

Diversity and Inclusion at Starbucks Canada

Final Report

For Distribution

The Diversity Institute undertakes research on diversity in the workplace to improve practices in organizations. We work with organizations to develop customized strategies, programming, and resources to promote new, interdisciplinary knowledge and practice about diversity with respect to gender, race/ethnicity, Indigenous Peoples, abilities, and sexual orientation. Using an ecological model of change, our action-oriented, evidence-based approach drives social innovation across sectors.



Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with stores around the globe, the company 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.

Table of Contents

- Foreword**..... IV
- Executive Summary** VI
- Background**..... 12
- Methodology** 18
- Starbucks Canada EDI Maturity Model** 21
- Findings and Opportunities**..... 25
 - Section I: Sustaining the Third Place 25
 - Section II: Fostering an Internal Culture of Equity and Inclusion 29
 - Section III: Strengthening Communities 40
 - Section IV: The Importance of Leadership 43

Foreword

Message from The Diversity Institute's Dr. Wendy Cukier

Communities are changing, and so are markets and talent pools. Increasing diversity - ensuring that the people who work and lead organizations reflect the communities they serve is recognized as a sound business practice. Equity – ensuring that people within the organization, those who supply the organization and those who buy and use its products, are treated fairly is another cornerstone. Inclusion – which ensures people feel comfortable bringing their whole selves to work, and feel welcomed, valued, and supported – is a key to a satisfied and productive organization.

More than ever, there is increased scrutiny of corporate advocacy and rising expectations that businesses, big or small, align their voice with their actions. In recent years, the links between strong equity, diversity, and inclusion (EDI) practices and business success have been reinforced. As a result, several are taking a hard look at where they are, where they want to go and how they compare within their industries. With competition ripe for talent, the quality of the workplace is key to attracting the best and the brightest. It is believed that diverse workforces help ensure companies are innovative, attract the best talent and continue to thrive, and as investor and consumer expectations increase, it's critical to have evidence-based reviews to demonstrate accountability.

Anecdotally, we knew that Starbucks Canada EDI policies were constantly evolving, and it had several “best in class” practices. For example, Starbucks Canada founded the first employer-led coalition to enable 40,000 youth facing systemic employment barriers to get meaningful employment. Like many, Starbucks Canada uses its corporate social responsibility programs to support initiatives in communities where it operates. DI had worked with Starbucks Canada in the past and seen first-hand the impact of its efforts. For example, during the Syrian refugee crisis in 2015, Starbucks Canada was among the first major corporations to offer targeted skills training and part-time and full-time jobs with benefits to Syrian newcomers. Through our Lifeline Syria Challenge, we worked to match privately sponsored Syrian newcomers to employment opportunities at Starbucks in Canada, and the company encouraged others to do the same.

Since 2019, Starbucks in the U.S. has commissioned an annual Civil Rights Assessment to thoroughly assess its policies, practices, and culture, including its actions to advance EDI. Building on this, Starbucks Canada asked the Diversity Institute (DI) in 2021 to conduct a similar assessment to evaluate every aspect of its business.

We were given unparalleled access to information and people within the organization and considered data on employee demographics, diverse hiring targets and how Starbucks spends

its money compared to its competitors. We reviewed over 180 policy, program and communications documents and spoke to many Starbucks partners across the company. This process gave us an opportunity to dig deeper – to look at the ways in which the organization develops and implements its strategies to advance EDI, the strengths and weaknesses of its approaches and opportunities to improve continuously. Using the “Diversity Assessment Tool (DAT)”, an evidence-based diagnostic tool informed by best practices of organizations around the world, DI undertook a systematic review of Starbucks existing policies, procedures, initiatives, and their implementation in Canada.

This report offers a comprehensive review of EDI across the entire organization and identifies opportunities for Starbucks Canada to further advance its goals to create an equitable, diverse, and inclusive workplace. The best EDI strategies are integrated into corporate strategies, and the DAT considers over 30 competencies across leadership and governance, human resources, culture, metrics, the value chain (including procurement, product and service design, marketing, and support), as well as community engagement and outreach. While it may not be perfect, Starbucks Canada has demonstrated a foundational understanding of EDI - committed to continuously improving its practices as they affect partners (employees), customers and communities. There is progress to be made, but it is abundantly clear that for decades, creating a welcoming third place environment has been core to its Mission to inspire and nurture the human spirit –one person, one cup and one neighbourhood at a time.

Further, we have long believed in what gets measured gets done, which is why we are also working to help Starbucks Canada expand the data it needs to inform its EDI strategy and provide a detailed understanding of its partners and their experiences as it relates to EDI. We helped shape its new EDI Census to collect baseline EDI data and information to support the development of future EDI strategies and develop policies, programs, and initiatives to address any concerns identified.

We also reviewed the recent pay equity audits conducted by Starbucks Canada, which reveal that they have achieved gender pay equity compliance. This is an important milestone. However, Starbucks needs to move beyond gender and collect disaggregated race data to have a more complete picture.

This partnership with DI is intended to create a roadmap for Starbucks Canada to inform its EDI journey moving forward considering current best practices and industry benchmarks. Creating lasting change is not simply all up to Starbucks Canada. It requires a commitment from the entire business community, all levels of government and others in the public sector. The company certainly has led by example, and we hope this will inspire other organizations to do the same.

Dr. Wendy Cukier

Professor, Entrepreneurship and Strategy, Ted Rogers School of Management
Director, Diversity Institute

Executive Summary

Background

Starbucks has been proactive in recognizing diversity from its early beginnings. In 1996, Starbucks made its commitment to Equity, Diversity, and Inclusion, explicit in its mission statement: “Embrace diversity as an essential component in the way we do business.” Since then, Starbucks has been setting a high standard for the implementation of diversity and inclusion principles across the globe. Notably, their mission is to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time. A standout among their many initiatives is their Third Place Policy, ensuring the creation and maintenance of a warm and welcoming environment where customers can gather and connect irrespective of whether they make a purchase.

Starbucks Canada has consistently followed a zero-tolerance policy against racism and other forms of discrimination. Some notable initiatives to support its broader efforts to advance inclusion, diversity, equity, and justice include:

- Introducing Partner Networks to Canadian operations (starting with the Pride Network in 2014; Women’s Impact Network in 2016; Black Partner Network, Indigenous Partner Network and Pan-Asian Partner Network in 2020).
- Delivering anti-bias training for all partners in June 2018, closing all company-owned stores to simultaneously train all partners.
- Implementing the Canadian Anti-Racism Plan in 2020, with specific actions announced by the Canadian Leadership Team.
- Establishing a dedicated Inclusion and Diversity (I&D) support function in 2020.
- Adopting the People-, Planet- and Profit-Positive frameworks.

Starbucks Canada Partners with the DI

Since 2019, Starbucks US has commissioned an annual Civil Rights Assessment to thoroughly assess its policies, practices, and culture, including its commitment to equity, diversity, and inclusion (EDI). Following in these footsteps, Starbucks Canada also began work with the Diversity Institute (DI) in 2021 to conduct a similar assessment.

Partnering with Starbucks Canada, DI conducted a comprehensive diversity assessment, examining Starbucks existing policies, procedures, initiatives, and their implementation in the Canadian jurisdiction. Information was gathered from consultations with partners, partner engagement surveys, internal and external document reviews, and an analysis of the corporate governance structure.

