



## STARBUCKS STATEMENT ON CANADA'S FORCED AND CHILD LABOUR ACT OF 2024

(FOR FISCAL YEAR 2023)

Canada's Forced and Child Labour Act (S-211)

This statement is made pursuant to the requirements of Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act* on behalf of the Starbucks Coffee Canada, Inc. ("Starbucks Canada"), which is part of the Starbucks Corporation ("Starbucks Parent") group of companies (collectively, "Starbucks"). The following statement reflects the activities and efforts undertaken to address forced and child labour by Starbucks during the year ending 1 October 2023.

### **Our Business and Values**

Starbucks currently has more than 38,000 stores in over 85 markets, which include a mix of company-operated and licensed stores. We offer a range of products that customers enjoy in our cafes, at home, and on the go – including coffee, handcrafted beverages, merchandise and fresh food. Additionally, we sell a variety of consumer-packaged goods through partnerships with other global brands and joint ventures. We work with more than 450,000 farms that grow the highest quality *Arabica* coffee in the world.

We have always believed Starbucks can – and should – have a positive impact on the communities we serve. We strive to lead by example through our evolved mission: With every cup, with every conversation, with every community – we nurture the limitless possibilities of human connection.

Since the beginning, we have pursued ambitious goals and programs, and reported on our progress and opportunities with intention. We have created a set of six promises to support our mission. We promise our partners a bridge to a better future; we promise to Uplift the Everyday for our customers; with our farmers, we ensure the future of coffee for all; we promise to contribute positively to our communities; for the environment, we promise to give more that we take; and we promise to generate enduring returns for our shareholders.

We look forward to continuing to update our stakeholders on our human rights journey and human rights due diligence program in the years to come.

Starbucks Coffee Canada, Inc. is a wholly owned subsidiary of Starbucks Parent. Starbucks Canada has over 1,400 company-operated and licensed stores, with nearly 24,000 partners (employees) at the company-operated stores in Canada. Starbucks Canada imports goods from outside of Canada, including from Starbucks Parent in the U.S. Goods are sold and distributed within Canada, including in company-operated and licensed stores.

## Our Human Rights Policies

Starbucks is committed to respecting and protecting human rights consistent with the International Bill of Rights, ILO Core Labour Standards, Children’s Rights and Business Principles, U.N. Guiding Principles on Business and Human Rights, and OECD Guidelines for Multinational Enterprises. Starbucks prohibits any form of forced or compulsory labour, including child labour, at any time for any purpose.

Our Global Human Rights Statement informs the decisions we make that impact our relationships with our key stakeholders, including farmers, customers, business partners, and communities. We specifically prohibit forced and/or child labour and are committed to providing remedy in cases where we may have caused or contributed to an adverse human rights impact across our value chain.

Since 2004, Starbucks has been a member of the U.N. Global Compact. We are committed to meeting the Global Compact’s standards on human rights and labour, including forced and child labour. For more information on our latest Global Compact report, review [here](#).

Our Ethical Sourcing for Manufactured Goods policy explicitly prohibits the use of any forced or involuntary labour, either directly or indirectly by our suppliers, contractors, or subcontractors. This includes the use of slave labour, bonded labour, or indentured labour. Workers cannot be required to surrender their identity paper or other original personal documents or pay deposits as a condition of employment. Workers must be free to leave the workplace and the end of their shift and to resign without repercussion. All overtime should be voluntary and should not be in excess of legal limits.

We conduct training on our ethical sourcing standards for partners who support or execute our program in partnership with our suppliers. The training covers our zero tolerance standards of which forced labour and child labour (worker treatment and rights) standards are clearly defined along with the process to follow for remediation if a non-compliance is found in our supply chain.

Our relevant policies and disclosures include:

- Global Human Rights Statement: [Link](#)
- Starbucks Ethical Sourcing for Manufactured Goods: [Link](#)
- Supplier Code of Conduct: [Link Here](#)
- Starbucks Approach to Ethical Sourcing: [Link here](#)
- Starbucks Global Impact Report: [Link here](#)

## Human Rights Impact Assessment

As part of our ongoing human rights due diligence, Starbucks is committed to conducting human rights impact assessments, including on forced and/or child labour, aligned to the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. During the fiscal year, Starbucks conducted several assessments that covered forced and/or child labour, including assessments related to our coffee supply chain and trade compliance efforts.

