

8 July 2016

Mission-led Business Review Call For Evidence

A response from Starbucks

Introduction

Thank you for the opportunity to contribute to the Mission-led Business Review. We note the Review's interest in supporting new and emerging businesses in the UK, but also that you welcome responses from organisations with a range of approaches to being a 'mission-led business' as this area is further defined.

Our response is informed by our commitment to creating global social impact in communities around the world. Since we began in 1971, we have believed building a great, enduring company requires being performance-driven, with a social conscience.

With 800 stores in the UK and more than 23,000 stores in over 70 countries, we continue to learn from our achievements and challenges in seeking to answer the question: what is the role and responsibility of a For-Profit Public Company? Our core belief is that building shared value lies at the heart of successful sustainability and financial performance is the price of admission for a business creating social impact.

We hope our views provide a useful perspective on the Minister's key questions, which we would be happy to discuss further:

- *How do businesses maintain their commitment to social impact as they grow?*
- *How do they share their message with consumers, employers and investors?*
- *What support do they need from industry and government?*

Our approach to creating social impact

For some time, we've felt companies can reinvent capitalism by re-imagining the ways in which we engage with communities, taking the skills and attributes that help us succeed in a competitive marketplace and putting the same resources and innovation into redefining corporate citizenship.

At Starbucks, it's clear to us we have our greatest potential for impact when we work with farmers, with our partners, customers, and like-minded organisations to move our industry forward.

Increasingly, our efforts are focused on sustainability linked to the areas critical to our business: ethical sourcing and building a future with farmers, community investments and creating pathways to opportunity for young people as well as environmental stewardship. We also believe these areas are important to our customers, our partners (employees), stakeholders and investors. Examples of our impact at scale, can be found in our Global Responsibility Report via the link: <http://www.starbucks.com/responsibility/global-report>

Some examples of our approach in the UK

Our vision to create positive change together with our partners, customers, suppliers and neighbours so that Starbucks and everyone we touch can endure and thrive, is evidenced in our commitment to creating opportunity for youth; to our commitment to our partners (employees) and to community service.

Opportunities for youth

Over 1,000 apprentices have joined our scheme since its launch in 2012, with many progressing in the business even to running their own stores. At the start of 2016 we extended our commitment to another 1,000 apprenticeships and announced higher level apprenticeships as well as professional qualifications so our partners can study to degree level, earning while they learn in disciplines such as management, digital and IT as well as in retail operations. At the same time, we introduced the opportunity to learn literacy and numeracy and language skills to support progression and employability for our partners.

Our 'Headstart with Starbucks' and 'Starbucks Youth Action' programmes run in partnership with charities The Challenge and UK Youth, have for several years supported thousands of under-25 year-olds to get community projects or volunteering efforts off the ground, at the same time improving their skills and prospects for employment including into real jobs at Starbucks. Meanwhile our partnership with Bite The Ballot encouraged civic engagement among young people in the approaches to the 2015 General Election and the European Referendum.

Supporting our partners (employees)

To assist our employees, particularly younger partners (half of our workforce is aged under 25 years old) with the costs of housing, we launched our Tenancy Deposit Loan in April 2016. This offers Starbucks partners (employees) a loan to cover their rental deposit. The Scheme was designed by Shelter and we believe we are the first private business to offer this to our employees. Still in its early stages, several partners have taken out the loan which is also supported by money management information provided by the Money Advice Service.

Having a positive impact in the communities we serve

The complexity of social issues mean they cannot be tackled by one organisation alone and working in collaboration and partnership are essential to achieving genuine social impact.

By working with local communities via local charity and NGO partners, we believe we can create more tangible, sustainable improvements. In the past year, we have supported more

than 250 charities across the UK providing funding, time and skills, and of course coffee, to help the delivery of their services.

Conclusion

As a business, we believe we benefit equally from this 'positive exchange' with our communities and that building shared value lies at the heart of successful sustainability. We see financial performance as the price of admission to create positive social impact but also that social responsibility is accretive to shareholder value. In a world where values increasingly drive consumer and employee loyalties, this innovation of the very nature of corporate-community relations is good business. Meanwhile, the more successful we are, the more we can do for our people and the communities we serve.

We have grown with these efforts to create positive social impact embedded throughout our business, from our stores to our support centres, rather than having a 'CSR department'. While we have a strong internal culture where our mission is well-understood among our partners, we believe we can do more to demonstrate our commitment to social impact to UK audiences.

While we are not perfect, we believe we've proven it's possible to build a world-class company with a conscience, by staying true to our mission, values and guiding principles, while we constantly re-examine the question of our role and responsibility as a For-Profit Public Company with a social conscience.

Now, more than ever before, corporations have the opportunity to extend their time, their products, their expertise, and their values in innovative ways. Governments and industry as a whole have a role to play in creating the environment where this entrepreneurship can flourish, in some instances regulating to create a level playing field and at others, providing recognition, encouragement and funding to incubate new business approaches.

We hope these views are helpful and we can continue this conversation as it is only through dialogue and collaboration that any of us can succeed as a truly sustainable business.