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Starbucks Coffee Announces New Coffee Sourcing Guidelines **Pilot Program Seeks to Integrate Environmental and Social Criteria into Future Coffee Purchasing**

SEATTLE/WASHINGTON, DC; November 12, 2001 — In a first for the coffee industry, Starbucks Coffee Company (Nasdaq: SBUX) today announced new coffee purchasing guidelines developed in partnership with The Center for Environmental Leadership in Business, a division of Conservation International (CI). The goal of the guidelines is to support Starbucks commitment to purchase coffee that has been grown and processed by suppliers who meet important environmental, social, economic and quality standards.

“Global coffee production can only be sustainable if it is economically viable, socially responsible and environmentally sensitive at all levels of the supply chain,” said Orin Smith, Starbucks president and ceo. “Over the past year we have been working on the sourcing guidelines and we feel they are an important step that will help increase production of high quality coffee and improve the health of the specialty coffee industry.”

To launch the guidelines, Starbucks will enlist the support of coffee suppliers who are sustainability advocates. Starbucks has instituted a flexible point system that rewards performance in sustainable categories. Points will be accrued based on a supplier’s ability to meet the sustainability guidelines, and suppliers who earn more points in the program will receive higher purchasing preference when Starbucks purchases green coffee. Starbucks has a long-standing practice of paying premium prices for coffee, and has always paid an average of at least \$1.20 per pound. As part of this practice, Starbucks will now provide additional premiums of up to ten cents per pound to vendors based upon how well their coffee samples meet the standards. These financial incentives will help to defray the costs incurred by participating suppliers. Suppliers wishing to participate will be required to provide independent, third party verification of their performance against the guidelines.

“With these guidelines, Starbucks is taking a leadership role in addressing the environmental and social issues surrounding the global coffee industry,” said Glenn Prickett, executive director of The Center for Environmental Leadership in Business. “We hope that the success of this program demonstrates to the rest of the coffee industry that they can benefit by producing coffee in a way that protects global biodiversity and improves the livelihoods of coffee farmers.”

Because significant changes in origin countries require flexibility and patience, the guidelines are being introduced as a pilot program for the 2002 and 2003 crop years. Feedback from participants will be used to make adjustments to the program and updates will be published at the completion of each year.

These guidelines are based on the following four criteria:

- **Quality Baselines:** All coffee offered by producers and suppliers must meet Starbucks quality standards in order to be considered for purchase. Maintaining the highest quality is an integral component of sustainability at all levels of the coffee supply chain.
- **Social Conditions:** The standards for coffee production should ensure protection from workplace hazards and conform to local laws and applicable international conventions related to employee wages and benefits, occupational health and safety, and labor and human rights.

- Environmental Concerns: Coffee growing and processing standards will contribute to conservation of soil, water and biological diversity; employ efficient and renewable energy technologies; minimize or eliminate agrochemical inputs; and manage waste materials consistent with the principles of reduction, reuse and recycling.
- Economic Issues: Coffee production and commercialization should benefit rural communities by boosting producer incomes, expanding employment and educational opportunities, and enhancing local infrastructure and public services. Vendors will be expected to provide reliable documentation regarding prices paid to their suppliers.

“Starbucks is excited about the opportunity to work with producers and exporters to create a healthier coffee market environment,” said Mary Williams, senior vice president, Coffee for Starbucks. “By establishing alliances with sustainability advocates, we will be able to ensure future supply of high quality coffee.”

The guidelines are based on the recently published *Conservation Principles for Coffee Production*, which were developed jointly by Consumer’s Choice Council, Conservation International, the Rainforest Alliance and the Smithsonian Migratory Bird Center. Starbucks and other industry leaders played an advisory role in the creation of these principles. Starbucks and The Center for Environmental Leadership in Business received important feedback from industry, academic and non-governmental organizations on the Starbucks guidelines. The Starbucks sourcing guidelines and all supporting documents can be found online at www.starbucks.com and www.celb.org.

“This initiative is part of a long-term partnership between Starbucks and Conservation International to promote methods of coffee production that help to conserve global biodiversity,” said Justin Ward, Director, Agriculture, Forestry & Fisheries for The Center. “These guidelines create opportunities to apply the lessons learned from our field project in Chiapas, Mexico, on a larger scale within the worldwide coffee industry.”

A major outcome of the partnership to date has been the availability of Shade Grown Mexico coffee in Starbucks stores and other retail channels. The production of Shade Grown Mexico coffee protects biodiversity while providing economic benefits for local farmers in the last remaining cloud forest in Southern Mexico. More about this partnership and about CI’s Conservation Coffee™ program can be found online at www.starbucks.com/ongoodgrounds and at www.conservation.org.

Starbucks Coffee Company is the leading retailer, roaster and brand of specialty coffee in the world. In addition to its retail locations in North America, Europe, the Middle East and the Pacific Rim, Starbucks sells coffee and tea products through its specialty operations, including its online store at Starbucks.com. Additionally, Starbucks produces and sells bottled Frappuccino® coffee drink and a line of superpremium ice creams through its joint venture partnerships. The Company’s other brands enhance the *Starbucks Experience* through best-of-class products: Tazo Tea Company offers a line of innovative premium teas, and Hear Music produces and distributes a line of exceptional compact discs.

The Center for Environmental Leadership in Business was formed in partnership with the Ford Motor Company to engage the private sector worldwide in creating solutions to critical global environmental problems in which industry plays a defining role. The Center promotes business practices that reduce industry’s ecological footprint, contribute to conservation, and create business value for the companies that adopt them. To find out more about The Center for Environmental Leadership in Business, go to www.celb.org.

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