Over the past several years, EDI audits have been conducted in Canada and the US by different industry leaders, such as TD Ready Commitment Report, 2020; BMO Employment Equity Report, 2020; RBC Diversity & Inclusion Report, 2021; IBM Diversity & Inclusion Report, 2020; and Microsoft Global Diversity & Inclusion Report, 2021. These reports provide key facts and insights on employee demographic data, diverse hiring targets, community engagement and initiatives, and relevant strategic directions. Rather than simply a collection of EDI data, **the current Starbucks Canada assessment goes beyond these reports** by including an analysis of six EDI dimensions: internal governance structure, leadership and strategies, organizational values and culture, human resource policies and processes, diversity across the value chain, measurement and tracking mechanisms, and outreach activities. **This report offers a comprehensive review of EDI situations across the entire organization** and identifies opportunities for Starbucks Canada to further advance their relentless pursuit of an equitable, diverse, and inclusive workplace.

This report captures the current state of EDI across Starbucks Canadian stores and operations, identifying gaps and opportunities, and providing a baseline upon which future progress can be assessed. This partnership with DI is intended to create a roadmap for Starbucks Canada to inform its EDI journey moving forward taking into account current best practices and industry benchmarks. This work could form the basis of in-depth Racial Equity Audit including a partner survey (including demographic data) and a pay equity analysis.

Findings and Opportunities

As part of the EDI assessment, DI developed a Maturity Model for Starbucks Canada in terms of the effectiveness of the existing EDI policies, procedures, processes, documentation, and communications, as well as organizational capability and readiness to implement changes when required. The Maturity Model spans 5 levels from Minimal Compliance (level 1) to Strategic Integration (level 5). The findings suggest that Starbucks Canada is operating at a Foundational Demonstration Level (level 3), with EDI values demonstrated broadly with awareness of the benefits.

Rather than simply a collection of EDI data, the current Starbucks assessment builds upon and goes beyond past reports. Using the Starbucks US Civil Rights Assessment (CRA) as a template, this report strives to draw a comparative picture of what Starbucks Canada has been doing to promote EDI across various levels of Canadian operations. This report follows the structure of the CRA with four main sections:

- Sustaining the Third Place;
- Fostering an Internal Culture of Equity and Inclusion;
- Strengthening Communities; and
- The Importance of Leadership.

Sustaining the Third Place: There have been consistent approaches to establishing Starbucks as a third place environment, defined as “a warm and welcoming place, outside of our homes and workspaces, where we connect and build community.” The various Starbucks initiatives related to sustaining this third place atmosphere demonstrate their commitment to EDI across the organization, such as:

- Revised Third Place Policy;
- Anti-Bias Curriculum and Training sessions;
- Canada-specific *Partner Resources Manual* and *Partner Guide – Store Edition* focused on EDI;
- Inclusive Design Philosophy; and
- Partner Engagement Surveys (PES) to elicit feedback from partners.

However, the opportunity remains for Starbucks Canada to improve their practices. For example, Starbucks Canada could expand and improve its data collection efforts. It is strongly recommended that Starbucks Canada conduct a net new EDI Survey to collect baseline EDI data and information. Following this initial broad data collection, Starbucks could continue monitoring sentiments using their existing Partner Engagement Survey (PES). Also, to enable self-identification and tracking of existing partner and candidate demographics, Starbucks Canada can use (and/or, integrate where possible) the Applicant Tracking System (ATS) and Partner Central (current HRIS system for existing partners).

It will also be essential to instill partner trust in the EDI data collection process. For this, Starbucks Canada could clearly outline the need and purpose of the data collection along with how these data will be stored, managed, and used. Perhaps the most significant way to build trust in the process would be to share the Canadian Leadership Team self-identification data both internally and externally.

Fostering an Internal Culture of Equity and Inclusion: Starbucks Canada follows a global Career Model for its retail and support partners, specifying behavior expectations and development indicators. To support its implementation within store operations, Starbucks Canada leverages the Ops Excellence Guide, which enables a partner to stand out at their current level and set them up for success in moving to the next-level role. This guide also summarizes how a partner can play an integral role in creating a culture of warmth and belonging by offering transparency; showing respect to each other; and acknowledging and responding to the needs of others – which eventually ensure EDI throughout the organization. Moreover, Starbucks performance evaluation is driven through the lens of humanity and is based on three main elements: Achieving Results, Helping Others Succeed, and Living [Starbucks] Mission and Values. In FY21, Starbucks incorporated a new set of measurements into the US executive compensation programs focused on sustainability and building inclusive and diverse teams, which resulted in the increase of the individual performance factor (IPF) of the Annual Incentive Bonus Plan from 30% to 50% of the overall payout calculation.

Starbucks has taken consistent approach to attain its goal of third place environment (defined as “a warm and welcoming place, outside of our homes and workspaces, where we connect and

build community”). Thus, to nurture a culture of inclusion, Starbucks Canada provides mandatory training sessions for retail partners on *Maintaining the Third Place*. During *First Sip*, the first conversation of a partner Starbucks journey, new partners are also introduced to the Partner Networks and their associated events and activities. In Canada, Starbucks has nine Partner Networks. In 2021, Starbucks held the first Partner Network Leadership Summit for US & Canada network leaders, and they repeated the event in April of 2022. To support its partners, Starbucks Canada has been offering comprehensive mental health and wellness benefits, including training sessions for its leaders to help partners, especially during the pandemic. Also, Starbucks Canada adopted a set of policies around Anti-Discrimination and -Harassment as well as Anti-Retaliation to complement the Standards of Business Conduct and Starbucks Global Human Rights Statement.

Furthermore, the recent pay equity audits conducted by Starbucks Canada (e.g., Ontario, Québec) reveal that the organization has achieved gender pay equity compliance. Those pay equity audits meet and exceed legislative requirements in every province. In addition to its internal efforts, Starbucks Canada also joined the *Blueprint for Gender Equality Leadership in the Canadian Private Sector* project along with other leading employers to co-create a clear roadmap to achieve gender equality, and address pay equity issues.

However, there are opportunities for improvement. To further address systemic barriers impeding equal pay for equal work, Starbucks Canada can collect disaggregated race data to conduct pay equity audits in terms of race. It is recommended that Starbucks develop a dedicated policy to facilitate the hiring of members from various equity deserving groups as part of their diverse hiring strategy. Also, DI recommends the use of Partner Central (existing HRIS system) to gain valuable information about any trends in the gender or race of departing partners.

Strengthening Communities: Starbucks has adopted several initiatives to promote inclusive hiring, which are considered best practices in the industry. For instance, Starbucks Canada has partnered with national employers to form a coalition to enable 40,000 youth facing systemic employment barriers to get meaningful employment in the following five years.

Some of the unique community initiatives include:

- The launch of MentorME (a collaboration between MENTOR Canada and the Black Business and Professional Association supported by Starbucks Canada with an investment of \$100,000), a national mentorship program for Black youth,
- An initiative to hire refugees over three years, along with other national employers (e.g., Paramount Fine Foods, Ikea),
- The national expansion of the Starbucks FoodShare program, rescuing 100 percent of the food available for donation to provide people in need with ready-to-eat meals and eliminating food waste from Starbucks stores, and
- The Starbucks Foundation’s Neighbourhood Grants program offers grants to various local organizations nominated by partners based on criteria that promote EDI, Youth and Environmental concerns.

