

Starbucks Spotlight Series:

Our Partner Promise

September 2024

Corporate Participants

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Hello everyone and thank you for tuning in. I'm Tiffany Willis, and my pronouns are she and her. I serve as senior vice president of Investor Relations here at Starbucks. As we strive to enhance our communication with shareholders, so we're excited to launch a new topical series called Spotlights.

Our Spotlights are intended to focus on topics that are of most interest to you – our shareholders and our inaugural Spotlight explores the foundation of our business – our partners.

Before we get started, I would like to take a moment and acknowledge our forward-looking statements.

As this Spotlight will include forward-looking statements which are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements. Any such statements should be considered in conjunction with cautionary statements in our earnings release and risk factors discussed in our filings with the SEC, including our latest annual report on Form 10-K and quarterly report on Form 10-Q. Starbucks assumes no obligation to update any of these forward-looking statements or information.

Now, to help provide some perspective on our efforts to make our Partner Promise a reality for all, I am joined by May Jensen, senior vice president of Partner & Labor Relations here at Starbucks. May is responsible for leading both the Partner Relations and Labor Relations teams, who collectively, are committed to supporting partners across the organization, including our beloved green apron partners.

So, May, welcome....and first, I have to ask, what is your go-to Starbucks drink?

May Jensen

svp, Partner & Labor Relations

Thank you Tiffany I am so proud to be here today and that you asked me to join you. My go-to Starbucks drink is always a Venti black tea, iced black tea, with no water and no sweetener. So, I like lots of caffeine packed into a very large cup to get my day going no matter what my day is.

Tiffany Willis

svp, Investor Relations

I like that—a lot of caffeine packed into a large cup. Well, thank you for being here and let's start with culture because here at Starbucks we have a strong culture and it's centered around employees, who we call partners. And so, reinvigorating the partner experience is an essential ingredient of our strategy, which includes a focused investment in enhancing the partner experience. So, I wanted to ask, can we just start with you sharing some of the most impactful changes you've seen related to these efforts thus far?

May Jensen

svp, Partner & Labor Relations

Absolutely, thanks for the question. So, partners have always been at the heart of our business. For more than 50 years, we have set ourselves apart as a different kind of company, we listen to our partners, and we understand that our success is a direct result of our partners' experience. Now, I haven't been here for 50 years, but I know we've had that commitment the whole time.

We are proud to provide our partners with industry-leading benefits and competitive compensation, and we are committed to continuing to enhance the partner experience every day.

Just as a note, over the past three years, we have invested nearly \$9bn to uplift the partner and store experience, with more than a third of that investment going directly our partners.

We have some great benefits we've invested in like faster accrual of paid vacation time, enhanced sick time and we've also established programs that help our partners with financial wellness. Examples are the Siren Card, a secured credit card designed specifically for our Starbucks partners, the Starbucks Savings plan which helps our partners achieve short-term savings goals directly from their paycheck and also on a daily basis we've improved partner staffing and scheduling practices that help partners more consistently get the hours and that schedules they need and want.

These efforts have helped us achieve the highest retention rates in our industry and our history, the highest levels ever. We have seen a positive shift in hourly turnover rates which decreased over 10% in FY2023 and are the same trend FY2024.

Let me tell you a little bit more about this trend. Within our stores, we've seen these positive metrics connected to store health and store performance. They've been related to improved partner scheduling, improved shift completion rates, a decline in critical store issues, and improved inventory management which just makes it easier to be a partner. All of our decisions are driven by precision partner-centric scheduling, sorry that's a mouthful, and scheduling efforts, we've achieved our most low post-pandemic low partner turnover rate and the best shift completion rate in two years and a 13% improvement in average hours per partner, which is now the highest on record year to date.

In regard to talent development and opportunity, we know this is an important topic to our partners. So, we are really proud that 69% of U.S. retail leadership roles in FY23 were filled from internal partners, which is a 9% improvement year-over-year. So, we continue to promote from within which is really valuable for us.

In FY24, we made additional investments in our partners development through programs like leader-led fireside chats and panel discussions, which provides our partners an opportunity to have visibility to Starbucks leaders and learn how they've grown their careers within Starbucks or even outside of Starbucks. We also have personal assessment tools, focused on our developmental indicators, and that allows partners understand where they are in their own growth journey and what they can focus on development if they aspire to have senior roles.

Looking forward, we continue to have plans to further invest in growing talent from within. We have an establishment of Starbucks Retail and Leadership Academy, which is a comprehensive development program for partners to really aspire to achieve each level and lead and grow through each transition. We also have more objective and precise tools that they can use to measure their own capabilities and readiness and support their successful transitions from one role to the next. We also want to continue to enhance our stores. So, the equipment-driven Siren System greatly simplifies tasks behind the counter across our beverage and food platforms, which enhances the partner experience and ultimately improves customer connection.

Recently we did roll-out our Siren Craft System, which streamlines those steps for creating orders, improves peak play-caller routines and leveraging digital tools to anticipate and meet customer demand.

All of these investments in our stores continue to be focused on making the partner experience as seamless as possible so that they can spend their time engaging with our

customers to create the best experience, which is really reflected also in our increased Customer Connection Scores.

Tiffany Willis

svp, Investor Relations

Great, I love the idea of establishing the Starbucks Retail and Leadership Academy. We always come up with so many innovative ideas on how to give back to our partners. In addition to these investments in the partner experience, I know firsthand that Starbucks is always investing in our partner culture—which brings me to collective bargaining. Now, given that there has been notable progress over the past year, May I wanted to know if you can you give us a little insight into a few of the milestones that we've achieved to-date, and maybe what's going, what's coming next, or shall I say...what's brewing?