For the first time, Starbucks, in partnership with third-party organization Article One, conducted and completed its inaugural enterprise-wide independent Human Rights Impact Assessment during the fiscal year. The human rights impact assessment was carried out consistent with the OECD Human Rights Due Diligence Framework. The report is made public [here](#).

The human rights assessment included a comprehensive review of publicly available information and internal data to identify and assess potential and actual adverse human rights impacts across Starbucks business and value chain, which included Starbucks operations and supply chain, as well as impacts on customers and local communities. The impacts identified were evaluated against the United Nations Guiding Principles on Business and Human Rights severity criteria to understand which impacts pose the most severe negative impacts on people. Also considered, the likelihood of these events occurring in the future and where Starbucks has sufficient leverage—and may be uniquely positioned—to address these impacts independently or through industry collaboration.

As part of the assessment process, Article One consulted with multiple individuals and organizations—both from within Starbucks and with those outside the company—to gather input on impacts most salient to Starbucks and its industry. Through these consultations, feedback was gathered on how well Starbucks is currently addressing identified impacts. Stakeholder input, in combination with other forms of data collection methods that were used throughout the assessment, informed many of the recommendations developed for Starbucks to prioritize and implement in the years to come.

As part our human rights impact assessment, we have identified forced and child labour as salient risks to our supply chain in manufacturing and agriculture, from tier 1 (direct) suppliers to raw materials or commodities used in our supply chain, as well as in the use of outsourced, contracted or subcontracted labour.

Findings by External Assessment of Starbucks Supply Chain Risks:

SALIENT RISK	PARTNERS	SUPPLY CHAIN	CUSTOMERS & COMMUNITY
Forced Labor & Child Labor		●	
Fair Wages	●	●	
Adequate Living Standard	●	●	●
Assembly & Association	▲	●	
Working Conditions & Hours	●	●	
Discrimination		●	●
Healthy Environment		●	●
Rights of Mothers & Children		●	●
Privacy			
Freedom of Religion & Expression			
Land Rights			
Right to Life & Security of Person	●	●	●
Arbitrary Arrest		●	

## Supply Chain Due Diligence

As part of our continuous improvements of human rights due diligence, we have conducted human rights impact assessments, established child and forced labour policies, and implemented responsible sourcing programs across our value chain. Starbucks has maintained and operated global and regional programs to cease, prevent, and mitigate adverse human rights impacts, as well as partnered with external organizations on remediation and related activities.

We remain committed to responsibly sourcing coffee, tea and cocoa and implementing our Responsible Sourcing program globally. We take this commitment seriously because we know that our future is directly linked to the livelihoods of farmers, suppliers, their families, local communities and our planet. Our approach includes responsible purchasing practices, farmer support efforts, social responsibility standards for suppliers, and environmental programs.

Through our various responsible sourcing programs during the fiscal year, we did not identify any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

### Global Responsible Sourcing

Our responsible sourcing program includes our standards for manufactured goods and services, including beverages, food, merchandise, equipment and furniture. We partner with manufacturing factories in 40 countries globally and hold our suppliers and ourselves accountable for more than 121,000 workers through stringent worker welfare conditions. Commitment to continuous improvement is the cornerstone of our program, and on-site factory assessments to identify potential or actual violations to our standard have been a key part of our strategy since 2006.

In 2023, we increased our factory assessments from 300 in FY22 to 400. We are proud that our third-party auditors confirm that we maintained 95% transparency in factories we have audited around the world, as defined by having full access to factory records, documents and operations.

### Coffee

Starbucks works with farmers to create long-term supply of high-quality coffee while positively impacting the lives of coffee farmers and their communities by providing livelihood resources and support.

Since 2004, and in collaboration with Conservation International, Starbucks developed the coffee industry's first set of ethical sourcing standards – Coffee and Farmer Equity (C.A.F.E.) Practices – which is a verification program with over 450,000 participating farms. The program includes a third-party verification process overseen by SCS Global Services, responsible for ensuring the quality and integrity of the audits.

