

 CASE STUDY:

Starbucks

Starbucks has made positive steps towards meeting our expectations for sustainable packaging and diversity and inclusion. It has pledged to use 5-10% recycled content across all plastic packaging by 2025 and to take action for 100% of plastic packaging to be reusable, recyclable or compostable by 2025. The company has also appointed a global chief inclusion and diversity officer and expanded its inclusion and diversity strategy mandating anti-bias training for senior employees.

Background

Human rights violations and single-use packaging, particularly plastic, create financial, regulatory and reputation risks for consumer goods sector investors. We were concerned that the company's anti-bias work had stalled since its initial 2018 US-wide training session following the arrest of two African American men in its stores. The company also faced pressure from a shareholder proposal, which received 45% support, asking Starbucks to increase the scale and pace of its sustainable packaging initiatives.

Our engagement

Ahead of the 2019 annual meeting, we informed the company of our recommended support for the shareholder proposal on sustainable packaging based on our concerns regarding the long-range impacts of the continued growth in plastics and materials use without significant changes in how packaging is utilized by companies and consumers. In a follow up discussion with its head of sustainability, we asked the company set packaging goals on an absolute basis, with greater ambition and specific commitments to recycled content. We co-signed a letter with investors in the Plastics Solutions Investor Alliance

Engagement objectives:



Social and Ethical:

Diversity and inclusion - racial bias training



Environmental:

New packaging ambitions and targets

Sustainable Development Goals:



We co-signed a letter with investors in the Plastics Solutions Investor Alliance addressed to the CEO asking the company to engage in expanded dialogue on the problem of plastic pollution and expanding reusable containers and recycling at its stores.

addressed to the CEO asking the company to engage in expanded dialogue on the problem of plastic pollution and expanding reusable containers and recycling at its stores. The global director of environment acknowledged our request for interim targets and actions to support its 10-year resource positive ambitions during a follow up meeting in 2020.

We highlighted human rights-related concerns to Starbucks' director of global compliance and international markets, that there had been no attempt to measure the impact of its anti-

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bias training in terms of whether African-American and other ethnic minority customers now felt safer in stores than before. Moreover, building on and repeating the training, except for new starters, did not seem to have happened. The company realised that the US-focused training had not worked in Canada and it postponed international roll out of the training, while acknowledging that racism is an issue.

In 2021, the company’s global head of inclusion and diversity and his team met with us and responded to our questions on the impact of its anti-bias training and progress on its global inclusion and diversity strategy.

Changes at the company

In Q2 2019, the company acknowledged the increasing regulatory risks of plastic packaging across its global footprint and shared its intentions to establish a wider range of impact-based goals for packaging, plastics, cup re-use and waste diversion. It published its resource positive ambition in Q1 2020 and we welcomed its 2030 sustainability commitment for a 50% reduction in waste, emissions and water, including a focus on increasing recycled content in plastic packaging.

The company published its 2025 targets to tackle plastic packaging and accelerate a transition to a circular economy in 2021. Through its Ellen MacArthur Foundation New Plastics Economy Global Commitment, the company pledged to use

5-10% recycled content across all plastic packaging by 2025 and to take action for 100% of plastic packaging to be reusable, recyclable or compostable by 2025. More broadly, it plans to take action to help eliminate problematic or unnecessary plastic packaging and to move from single-use towards reuse models where relevant by 2025. These commitments were a positive step towards our sustainable packaging expectations.

The company appointed a global chief inclusion and diversity officer in 2020 and expanded its inclusion and diversity strategy in 2021, which mandated its anti-bias training for vice president levels and above. The company reported that it would continue to explore mandating training for all partners (employees), while tracking enrolment and completion rates for its expanded version of the open-source training. We also welcomed the company’s commissioned Civil Rights Assessment, which has been conducted by a third party annually since 2019, and the company has expressed a commitment to sustaining a “third place”¹ where everyone should feel welcome.

The global chief inclusion and diversity officer confirmed the company considered the experiences of racially diverse customers by collecting feedback from external civil rights groups as a proxy for customer experience, in addition to feedback from customer helplines. Managers were expected to respond to concerns raised by partners (employees) through its anti-bias questions in the annual partner survey. The company was also receptive to our request to enhance its pay equity disclosure by publishing UK-style wage gap reports for gender and ethnicity.

Next steps

We will continue to follow the company’s progress against packaging and culture metrics. We will be encouraging transparent disclosure on absolute reductions in plastic packaging and scalable solutions and more specific and ambitious actions to achieve its commitments to eliminate unnecessary packaging and influence the transition from single to reuse models. We will also encourage reporting on gender and ethnic wage gaps. EOS will prioritize future engagement on the nexus of biodiversity and climate change issues.



This case study has been fact-checked by Starbucks to ensure a fair representation of EOS work carried out and changes made at the company.



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Engagement
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¹ Use of the Third Place Policy ([starbucks.com](https://www.starbucks.com))

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