

## Worker Rights Commitments

**Resolved:** Shareholders urge the Board of Directors to commission and oversee an independent, third-party assessment of Starbucks' adherence to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the International Labour Organization's Core Labor Standards and as explicitly referenced in the company's Global Human Rights Statement. The assessment should apply to Starbucks' direct and licensed operations and address management non-interference when employees exercise their right to form or join a trade union, as well as any steps to remedy practices inconsistent with Starbucks' stated commitments. The assessment, prepared at reasonable cost and omitting legally privileged, confidential, or proprietary information, should be publicly disclosed on its website.

**Supporting Statement:** Starbucks made a global commitment to freedom of association, including non-interference, and collective bargaining rights in its Global Human Rights Statement. According to the International Labour Organization, "Freedom of association refers to the right of workers ... to create and join organizations of their choice freely and without fear of reprisal or interference" and collective bargaining "allows workers to negotiate their working conditions freely with their employers."

In the U.S., many workers allege that Starbucks has interfered with these rights, including retaliation, intimidation, firings, captive audience meetings, store closings, undue surveillance, and illegally excluding unionized employees from wage and benefit increases—generating negative media coverage.<sup>1</sup> Workers at hundreds of stores have voted to unionize, and regional offices of the National Labor Relations Board, after finding merit to hundreds of allegations of labor rights violations, have issued at least 20 complaints against Starbucks.<sup>2</sup>

In August 2022, a U.S. judge ordered Starbucks to reinstate seven Memphis, Tennessee employees who were allegedly fired for supporting an organizing campaign.<sup>3</sup> Also in August, the labor board requested that Howard Schultz read a notice to all employees informing them that some had been unlawfully denied benefits and pay increases.<sup>4</sup>

We believe the apparent misalignment between Starbucks' public commitments and its reported conduct represents material reputational, legal, and operational risks and may impact its long-term value. As Starbucks' 2021 10-K states "our responses to any organizing efforts could negatively impact how our brand is perceived and have adverse effects on our business, including on our financial results." Failing to respect workers' rights could harm Starbucks' reputation with consumers and hurt its ability to attract and retain a high-performing workforce, a crucial element of its ability to provide quality products and service. Research shows that union membership may have a positive effect on retention, in some cases, reducing resignations by as much as 65%.<sup>5</sup> Studies show companies spend approximately 20% of an employee's salary to replace them.<sup>6</sup>

Greater transparency on these issues could help address concerns about associated risks, and enable investors to perform human rights due diligence and assess Starbucks' adherence to its human rights commitments.

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<sup>1</sup> <https://www.theguardian.com/business/2022/jul/04/new-york-starbucks-closed-union-drive>; <https://www.nytimes.com/2022/08/25/business/economy/starbucks-union-howard-schultz-nlrb.html>

<sup>2</sup> <https://www.reuters.com/business/retail-consumer/starbucks-alleges-labor-board-misconduct-union-elections-us-cafes-2022-08-15>; <https://www.law360.com/employment-authority/starbucks-tracker>; <https://www.cnbc.com/2022/05/06/starbucks-accused-of-more-than-200-labor-violations-in-nlrb-complaint.html>; <https://www.pbs.org/newshour/economy/labor-board-files-complaint-against-starbucks-for-withholding-raises-from-unionized-stores>; <https://www.nlrb.gov/about-nlrb/what-we-do/investigate-charges>

<sup>3</sup> <https://www.reuters.com/business/retail-consumer/starbucks-ordered-reinstate-workers-fired-amid-union-campaign-2022-08-18/>  
<sup>4</sup> <https://www.nytimes.com/2022/08/25/business/economy/starbucks-union-howard-schultz-nlrb.html>

<sup>5</sup> <https://www.researchgate.net/publication/226530917> The Impact of Union Membership on Intent to Leave Additional Evidence on the Voice Face of Unions

<sup>6</sup> <https://www.americanprogress.org/article/there-are-significant-business-costs-to-replacing-employees/>