Further, in March 2022, Starbucks announced a new global framework: People Positive, which aims to enhance the well-being of all who connect with Starbucks. This framework also laid the groundwork for Starbucks goal to uplift 1 billion people by 2030. Over the coming years, Starbucks Canada will help contribute to the different areas of focus in alignment with its strategy and based on market relevance. This global framework is founded on three pillars: Inclusion, Opportunity, and Community, and includes the following commitments:

- a. Inclusion commitments:
 1. All markets will meet global inclusive employment principles
 2. Build an inclusive and equitable supply chain model by establishing verification standards that provide value for all across the supply chain
 3. Every built and digital Starbucks environment will meet an inclusive design standard by 2030
- b. Opportunity commitments:
 1. 100% of partners have access to education, training, and networks to advance social and economic mobility
 2. Enable a living income for C.A.F.E. Practices farmers through improving farmer profitability, advancing income diversification, and strengthening community wellbeing
 3. \$100M investment in emotional wellbeing support systems for all partners
- c. Community commitments:
 1. Open 1,000 community stores globally and engage 1M community champions by 2030
 2. Expand food security across Starbucks 100 global markets and all coffee origin communities

To strengthen origin communities (where Starbucks coffee beans and tea leaves are procured), Starbucks developed the Coffee and Farmer Equity (C.A.F.E.) Practices. The open-source verification program is designed to promote economic transparency, social responsibility, environmental leadership, and the quality of the beans. Starbucks also launched a Supplier Diversity Program through which it buys from diverse suppliers and initiates projects in partnership with various organizations that range from opportunity fairs and business development roundtables to supplier development projects.

The Importance of Leadership: Starbucks Canadian Leadership Team fully recognizes the importance of ensuring EDI across the organization. For example, the Leadership Team launched their Anti-Racism Plan in 2020 focused on four pillars: support for current and future partners, support for Starbucks Canada's communities, educating internally to be anti-racist, and zero-tolerance for discrimination. The plan also identified actionable implementation steps, including collecting demographic data to establish a baseline, identifying gaps, defining key performance indicators, and establishing an objective monitoring and tracking mechanism.

However, the opportunity remains for Starbucks Canada to collect and report demographic data for both the partner base and the Canadian Leadership Team. This will help reinforce

Starbucks Canada's commitment to EDI goals and targets by understanding baseline demographics and developing informed and targeted approaches to improving the representation of equity-deserving groups.

Starbucks Canada can also consider becoming a signatory for the Government of Canada's 50-30 challenge to leverage tools and resources to increase the representation of "women and/or non-binary people and other equity-deserving groups (including those identifying as Racialized, Black, and/or People of Color ("Visible Minorities"), People with disabilities (including non-apparent and episodic disabilities), LGBTQIA2+ and/or gender and sexually diverse individuals, and Aboriginal and/or Indigenous Peoples)" in its leadership team. This work could be further supported by the development of an EDI Business Case to clearly communicate the value of this work across all organizational levels and publicly.

Background

Starbucks Journey towards Equity, Diversity, and Inclusion

Starbucks has been proactive in recognizing diversity from its early beginnings. One of their major steps in embracing equity, diversity and inclusion was when they included a new pillar in their mission statement back in 1996: “Embrace *diversity* as an essential component in the way we do business.” Starbucks commitment to diversity was also demonstrated in their work with communities. For example, they joined forces with Magic Johnson in 1998 to create economic opportunity and a stronger sense of community in underserved neighbourhoods. Since then, Starbucks has been setting a high standard for the implementation of diversity and inclusion principles across the globe.

Perhaps the most significant initiative was the roll out of the revised Third Place Policy – ensuring the creation and maintenance of a warm and welcoming environment where customers can gather and connect irrespective of whether they make a purchase. This aligns with the mission *to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time.*

A key point in Starbucks equity journey was an incident in Philadelphia when two Black men, Donte Robinson and Rashon Nelson, were arrested in a Starbucks store in April 2018. Following the incident, Starbucks immediately announced that it would close its more than 8,000 US company-owned stores on May 29 to provide mandatory training to nearly 175,000 of its partners, i.e., their employees.

Later, Starbucks US conducted a Civil Rights Assessment, with Covington & Burling, LLP and the US Attorney General Eric H. Holder, Jr., to thoroughly assess their policies, practices, and culture, including its commitment to EDI. The resulting *Civil Rights Assessment (2019)* identified four key areas for change: (1) Sustaining the Third Place, (2) Fostering an Internal Culture of Equity and Inclusion, (3) Strengthening Communities, and (4) The Importance of Leadership. The report also noted the importance of re-examining Starbucks progress in these four areas. Covington published progress reports in 2020 and 2021 assessing Starbucks operations, policies, and planned initiatives. In its 2020 progress report, Covington noted that Starbucks “has sustained its commitment to leadership on issues of civil rights and diversity and fulfilled many of the commitments and recommendations described in the 2019 Report, in some cases going beyond what [they] recommended”.

Starbucks Canada: Taking a Proactive Approach

Across the border, Starbucks Canada also paid close attention to the situation in Philadelphia, along with the steps taken by its US counterpart. Starbucks Canada has always taken a proactive stance against racism and all kinds of discrimination – be it in the workplace or the community, perhaps reflecting the more ethnically and culturally diverse Canadian context. As a result, Starbucks Canada made a significant investment following the incident in the US to also close all of its stores in Canada to implement anti-bias training, given the importance of that training to its values.

Starbucks Canada’s journey towards a diverse and inclusive workplace has been a long one and the important milestones are summarized in the following table (see Figure 1):

Table 1

Diversity and Inclusion Milestones for Starbucks Canada

Year	Milestones
2014	Launch of first Partner Network in Canada: the Pride Network.
2016	Launch of Women’s Impact Network in Canada.
2018	Announcement of the Starbucks Third Place Policy, defining a customer as anyone who enters a Starbucks space regardless of whether they make a purchase.
	Closure of approximately 1,100 Canadian company-operated stores on June 11, 2018 to offer anti-bias training to its partners.
	Launch of Starbucks I&D Council in Canada.
	First national employer-led coalition founded by Starbucks Canada and aimed at hiring disadvantaged youth. The goal is to connect 40,000 NEET (Not in Employment, Education or Training) youth facing systemic employment barriers, to meaningful employment in the next 5 years.
2019	Publication of Starbucks principles on upholding the Third Place.
	Led the first multi-employer Refugee hiring event in conjunction with TENT, WES, the Refugee Jobs Agenda Roundtable, the City of Toronto, and a coalition of employers (e.g., Paramount Fine Foods, Ikea) to hire refugees.
2020	Creation of a dedicated I&D support function in 2020.
	Launch of three new Partner Networks: Black Partner Network, Indigenous Partner Network and Pan-Asian Partner Network.
	Launch of an internal series of Courageous Conversations with thousands of partners, external guest speakers and subject matter experts.
	Rolling out of the Third Place and Anti-Bias Curriculum.