May Jensen

svp, Partner & Labor Relations

I'd be happy to, thanks.

Starbucks believes that all partners have the right to make their voice heard. While we believe the direct relationship as partners is core to the culture and experiences that we create in our stores, we absolutely respect each partner's right to organize, to freely associate, engage in union activities and bargain collectively without fear of reprisal or retaliation.

As you may know, in 2023 we had an independent third-party assessment which provided us with several key themes. The assessment acknowledged the professional approach that Starbucks had taken in regard to labor relations but found we could do more to build a better relationship with the union, to progress the collective bargaining process and to provide enhanced training to our leaders.

So, our strategic investments aligned with recommendations from the assessment, include greater support through a dedicated labor relations team, and additional bespoke management training to ensure our leaders know how to uplift our partners and respect their voice, and we are also delivering on our commitment to achieve collective bargaining contracts in 2024.

So, Starbucks and Workers United have been meeting monthly to negotiate a foundational framework intended to be the foundation of each single-store contract across our certified stores. We are really hopeful that we will be able to finalize non-economic articles of the foundational framework in the very near future and then we will be able to move into bargaining conversations around economic topics.

We believe we will be able to achieve the foundational framework in 2024, which will allow us, Starbucks and Workers United, to achieve our stated aim of reaching ratified single-store contracts at the end of the year.

We are committed to providing all partners who wear the green apron a bridge to a better future whether they are represented or have a direct relationship with us.

Tiffany Willis

svp, Investor Relations

Now speaking of a bridge to a better future, there's the common phrase that the tone is set at the top. That's going bring me to the Board. I know, personally, we have an actively engaged Board here at Starbucks and they are deeply committed to helping us deliver on our mission and promises. And an example of that is the formed committee this fiscal year, that we call the Environment, Partner, and Community Impact Committee. So, refer to it as EPCI. Can you speak a little bit to the EPCI Committee's focus on partners?

May Jensen

svp, Partner & Labor Relations

Yes, sure thank you.

The Board, similar to our management team, keeps partners top of all of their minds. This is why we have an empty chair titled 'partner' which sits on the executive floor at our corporate office. The chair serves as a reminder for both our Board and our leadership team that every decision we make is through the lens of our partners.

To further this commitment the Board created the EPCI Committee to help focus and govern our leadership team's efforts on these critical areas.

The Committee was formed in November 2023, and has hit the ground running, with Beth Ford as Chair and Jørgen Vig Knudstorp and Daniel Servitje as Committee members.

This Committee is engaged in conversations and oversees strategies and actions related to partner and labor relations function. We're provided, sorry, we provide the Board with regular updates and the Committee's involvement doesn't stop there. They have oversight of internal and external reporting tools and assessments that Starbucks have conducted.

Tiffany Willis

svp, Investor Relations

Now, you mentioned board oversight of assessments and I just want to take a moment and pause and follow-up on that. Starbucks has always had a people first mentality, whether that extends beyond our walls to our customers, to our communities and even our suppliers. So as part of that commitment, Starbucks has commissioned its first

enterprise-wide independent Human Rights Impact Assessment. Can you just take a moment and give us some progress updates that have been made to date on that assessment?

May Jensen

svp, Partner & Labor Relations

We have always pursued ambitious goals and programs, and we've reported on our progress and opportunities with intention, transparency and accountability. As part of the commitment, we commissioned and published an independent Human Rights Impact Assessment executed by Article One in December of 2023.

As part of our commitment to accountability, we are focused on governance models and plans to build upon that foundation through policy, strategy and action. In FY24, we established a new governance structure to implement recommendations from the assessment with the Human Rights Accountability Council, which updates Starbucks Leadership and the EPCI Committee on an ongoing basis. The Council drives global alignment, accountability and decision-making across human rights issues.

We have made progress against assessment recommendations. For example, one of the recommendations was to expand partner listening sessions and assess partner sentiment through Partner Engagement Surveys. In FY23, we had 65% of US store partners participated in a Partner Experience Survey, which is an amazing amount of participation.

Another recommendation was to review and update all relevant human rights policies and standards, including ethical sourcing standards and codes of conduct. We are reviewing human rights-related practices, policies and standards to ensure consistency of our human rights expectations and principles across our business.

We always strive to lead by example, rooting our decisions and actions in our mission: With every cup, with every conversation, with every community – we nurture the limitless possibilities of human connection.

Tiffany Willis

svp, Investor Relations

Thank you, May. You gave us some great insights, updates and reminders including that our continued investment in partners is focused on elevating the experience we create for them, and in turn they create for our customers. Also, that we continue to progress on collective bargaining discussions with Workers United and are fully committed to the rights of our partners. And, lastly, Starbucks is focused on governance structures to support our labor relations and human rights efforts.

So, thank you so much for your time today, May and sharing your expertise on such an important topic in our inaugural Spotlight which featured our partners. And to those

listening, thank you for joining, and please check back on the IR website for our next Spotlight, as we plan to publish these on a semi-annual basis and provide insights on a different yet also sought-after topic that's important to you, our shareholders. And as always, please reach out investorrelations@starbucks.com with any additional questions or feedback you may have as we truly value your experience and feedback. Thank you.