreement in a firm is associated with higher productivity.³ Collaborative partnerships between companies, unions, and workers can help facilitate stronger workplaces and labor relations. We believe that when workers' rights are ensured, their interests represented, and their needs properly communicated, companies and workers alike benefit. Benefits may include lower turnover, more resilient and risk-tolerant operations, more effective feedback loops, higher employee satisfaction and productivity, and, in turn, higher quality and more innovative products and services.

Reputational risk is also a key consideration. Starbucks has worked hard to create a positive brand reputation rooted in pro-partner sentiment.⁴ In its reporting, Starbucks describes how its response to organizing efforts could negatively impact how the brand is perceived. With rapidly growing public support for unions, which currently stands at a high of 68% approval, we believe that Starbucks' reputation may be jeopardized due to reporting of aggressive union-busting tactics.⁵ Consumer sentiment is changing, too. In a recent poll, 42% of Americans say they are less likely to shop with a company that is trying to stop employees from unionizing.⁶ This group of investors encourages Starbucks to pivot to a more collaborative and mutual relationship with its unions to uphold its reputation and in keeping with the spirit of the "empty chair" that founder Howard Schultz imagined for partners in leadership and board meetings.⁷

To concretely demonstrate Starbucks' commitments to the ILO Core Conventions, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights, we strongly recommend the company to take the following actions:

- Immediately adopt, implement, and publish a global policy of neutrality that applies to all current and future unionization efforts and elections;

³ Available at <https://doi.org/10.1111/bjir.12662>

⁴ <https://stories.starbucks.com/press/2017/starbucks-commitment-to-partners/>

⁵ [https://news.gallup.com/poll/354455/approval-labor-unions-highest-point-1965.aspx?utm_campaign=wp_power_up&utm_medium=email&utm_source=newsletter&wpsrc=nl_powerup](https://news.gallup.com/poll/354455/approval-labor-unions-highest-point-1965.aspx?utm_campaign=wp_power_up&utm_medium=email&utm_source=newsletter&wpsrc=nl_powerup;); <https://www.theguardian.com/business/2021/nov/23/starbucks-aggressive-anti-union-effort-new-york-storesorganize>; <https://www.salon.com/2022/02/24/starbucks-union-busting-campaign-is-backfiring/>; and <https://www.baltimoresun.com/business/bs-bz-starbucks-workers-unionize-baltimore-20220307t7q7y2ac5bea5guikpeqzwhhe4-story.html>

⁶ <https://www.morningbrew.com/marketing/stories/2022/02/22/anti-union-stances-can-affect-brand-sentimentstudy-shows>

⁷ <https://www.businessinsider.com/starbucks-puts-empty-chairs-in-meetings-for-baristas-and-customers-2021-7>

⁹ <https://one.starbucks.com/> and <https://www.wsj.com/articles/starbucks-ceo-asks-workers-to-stick-with-chainnot-union-11638886500>

- Immediately cease all anti-union communications with employees⁹ (including through public statements, captive audience meetings, texts, websites, and on-site billboards), and work in conjunction with unions to form consensus around employer non-interference; -
Commit to negotiating with each facility's established union in good faith; and

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- Initiate dialogue with the relevant trade unions at the national and global levels on how Starbucks can implement its labor rights commitments.

As the number of stores that opt to file for a union election grows, questions arise about how Starbucks plans to respond to each filing, and the costs associated with these actions. We therefore urge Starbucks, in keeping with international norms, aligning to its own commitments, following academic research, and integrating partners' voices, to apply the actions we have outlined.

We are eager to discuss this topic with you and would welcome a dialogue with Starbucks. To coordinate a meeting, please contact Dieter Waizenegger (dwaizenegger@socinvestmentgroup.com) and Jonas Kron (jkron@trilliuminvest.com).

Thank you,

Trillium Asset Management | SOC Investment Group | Parnassus Investments | Pensions & Investment Research Consultants | Office of the New York City Comptroller Brad Lander

On behalf of:

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