	Commitment by The Starbucks Foundation to invest \$1 million in Neighbourhood Grants to promote racial equity and create more inclusive and just communities.
	Inauguration of MentorME – a unique collaboration between Starbucks Canada, MENTOR Canada and the Black Business and Professional Association to develop a national mentorship program for Black youth.
	Development of the Anti-Racism Action Plan.
	Upgradation of the existing Flexible Work Options Program Guide to accommodate Hybrid Workplace Program.
2021	Enhancement of the existing Anti-Retaliation Standard that establishes an environment where retaliatory behavior is not tolerated.
	Development of a Career Advancement roadmap to support and prepare partners to meet their career goals, as well as new improvements made to the Career Model.
	Launch of a new Partner Network, NEXT at Starbucks, to support and empower the next generation of Starbucks leadership.
	Partnership with DI to conduct a thorough EDI assessment of Starbucks policies, procedures, processes to identify gaps and opportunities and providing a baseline upon which future progress can be assessed.
	Announcement to launch three new Partner Networks in Canada: <ul style="list-style-type: none"> • Hora Del Café Partner Network to celebrate the Latinx culture, develop partners and positively impact customers and communities; • Canadian Armed Forces Partner Network to welcome, engage and empower Starbucks veterans, military spouses, and advocate partners in cultivating a strong community that embraces veterans in the workplace; • Disability Advocacy Partner Network to foster a community of awareness, inclusion and accessibility for partners with apparent and non-apparent disabilities.

As part of their ongoing journey against racism, Starbucks Canada closed approximately 1,100 Canadian company-operated stores on June 11, 2018 to offer anti-bias training to its partners. The four-hour training session focused on sharing experiences with each other, learning from experts, reflecting on existing societal biases, and highlighting how partners can create a safe and welcoming space for everyone.

The Canadian Leadership Team have also played a key role in addressing racism and discrimination. For example, in response to the events in Philadelphia, the team adopted precautionary measures and immediately committed to the following three actionable steps:

1. Educating within to be anti-racist by:
 - Connecting within teams quarterly;
 - Launching the Courageous Conversations Speaker Series;
 - Requiring anti-bias training annually; and
 - Celebrating diversity through partner and customer-facing events.
2. Support for current and future partners by:
 - Creating a dedicated Inclusion & Diversity focus for Canada;
 - Supporting the Black Partner Network;
 - Setting new hiring and selection processes; and
 - Committing to career development and advancement.
3. Support for BIPOC communities by:
 - Funding community programming focused on Black youth;
 - Dedicating community service;
 - Evolving to Coffee with a Community Leader; and
 - Supporting Black-owned businesses.

These actionable steps develop the crux of the 2020 Starbucks Canada Anti-Racism Plan which builds on the zero-tolerance policy for any kind of discrimination. The quest to ensure equity, diversity and inclusion does not stop here for Starbucks Canada – to fully materialize the plan and mobilize the resources required, they have also created a dedicated I&D support function in 2020. To bolster their commitment to anti-racism and anti-discrimination, Starbucks Enterprise has announced their People-, Planet- and Profit-Positive Framework:

“The People-Positive vision is to cultivate an inclusive environment where everyone belongs. This includes empowering our partners with opportunities to pursue their aspirations while living our mission and values, acting with empathy and compassion and sharing in our success.”

Starbucks EDI Goals and Targets

The global People-Positive Framework aspires to *Enhance the well-being of all who connect with Starbucks, striving to uplift 1 billion people by 2030* – and achieve the following:

- Commit to increase spend to \$1.5 billion with diverse suppliers;
- Invest \$100M in emotional and mental support for all partners by 2030;
- Lead in inclusive and accessible in-store and digital experiences;
- Open 1,000 community stores globally;
- Enable food security across 100 global markets and coffee-growing communities;
- Uplift the lives of 1 million women and girls in origin communities; and
- Expand grant program to 25,000 neighbourhoods around the world.

Starbucks Canada Partners with the DI

In 2021, Starbucks Canada began work with Toronto Metropolitan University's DI to assess its EDI performance.

For over 20 years, DI has undertaken numerous evidence-informed policy innovation and change management initiatives in organizations across sectors. As a part of the Ted Rogers School of Management, DI works closely with for-profit, non-profit and public-sector organizations to understand the business case for diversity and inclusion and to develop customized strategies and tools to harness inclusion as a driver for success. DI's action-oriented, evidence-based approach is advancing knowledge of the complex barriers faced by women and non-binary individuals, racialized, Black, and/or people of color, people with disabilities (including non-apparent and episodic disabilities), LGBTQIA2+ and/or gender and sexually diverse individuals, and Indigenous Peoples. DI is leading practices to effect change and produce concrete results as it is related to diversity in inclusion in organizations. The Institute's flagship project, DiversityLeads, provides more than thirteen years of data on gender and diversity on executive boards and in leadership roles, across six sectors (corporate, non-profit, public sector, education, health care, and agencies, boards and commissions) focusing on best practices and tools to drive organizational change. Moreover, DI has a national reach with ten regional hubs across the country and program delivery in both official languages. DI has led a range of large, complex, multi-stakeholder projects, as well as in-depth projects for individual organizations over the last 15 years. The work has covered diverse sectors including: healthcare, foundations, government agencies, real estate, consumer, retail, and more.

DI conducted a comprehensive diversity assessment, examining Starbucks EDI journey to date, considering the unique context of equity-deserving groups in Canada. This work could form the first phase of a more in-depth Equity Audit. Additional components should likely include an analysis of partner survey data, including the collection of demographic or self-identification data and a more thorough examination of representation and partner compensation at different levels throughout Starbucks (pay equity analysis).

Purpose of this Assessment

This report captures the current state of EDI across Starbucks Canadian stores and operations, identifying gaps and opportunities and providing a baseline upon which future progress can be assessed. Using the Starbucks US Civil Rights Assessment as a template, this report strives to draw a comparative picture of what Starbucks Canada has been doing to promote EDI across various levels of Canadian operations.

Over the past several years, EDI audits have been conducted in Canada and the US by different industry leaders, such as TD Ready Commitment Report, 2020; BMO Employment Equity Report, 2020; RBC Diversity & Inclusion Report, 2021; IBM Diversity & Inclusion Report, 2020; Microsoft Global Diversity & Inclusion Report, 2021 and so on. These reports provide key facts

and insights on employee demographic data, diverse hiring targets, community engagement and initiatives, and relevant strategic directions.

Rather than simply a collection of EDI data, the current Starbucks assessment goes beyond these reports by including an analysis of six EDI dimensions: internal governance structure, leadership and strategies, organizational values and culture, human resource policies and processes, diversity across the value chain, measurement and tracking mechanisms, and outreach activities. This report offers a comprehensive review of EDI situations across the entire organization and identifies opportunities for Starbucks Canada to further advance their relentless pursuit of an equitable, diverse, and inclusive workplace.

How to Navigate the Report

This report follows the structure of the Civil Rights Assessment and includes findings and opportunities for:

- Sustaining the Third Place
- Fostering an Internal Culture of Equity and Inclusion
- Strengthening Communities
- The Importance of Leadership

The **DI Insights Corner** in each section provides highlights of the findings and recommended areas of growth and improvement. The report also contains an EDI maturity model for Starbucks Canada and EDI benchmarks across industries.

Methodology

This report provides an objective assessment of Starbucks Canada’s current policies, processes, practices and initiatives against established EDI standards and best practices.

