

Starbucks Completes Issuance of Third and Largest Sustainability Bond

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The new \$1 billion Sustainability Bond will support Starbucks ethical coffee sourcing and its Greener Retail initiative

A portion of the funds will support a new \$20 million equity investment in responsAbility Investments AG as part of Starbucks Global Farmer Fund that supports coffee farmers and their communities

SEATTLE--(BUSINESS WIRE)-- Starbucks Corporation (NASDAQ: SBUX) today announced that it has completed issuance of a \$1 billion Sustainability Bond. It is the largest Sustainability Bond the Company has issued to date and follows two previously issued Sustainability Bonds in 2016 and 2017.

This press release features multimedia. View the full release here:

<https://www.businesswire.com/news/home/20190513005652/en/>

Funds from the bond will support Starbucks ongoing work around ethically sourced coffee, including its work around agronomy research and development and the donation of coffee trees to farmers. (Photo: Business Wire)

“We are very pleased to see that our new Sustainability Bond attracted significant investor interest and was

oversubscribed,” said Patrick Grismer, cfo of Starbucks. “The bond demonstrates Starbucks commitment to meaningful, continual progress toward our aspiration of sustainable coffee, served sustainably. It also illustrates a trend toward heavier interest from investors in our socially and environmentally focused projects – in this case supporting coffee farmers and leading in green retail.”

Grismer added that Starbucks leadership in social and environmental responsibility “is a defining element of who we are as a company. Our intent is that, by issuing a Sustainability Bond, we’re providing investors an opportunity to participate in our sustainability efforts, and our hope is that this inspires others to pursue more sustainability-related investing opportunities.”

Support for Coffee Farmers

As with the two previously issued Sustainability Bonds, funds will support ethically sourced coffee. The scope includes purchasing coffee that is verified by Coffee and Farmer Equity (C.A.F.E.) Practices; the continued development and operation of Farmer Support Centers and agronomy research and development centers in coffee-growing regions around the world; and new and refinanced loans to coffee farmers made through Starbucks \$50 million **Global Farmer Fund**.

New to the Starbucks Global Farmer Fund and supported by funds from the bond, Starbucks has partnered with the lending organization, responsAbility, on a \$20 million equity investment to provide financing to coffee communities in Latin America, Africa and Asia in the form of loans that can help replace old, less productive trees with new trees, buy new equipment, and take other actions to improve their coffee crops' quality and productivity.

"We are excited to have the Starbucks Global Farmer Fund as a significant investor," said Anand Chandani, Global Head of Agriculture Debt Financing at responsAbility. "We see synergies with Starbucks in building the sustainable coffee value chain, supporting smallholder farmer engagement and in fostering market linkages."

Greener Retail

As a new, expanded scope, the bond will also help fund the company's Greener Retail commitments, including its Greener Stores initiative, **announced in September**, to design, build and operate 10,000 Greener Stores globally by 2025. The open-source Starbucks Greener Store Framework, which Starbucks developed in partnership with World Wildlife Fund (WWF) and SCS Global Services, focuses on commitments to energy efficiency, renewable energy, water stewardship, waste reduction and more. In addition to Greener Stores, funds will also support investments in greener cups and packaging as Starbucks works to reduce our environmental footprint with such projects as the global rollout of strawless lids and identifying the next generation of recyclable and/or compostable cups.

According to Sustainalytics, which provided a **Second-Party Opinion** on the bond, Starbucks has aligned its Eligible Sustainability Projects in the new bond with the priorities outlined in the U.N. Sustainable Development Goals, established in 2015, as well as with the 2018 Sustainability Bond Guidelines (SBG).

"We applaud Starbucks efforts to broaden its social and environmental programs and to align its eligible projects with the U.N. Sustainable Development Goals," said Heather Land, executive director of Sustainalytics' Sustainable Finance Solutions team. "In addition, Starbucks inclusion of its Greener Retail initiative is a meaningful addition to its Sustainability Bond."

As with any Sustainability Bond and outlined in the Green Bond Principles, the company must report on how the funds are spent and the impact they have made against the initiatives. Starbucks will publish annual updates of the allocation of the proceeds throughout the term of the sustainability bond until the proceeds have been fully

allocated to projects meeting the eligibility criteria. These updates will be reported publicly at www.starbucks.com and may include additional descriptions of select projects funded with sustainability bond proceeds and their environmental and/or social impacts.

“Morgan Stanley is proud to support Starbucks in their third and largest Sustainability Bond in three years, and their continued commitment to the U.N. Sustainable Development Goals,” said Audrey Choi, Chief Sustainability Officer at Morgan Stanley, which acted as the Sustainability Structuring Agent and a joint book-running manager on the transaction.

“The market capacity to raise \$1 billion of earmarked funds directed to Starbucks existing and new sustainability objectives, including the design, construction and operation of 10,000 Greener Stores globally by 2025, demonstrates increasing awareness and growth of support of sustainability objectives amongst the investor community,” added Dolph Habeck, Head of ESG Debt Syndicate at Morgan Stanley.

The 30-year Sustainability Bond is part of a larger bond offering of \$2 billion, with another \$1 billion bond issued for general corporate purposes including the repurchase of common stock as part of the previously communicated \$25 billion shareholder return target. The issuance is in line with Starbucks commitment to a leverage cap of 3x lease-adjusted EBITDAR and a minimum credit rating of BBB+Baa1.

For more information on Starbucks priorities related to sustainable coffee served sustainably, visit [this piece](#) on Starbucks Stories. For more information on impact to date from past Sustainability Bonds, visit our website’s [environment](#) and [ethical coffee](#) sections.

About Starbucks

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with more than 30,000 stores around the globe, Starbucks is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique Starbucks Experience to life for every customer through every cup. To share in the experience, please visit us in our stores or online at <https://stories.starbucks.com/> and www.Starbucks.com.

Forward-Looking Statements

Certain statements contained in this release are “forward-looking statements” within the meaning of applicable securities laws and regulations, including statements about the expected closing of a public offering or senior notes and the use of proceeds of such offering. Such forward-looking statements are based on current management expectations and satisfactions of certain conditions that are subject to various risks and uncertainties, including

market conditions and those risks detailed in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section of the Starbucks Annual Report on Form 10-K for the fiscal year ended September 30, 2018, and the prospectus and prospectus supplement delivered in connection with the public offering of senior notes discussed in this release. The company assumes no obligation to update any of these forward-looking statements.

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