In 2023, we responsibly sourced and verified 99.7% of our coffee from C.A.F.E. Practices, an increase from the previous year. More information about C.A.F.E. Practices can be found here: [C.A.F.E. Practices](#) and [C.A.F.E. Practices Scorecard](#).

C.A.F.E. Practices includes a zero tolerance for any form of child labour and forced labour. For each zero tolerance non-conformity brought to our attention through C.A.F.E. Practices, we require swift action by our suppliers and our on-the-ground, third-party partners to pursue corrective actions, including, where appropriate, providing remedy for the impacted individuals. Due to the seasonal nature of coffee production, some zero tolerance indicators may only be closed during the harvest period when the majority of temporary workers are present and therefore fully closing these indicators may require waiting until the next coffee harvest. In the event a zero-tolerance indicator cannot be resolved in a timely and comprehensive manner, a supply chain will be considered non-Compliant and not eligible for C.A.F.E. Practices approval until resolution is possible. The fiscal FY23 C.A.F.E. Practices zero tolerance findings and remediation are reported in our annual [Impact Report](#).

FY23 Impact Report: Human Rights Impact Table - Coffee

ZERO-TOLERANCE INDICATOR	FY23	FY22
# Nonconformities related to wage practices	89	89
# Nonconformities related to traceability requirements	42	68
# Nonconformities related to child labor	59	54
# Nonconformities related to labor intermediaries	4	13
# Nonconformities related to transparency requirements	2	1
# Nonconformities related to banned pesticides	56	23
# Nonconformities related to forced labor, abuse, or unethical recruitment practices	5	13
# Nonconformities related to deforestation	12	7
Total # nonconformities	269	268
% of FY22 nonconformities that have been remediated or closed by the end of the fiscal year	88%	30%*
<i>*The FY22 remediation % has been restated to align with fiscal year dates.</i>		
% of FY23 nonconformities that have been remediated or closed by the end of the fiscal year	34%	—

In instances where Starbucks is notified of alleged violations, we take immediate action. We conduct an investigation that may lead to suspending the commercial relationship with a farm or asking the farm to create a plan describing how the issue will be corrected.

During the fiscal year, Starbucks operated ten Farmer Support Centers in coffee-producing countries around the world where our local teams and social specialists work with farmers to learn and implement the latest findings and best practices in agronomy, quality and social responsibility. In FY23, we trained over 56,000 people. In Guatemala, we have partnered with suppliers and external organizations to mitigate child labour by supporting childcare centers during the coffee harvest. In 2023, we supported the opening of five new child-care centers.

## Cocoa

Our approach to [responsibly sourcing cocoa](#) is built on a foundation of traceability, responsible purchasing practices and a commitment to supporting resilient livelihoods for cocoa producers and their families, including reducing – and collectively working towards eliminating – the risks of child labour and cocoa-driven deforestation.

As a member of the International Cocoa Initiative, the Swiss Platform for Sustainable Cocoa, and the World Cocoa Foundation, Starbucks is committed to working with sector initiatives to advance effective solutions and strengthen our contribution to the cocoa sector.

We continue to source from cocoa farmers who achieve Rainforest Alliance certification, which sets human rights and environmental requirements aligned to global due diligence frameworks.

Addressing the salient challenges across the cocoa industry requires aligned collective action. As a signatory of the Cocoa and Forests Initiative Framework, Starbucks published in 2023 its action plan to end cocoa-related deforestation and its focus on community engagement and social inclusion. The action plan can be found [here](#).

## Tea

We are committed to responsibly sourced tea and to transparency of our tea supply chain. Since 2022 we have made public a complete list of the tea gardens that supply our tea. Our global tea sourcing team has maintained a consistently high sourcing volume of Rainforest Alliance Certified tea at 99.7% in 2023.

In addition to buying certified tea, Starbucks has invested in projects across five countries that support gender empowerment, water, sanitation and hygiene (WASH), youth education and environmental sustainability, each responding to specific needs in tea communities. These projects remain active in Rwanda, Kenya, Argentina, China, and Indonesia in 2023.