Recommendations to advance EDI across the organization and its ecosystem are also provided. Specifically, this report seeks to answer four key questions through a Canada-specific as well as a global lens:

1. Are Starbucks policies, procedures, and initiatives (and their implementation) sufficient to provide an equitable, non-discriminatory workplace for partners and third place environment for customers, consistent with applicable laws, regulations, and established best practices?
2. Are there areas where Starbucks is leading in terms of championing the cause of EDI? Furthermore, would refinements to existing programs or new initiatives support Starbucks to become a more equitable and inclusive company, for partners and communities it serves, consistent with its mission and values?
3. Does the Company have sufficient mechanisms in place to monitor effectiveness going forward?
4. Are there areas of improvement as well as opportunities that Starbucks Canada can leverage to become an industry leader in upholding key EDI values?

The Customized DI Diversity Assessment Tool (DAT)

The Diversity Assessment Tool (DAT) is a framework developed by DI to apply a gender and diversity lens to assess an organization’s practices, processes, and policies across six dimensions:

1. Leadership, Governance and Strategy
2. Human Resource Processes
3. Values and Culture
4. Measurement and Tracking
5. Diversity across the Value Chain
6. Outreach and Expanding the Pool

To assess Starbucks Canada’s EDI performance, DI researchers completed a customized version of the DAT looking at:

- Structure and composition of the Board of Directors, Executive Leadership team and the Canadian Leadership Team;
- Consultations with senior leadership and support partners (deep dive meetings with relevant teams);

- Findings from recent partner surveys (including Partner Engagement, Partner Life and Partner View Surveys); and
- Internal and publicly available documents.

The Diversity Institute’s EDI Maturity Model

DI assessed Starbucks Canada’s current EDI maturity, based on all available data and information. The findings suggest that Starbucks Canada is operating at a Foundational Demonstration Level, where EDI values are demonstrated broadly with awareness of the benefits.

DI’s EDI Maturity Model assesses an organization in terms of the current effectiveness of EDI policies, procedures, processes, documentation, and communications, as well as organizational capability and readiness to implement changes when required. Each of the six DAT dimensions are assessed against the criteria provided in Table 2. A maturity score is determined for each DAT dimension on a scale from 1 to 5 (with 5 indicating the most advanced maturity). Each DAT dimension is further divided into more granular DAT Competencies, as shown in Table 3. Subsequently, the maturity level for each individual dimension is aggregated to calculate the organizational maturity level. The following table explains the metrics, approach and extent of leadership involvement used by DI to identify the EDI maturity level of an organization:

Table 2

The Diversity Institute’s EDI Maturity Model Criteria

	<i>Maturity Level</i>			
	<i>1. Minimal Compliance</i> <i>2. Regulatory Compliance</i>	<i>3. Foundational Demonstration</i>	<i>4. Advanced Implementation</i>	<i>5. Strategic Integration</i>
Metrics	EDI values are implemented to adhere to regulatory requirements	EDI values are demonstrated broadly, with awareness of the benefits	EDI values are implemented broadly, but with opportunities for improvement	EDI values are integrated comprehensively across all levels of policies, processes, and practices
Approach	Reactive	Aspirational	Operational	Sustainable
Leadership Involvement	Limited leadership involvement for EDI values and practices	Leaders demonstrate goals and responsibilities for EDI	Leaders are held accountable for enforcing EDI values and practices	Leaders are expected to lead inclusively and holistically with EDI values

The DI Maturity Model is developed based on the six DAT Dimensions and the competencies under each dimension. A complete list of DAT Competencies is detailed in the following table:

Table 3

The Diversity Institute’s EDI Maturity Model Competencies

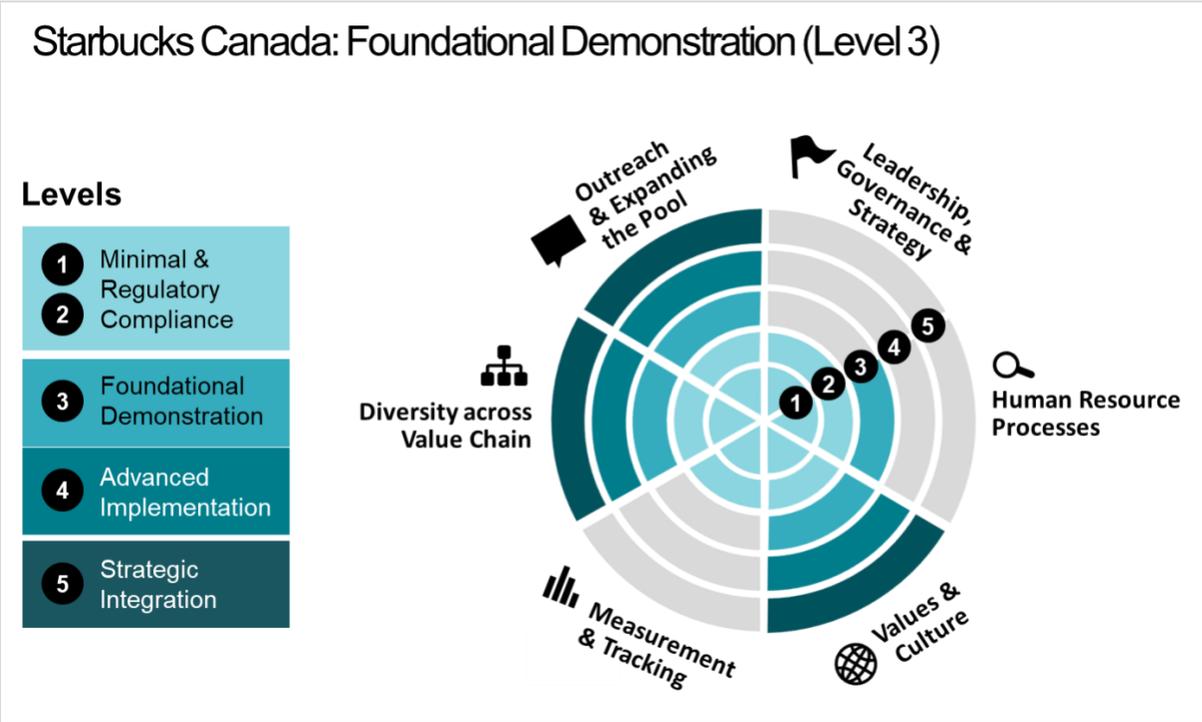
<i>DAT Dimension</i>	<i>DAT Competency</i>
<i>Leadership, Governance and Strategy</i>	Business Case
	Leadership Representation
	Strategy
	Policies
	Communications
<i>Human Resource Processes</i>	Recruitment and Onboarding
	Retention, Promotion, Separation
	Appraisal and Performance Monitoring
	Career Progression
	Learning and Development
<i>Values and Culture</i>	Policies
	Organizational Culture
	Organizational Flexibility
	Organizational Support
	Mental Health and Wellbeing
<i>Measurement and Tracking</i>	Metrics
	Diversity Targets
	Employee Engagement
	Pay Audits (includes Pay Equity)
	Benchmarking/Baselining
<i>Diversity across the Value Chain</i>	Procurement
	Supplier Relationships
	Internal and External Communications
	Customer Service
	Marketing
<i>Outreach and Expanding the Pool</i>	Community Engagement
	Stakeholder Communications
	External Relationships and Corporate Social Responsibility (CSR)
	Partnering to Build the Pipeline
	Consultations

Starbucks Canada EDI Maturity Model

After a thorough investigation and careful consideration, it was determined that **Starbucks Canada is operating at the Foundational Demonstration Level (Level 3 of 5)**. See Figure 1 and Table 4 for more information about the maturity level for each DAT dimension.

Figure 1

Starbucks Canada EDI Maturity Model



EDI are embedded in the mission and vision of Starbucks. Starbucks has long prioritized and encouraged its Third Place Policy, providing a welcoming and inclusive environment for all. The strategies, processes, and priorities of Starbucks reflects its commitment to EDI. Particularly, Starbucks has formalized EDI policies that serve its diverse stakeholders, including partners, customers, vendors, suppliers, local communities, and shareholders. **While areas of improvement exist, Starbucks current policies and processes have the potential to serve as a foundation for best practice across the industry.** This partnership with DI is intended to create a roadmap for Starbucks Canada to inform its EDI journey moving forward.

Table 4

The Diversity Institute EDI Maturity Model for Starbucks Canada, with Rationale

DAT Dimension	Maturity Level	Rationale
Leadership, Governance and Strategy	Level 2 (Minimal and Regulatory Compliance)	Due to the absence of: <ul style="list-style-type: none"> • EDI Business Case • Canadian Leadership Team representation data and accountability
Human Resource Processes	Level 3 (Foundational Demonstration)	Due to the absence of: <ul style="list-style-type: none"> • Publicly available demographic data for partners • Specific EDI targets for diverse hires (number of partners to be hired based on EDI parameters) • Dedicated policy document on hiring from the various equity-seeking and racialized groups (women, Black peoples, Indigenous Peoples, LGBTQIA2+, persons living with a disability, etc.) • Mechanism to track gender and racial diversity of departing partners • Accessible website; Signing stores • Evidence of hiring persons living with a disability • Creed-related time-off policy
Values and Culture	Level 5 (Strategic Integration)	Due to the presence of: <ul style="list-style-type: none"> • Comprehensive set of policies that ensure EDI values are communicated and respected • EDI-focused Mission and Vision statements • Leadership communications • Frequent and timely training sessions • Easily accessible and abundant resources on EDI • Organizational flexibility and support through Modern Workplace initiatives • Partner Networks
Measurement and Tracking	Level 2 (Minimal and Regulatory Compliance)	Due to the absence of: <ul style="list-style-type: none"> • Benchmark/Baseline EDI data • Diversity and inclusion data tracking using ATS and Partner Central (existing HRIS) • Diversity targets for Starbucks Canada

		<ul style="list-style-type: none"> • Canadian Leadership Team representation data • Publicly available demographic data breakdown for partners
<i>Diversity across the Value Chain</i>	Level 5 (Strategic Integration)	<p>Due to the presence of:</p> <ul style="list-style-type: none"> • Strong quality control and EDI focused procurement policy (C.A.F.E. Practices) • Supplier Diversity Program • EDI-centered internal and external communications (Leadership communications, roll out of revised Third Place Policy, thriving I&D resources, etc.) • Excellent training modules on providing world class customer service (Maintaining the Third Place) and Inclusive Space Design
<i>Outreach and Expanding the Pool</i>	Level 5 (Strategic Integration)	<p>Due to the presence of:</p> <ul style="list-style-type: none"> • Partner Networks • Strong outreach and community engagement initiatives and platforms (The Starbucks Foundation, the Community Champion program, MentorME, Refugee Hiring Program, National Employer-led Coalition for hiring diverse youth, National Food Rescue Program, etc.)

<i>DI Insights Corner – Starbucks EDI Maturity Model</i>	
<ul style="list-style-type: none"> • Starbucks Canada has reached Strategic Integration (Level 5) in their pursuit to promote EDI causes for three of the six DAT Dimensions: <ul style="list-style-type: none"> ○ Values and Culture ○ Diversity across the Value Chain ○ Outreach and Expanding the Pool <p>It is recommended that Starbucks Canada continue (and expand, where possible) EDI-specific initiatives including Supplier Diversity Program, Partner Networks, Starbucks Foundation, etc.</p> • Starbucks Canada has reached Foundational Demonstration (Level 3) for the Human Resource Processes dimension and Minimal and Regulatory Compliance (Level 2) for Leadership, Governance and Strategy and Measurement and Tracking dimensions. 	

- **DI recommends that Starbucks Canada:**
 - **Develop their own EDI Business Case** and share both internally and publicly, showcasing in stores and other company owned facilities, and include in job postings.
 - **Publicly publish demographic breakdown** of the partner base. Priority should be given to publicly sharing data about the leadership team. In addition, publish specific and timebound EDI targets for diverse hires to ensure inclusive and equal employment opportunities.
 - While Starbucks has met current provincial and federal legislation to ensure pay equity where applicable, **Starbucks should continue to lead by conducting pay equity audits that exceed legislative requirements.** Considerations could include ensuring pay equity in terms of both gender and race.
 - **Open more accessible and signing stores** in selective locations.
 - **Expand approaches to employ persons living with a disability.**
 - **Develop a dedicated policy document** to ensure a structured hiring process for candidates from various equity-seeking and racialized groups (women, Black peoples, Indigenous Peoples, LGBTQIA2+, persons living with a disability, etc.)
 - **Conduct a standalone, baseline I&D survey** to collect EDI data across the organization. Subsequently, this can be integrated with existing survey mechanisms (Partner Experience Survey), ATS (for candidates), and Partner Central (HRIS system for existing partners) to enable future tracking and measurement. Baseline data would provide a picture of representation across various levels of the organization and identify opportunities to improve representation over time.
 - **Collect and publish demographic data for the Canadian leadership team.** This may instill trust in partners regarding the use of their demographic data.

Findings and Opportunities

Section I: Sustaining the Third Place

There have been consistent approaches to establishing Starbucks stores as a third place environment, defined as “a warm and welcoming place, outside of our homes and workspaces, where we connect and build community.” Starbucks processes, strategies and culture are driven by its efforts to establish and sustain this third place environment. To achieve this mission, Starbucks recognizes the key role its partners play. Thus, Starbucks strives to empower its partners and instill the idea of living the mission. Leaders at Starbucks are trained to mentor and guide partners in identifying their career goals, creating a plan, and monitoring their progress.

Starbucks ensures that partners understand the various aspects of creating and maintaining the third place environment. Towards this end, leaders and partners receive mandatory training on how to address disruptive behavior to ensure Starbucks is a welcoming place for all. Partners at Starbucks are consistently reminded of the value of diversity and what it means to be inclusive.

The DI examined practices and operations related to the Third Place Policy at Starbucks. The analysis focused on training, documents, and operations to understand the current state and identify potential gaps and opportunities for improvement.

An Empowered Workforce Striving to Provide an Exceptional Customer Experience

Implementation of New Third Place Policies

Starbucks has consistently prioritized their partners, customers, and communities regarding their safety and well-being, and protecting their dignity. They have revised their Third Place Policy to further promote EDI and above all deepen a human connection as a community. Starbucks provides training to its retail partners as well as supports partners on the new policy and made it publicly available:

“A safe and welcoming public space is a shared community responsibility. Consistent with our Mission and Values, we expect everyone who visits our third place community to treat others with respect and dignity, free of bias and discrimination. Behaviors that make anyone unwelcome or unsafe have no place on our store premises. We trust our baristas to address disruptive behaviors appropriately guided by our existing policies and training.”