We have also worked with the Ethical Tea Partnership (ETP) since 2005 to collaborate with others in the industry to ensure that our tea is produced in a socially responsible way.

## **Stakeholder Engagement and Industry Collaboration**

During the fiscal year, Starbucks maintained responsible sourcing-related partnerships and collaborative engagement with the following organizations and initiatives:

- **The Cocoa and Forest Initiative (CFI):** The CFI aims to protect and restore forests that have been degraded, address the root causes of deforestation by investing in sustainable agriculture and improved incomes of cocoa farmers, and focus on strong community engagement and social inclusion with a particular focus on women and youth to promote an inclusive community based on management models. Since 2022, Starbucks has been a signatory to the Cocoa and Forest Initiative Framework.
- **The Rainforest Alliance (RA):** [The Rainforest Alliance](#) is an international non-profit organization working at the intersection of business, agriculture, and forests to make responsible business the

new normal. It aims to build an alliance to protect forests, improve the livelihoods of farmers and forest communities, promote their human rights, and help them mitigate and adapt to the climate crisis. In order to achieve and maintain Rainforest Alliance Certification, farms must undergo annual audits against a rigorous standard with detailed environmental, economic, and social requirements.

The Rainforest Alliance [2020 Certification Program](#) promotes an [assess-and-address](#) (A&A) approach and grievance mechanism for tackling human rights issues. This approach requires certificate holders to set up a committee responsible for assessing and mitigating risks of child labour, forced labour, discrimination, and workplace violence and harassment. The committee will monitor for signs of these violations and have access to training in how to remediate cases if identified through the Rainforest Alliance program.

Additional information on Rainforest Alliance Certified cocoa is [available here](#), and Rainforest Alliance Certified tea [available here](#).

- **Conservation International (CI):** Starbucks has been working with CI for more than 20 years, developing and applying the comprehensive set of environmental, social and economic guidelines we use to source ethical coffee. These guidelines, known as Coffee and Farmer Equity (C.A.F.E.) Practices, help us to evaluate and reward producers of high-quality, socially responsible and sustainably grown coffee. The program evaluates social practices such as good hiring practices and working conditions, and environmental practices such as conservation practices related to soil, water and biodiversity, and good environmental management.

In addition to C.A.F.E. Practices, our partnership goes beyond the coffee farm to protect rich, surrounding landscapes. By piloting innovative projects with coffee-growing communities, we are improving coffee production, conserving and restoring natural forests.

Conceived by Conservation International and Starbucks and launched during the 2015 Paris climate meetings with 18 founding partners dedicated to coffee sustainability, the [Sustainable Coffee Challenge](#) has since grown to over 160 partners from across the coffee sector.

The [Sustainable Coffee Challenge](#) convenes, unites and urges the coffee sector and conservation partners across the industry to spur the actions and investments necessary to make coffee the first sustainable agricultural product in the world. The Challenge is committed to stimulating demand for sustainable coffee across the value chain, from the policymaking level to the final consumer. By encouraging demand for sustainable coffee, it leads to investments that enable the transition to a sustainable production and ensuring the coffee we drink is a sustainable product.

- **Ethical Tea Partnership.** The [Ethical Tea Partnership](#) is a global membership organization that works to tackle tea's most pressing issues across economics, equality and the environment.
- **International Cocoa Initiative (ICI):** ICI works together with its members to innovate, catalyze and support the development and scale-up of effective policies and practices that promote human rights and that prevent or remediate child labour and forced labour.



- **Swiss Platform for Sustainable Cocoa (SWISSCO):** SWISSCO fosters collaboration between the cocoa and chocolate industry, the public sector, non-governmental organizations, and research institutes. Together, the members of the Cocoa Platform actively engage to improve the living conditions of cocoa farmers, to protect natural resources, and to promote biodiversity in cocoa producing countries. Participation, partnership, and transparency contribute to a sustainable cocoa value chain, for both present and future generations.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Starbucks Coffee Canada, Inc.

Full name      Lori Digulla

Title            Director and President

Date             May 30, 2024

Signature      *Lori Digulla*