Third Place Training and Anti-Bias Curriculum

Starbucks Canada has also offered various interactive training modules, as well as discussion guides for retail partners, including baristas, store supervisors, store managers, district managers and regional directors, to support the new Third Place Policy. These training modules and discussion guides focus on everyone's roles and responsibilities in ensuring a warm and inclusive store environment by following the ACT model:

- Assess the situation
- Consider your response
- Take action

This model clearly sets out expected behaviors in different scenarios, offer instructions on how to deal with disruptive behaviors and help remove any confusion or obstacles to provide an exceptional *Starbucks Experience*.

Starbucks Canada has taken numerous initiatives to strengthen its commitment towards ensuring a bias- and racism-free environment for all. As part of this, they have developed a *Canada Anti-Racism Plan* outlining the actionable steps to counter bias and racism. To support the plan, they launched a bi-monthly *Courageous Conversation Speaker Series* via their *Workplace* platform, where guest speakers and subject matter experts discuss various topics including anti-Black racism. This series started with a focus on anti-Black racism, however, since FY21, it has broadened its scope and evolved to be inclusive of other communities who face their own set of challenges rooted in bias and marginalization. All partners can access the series through the I&D Partner Hub page, along with follow up resources and suggested actions to help partners grow as individuals, professionals, and leaders.

Inclusive Space Design

Starbucks is committing to design, test, and scale more inclusive design standards and experiences across its store portfolio, starting in the US and then expanding standards globally, with the goal of ensuring that physical and digital Starbucks environments will meet an elevated standard of accessibility by 2030 which is in alignment with the Starbucks People Positive commitments.

Listening to Partners

Starbucks frequently solicits feedback from its partners on workplace culture, career advancement, discrimination, and diversity and inclusion. Starbucks currently conducts three different surveys: Partner Experience Survey (PES), Partner Life Survey, and Partner View Survey. PES is their primary recurring survey and seeks to gather information about partner experiences of work culture, belonging, workload, discrimination, pay compensation, career advancement, diversity and inclusion, and local community engagement opportunities.

Leading with Empathy During COVID-19

During the pandemic, to support leaders and partners navigate changes, Starbucks encouraged its leaders to build trust with partners and lead with authenticity, logic, and empathy. Besides, leaders at Starbucks were introduced to concepts such as the *Trust Triangle* to help them create a foundation for their leadership transitions. Leaders were provided with questions and sample answers to help them understand how to lead with authenticity, logic, and empathy.

Starbucks also conducted inspiring leadership moments brainstorming sessions with retail leaders. The session asked leaders to share and reflect on leadership experiences to generate insights for developing a path forward for their store. To help leaders lead with empathy during the COVID-19 pandemic, Starbucks provided common questions and answers such as partner hours, compensation, and additional pay related to store closures.

Workplace safety

Starbucks has created an approach to Joint Health and Safety Committees (JHSC) to comply with the government mandate in Canada. The JHSC is created in each Canadian store and “helps to raise awareness of health and safety issues in the workplace, recognizes and identifies workplace hazards and develops recommendations to address these hazards”. The committee identifies and communicates workplace hazards to prevent and eliminate injuries in the workplace. The key responsibility of the committee is to monitor compliance with health and safety requirements.

While the composition of the JHSC varies by province in Canada, they typically consist of a store manager and hourly partners representatives. Members of JHSC receive mandatory training and recertification as necessary. District managers or store managers schedule monthly JHSC meetings.

DI Insights Corner

- Starbucks US has achieved 100% gender and racial Pay Equity. Starbucks Canada is also committed to the Starbucks global goal of ensuring Pay Equity.
- In the short term, Starbucks Canada can improve their onboarding manuals and guidebooks to include any steps taken to date to ensure pay equity.
- Starbucks has developed an Inclusive Design Philosophy which is being adopted by the Store Development teams globally. DI recommends that Starbucks Canada start rolling out the inclusive stores as soon as possible.
- Although Starbucks currently collects some demographic information as part of their PES, the major focus remains on five key dimensions about the work environment: My Team, My Manager, My Company, My Job and My Pay & Benefits.

- It is strongly recommended that Starbucks Canada conduct a new, standalone I&D survey, to collect demographic data (for specific identity variables), along with questions related to physical and mental safety, wellbeing and support, accessibility options, incidents of discrimination and harassment, and systematic discrimination and/or unfair treatment at the workplace.
- DI has highlighted best practices as well as recommended the options suitable for Starbucks Canada in collecting, storing and managing EDI data. Please refer to **Section II: Fostering an Internal Culture of Equity and Inclusion** of this report for more details (sub-section: New Standalone I&D Survey > Collecting Baseline I&D Data).
- This information will allow Starbucks Canada to better understand the experience of partners from equity-seeking groups and establish baseline data.
- Subsequently, selected questions of interest can be embedded into the existing PES to enable future comparison and trend analysis.
- The leadership team can play a vital role in this endeavor by completing the self-identification portion of the survey and sharing the results across the organization. This approach would 1) demonstrate the company's commitment to EDI from the top and, 2) instill partner trust in the data collection process and further strategic actions.
- To improve participation rates, it is recommended that the nine Partner Networks be leveraged – to spread the word and communicate the value of participating in the surveys.

Section II: Fostering an Internal Culture of Equity and Inclusion

Starbucks is committed to fostering a diverse and inclusive workplace that reflects the communities Starbucks serves. Starbucks recognizes that diversity is about taking steps to employ partners from a broad array of backgrounds and experiences, and that equity is about ensuring all partners are empowered to succeed. Starbucks has already implemented a wide variety of policies, programs, and initiatives aimed at strengthening workplace diversity and inclusion.

To identify potential gaps and opportunities for improvement, DI evaluated several aspects of the Company's approach to equity and inclusion in the workplace. Specifically, DI researchers assessed Starbucks policies and procedures encompassing recruitment, hiring, promotions, pay, benefits, partner communications and engagement.

Valuing Diversity

Partner Base

Starbucks Canada has over 1,400 licensed and company-operated stores with over 23,000 Canadian partners.

Pre-Hiring

Publicly Available Pre-hiring Information

Starbucks partner roles can be broadly classified into three main categories: retail, retail leadership (includes district managers, regional directors and above), and support (corporate roles). Potential applicants can visit the Starbucks career page to search jobs and learn Starbucks culture and values. The Canadian Starbucks Career page highlights various awards Starbucks has received, including the 2018 World's Most Ethical Companies, 2018 Fortune World's Most Admired Companies, 2019 Glassdoor's Best Places to Work, and Lifetime Recognition – Waterstone Canada's Most Admired Corporate Culture. Further, the career page also includes an accessibility support statement:

“Starbucks Corporation is committed to offering reasonable accommodation to job applicants with disabilities. If you need assistance or an accommodation due to disability, please contact us at: applicantaccommodation@starbucks.com.”

It also includes the following equal opportunity statement:

“Starbucks is an equal employment opportunity employer of all qualified individuals. Starbucks does not discriminate based on race, colour, religion, sex, national origin, age, physical or mental disability, sexual orientation, marital status, military/veteran status,

gender identity and expression, genetic information or any other basis protected by local, provincial, or federal law.”

Job postings found through Starbucks job search engine as of August 2022 also state that “qualified applicants with criminal histories will be considered for employment in a manner consistent with all federal, provincial, and local ordinances.”

Job Postings and Candidates Management

For job postings, hiring managers at Starbucks review job descriptions in terms of roles and responsibilities. For roles outside of Retail (e.g., support teams), hiring managers, with the support and guidance of their talent acquisition specialist and Partner Resources business partners, review the description to make sure that the language is inclusive for all candidates, particularly candidates from the equity seeking groups. However, job descriptions for retail roles (barista to regional director) are standardized.

For support partners, Starbucks has developed a standard that outlines what competitive job posting should include, below the vice president role. The standard highlights that all jobs will be advertised both internally and externally. Also, hourly job postings (for barista and shift supervisors) are always open for candidates to apply.

Selection

To consider candidates for vacancies, Starbucks Canada adheres to a set of frequently asked questions that work as a guideline for hiring managers to ensure diversity and inclusion have been considered. Furthermore, Starbucks Canada has adopted their global inclusive approach for hiring and selection: *Inclusive Recruitment – Leading as A Diversity Strategist* and delivered necessary training to all Canadian support partner people leaders as well as district manager and above in FY21, with ongoing quarterly sustainment training sessions. This approach includes hiring managers’ training sessions, reference manuals and exercises to equip them with the necessary knowledge and skillset to:

- create a diverse interview panel;
- reflect on the value of workforce diversity; and
- familiarize themselves with common interview and workplace biases.

Training and Retention

Onboarding and Training

All programs developed under the Third Place Policy are mandatory and global in nature with slight differences based on the country contexts (e.g., Canada vs. US).

During the initial onboarding sessions, partners are introduced to the vision and mission of Starbucks, including Partner Networks and their events and activities. For support partners,

Starbucks Canada arranges these virtual sessions with various global teams facilitated by the Starbucks Partner Experience team.

Starbucks Canada has a specialized training session in place for the retail partners, *Maintaining the Third Place*, that includes a detailed set of activities to help partners to understand potential disruptive situations and how to take appropriate action. These activities include a wide range of scenarios such as shoplifting, obscene and abusive behavior, viewing inappropriate content at stores, drug or alcohol use, and customers sleeping in patios or lobbies. This training module also outlines the roles and responsibilities of baristas, shift supervisors, store managers, district managers, and regional directors – therefore, making it easy for partners to understand what makes Starbucks the third place community.

Retention and Career Advancement

In 2021, Starbucks consulted and solicited feedback from over 40 partners from retail, support, leadership, and non-leadership roles in Canada on advancement and acceleration programs and mentorship. Based on these consultation findings, Starbucks Canada developed a roadmap to implement different career advancement initiatives to better support and prepare partners to meet their goals.

Promotion

Career Model

Starbucks has developed a global career model for its retail and support partners. The model outlines behavior expectations and development indicators for retail and support partners. In addition to self-evaluation, partners can use their routinely conducted Performance and Development Conversations (PDC) with leaders to discuss their career aspirations and evaluate their progress. Leaders and partners are encouraged to view these regular check-ins as an opportunity to share successes and generate insights. The Development Indicators developed by Starbucks outline three main areas of self-assessment for career advancement: leading self, others, and business. The self-assessment indicators differ based on roles.

Internal Movement

Starbucks encourages internal movement and emphasizes career development opportunities. They have developed an enterprise policy for support partners known as the Internal Partner Movement Standards. This Standard outlines the requirements and eligibility criteria under which a support partner is eligible to move to a non-store job through promotion, demotion, reclassification, transfer, and time-limited assignments. While this policy was introduced for support partners in the summer of 2021, Starbucks plans to introduce a similar policy for retail partners in conjunction with the new ATS and hourly partner hiring process.

Performance Indicators and Evaluation

Starbucks emphasizes their belief in a growth mindset; hence, they have identified a set of developmental indicators to build successful people leaders. These indicators focus on areas

that enable a partner to stand out at their current level and set them up for success in moving to the next-level role (e.g., barista > shift supervisor > store manager > district manager > regional director).

Starbucks performance evaluation is driven through the lens of humanity and is based on three main elements: Achieving Results, Helping Others Succeed, and Living [Starbucks] Mission and Values. An EDI lens is embedded in the performance evaluation through a focus on behaviors aligned with Starbucks mission and values. This growth mindset encourages partners at different levels to learn, own, and advise (i.e., how they can help others) as leaders help with teaching, coaching, and encouraging partners in their career trajectories.

Communications

For support partners and retail leaders (district manager and above), the *Growing Together* newsletter shares the names of partners who have transitioned to new roles. The newsletter also highlights:

- Currently available opportunities at Starbucks;
- Partner and I&D development content;
- Mental health and wellness content;
- Partner Network updates; and
- Community opportunities.

Separation

For support partners leaving Starbucks, Starbucks conducts exit interviews, where feedback is collected and typically provided to the appropriate business partner and leader. This feedback helps the business leader identify trends and build plans to address them. For retail partners, the store managers are prompted to identify the reason(s) for partner departure and provide comments during the separation process.

Pay Equity

Starbucks has developed “pay equity principles – equal footing, transparency and accountability” to address pay equity gaps. In the US, Starbucks achieved its goal of 100% pay equity (equal pay for people “performing similar work”) in terms of gender and race in 2018. In 2019, Starbucks announced that it has reached 100% gender pay equity compliance in Canada and China.

Status of Pay Equity Legislations in Canada

Pay discrimination on the grounds of gender is prohibited (men and women must get equal pay for same kind of work performed) by Human Rights legislation in British Columbia, Alberta, Ontario, Saskatchewan and equal pay for same or similar work (*equal pay for work of equal*

value) is a requirement of employment standards legislation in Ontario, Manitoba, Saskatchewan, Yukon, Newfoundland, and Northwest Territories.

Both Ontario and Quebec have Pay Equity acts in place: Employment Standards Act, 2000 for Ontario and Pay Equity Act, 1996 for Quebec.

Under the Ontario Employment Standards Act (ESA), 2000, subject to certain exceptions, “an employer cannot pay one employee at a rate of pay less than another employee on the basis of sex when they perform substantially the same kind of work in the same establishment, their work requires substantially the same skill, effort and responsibility and their work is performed under similar working conditions.” However, “The ESA does not prevent employers from paying employees of the same sex different rates of pay for equal work. Note that other legislation, such as the Ontario Human Rights Code, may prohibit employers from paying employees of the same sex different rates of pay for equal work on other grounds not addressed in the ESA.”

In Quebec, the Pay Equity Act “is to redress differences in compensation due to the systemic gender discrimination suffered by persons who occupy positions in predominantly female job classes... This Act applies to every employer whose enterprise employs 10 or more employees... However, regardless of the number of employees, every employer shall submit a report on the implementation of this Act in his enterprise, in the cases and subject to the conditions prescribed by regulation of the Minister made after consultation with the Commission and the pay equity advisory committee.”

This standard is commonly referred to as “equal pay for equal work.”

Pay Equity and Starbucks Canada

Lori Digulla, general manager of Starbucks Canada, penned an open letter to all Canadian partners to offer an update on pay equity at Starbucks Canada:

“In 2018, Starbucks committed to achieving 100% Pay Equity globally. In Canada, the expectations are even higher and farther reaching as we aim to achieve “equal pay for work of equal value”. I’m pleased to confirm once again this year that Starbucks Canada is pay equity compliant. We have adopted a set of principles and best practices to address systemic barriers and ensure we do not have any gender wage gaps. Our compensation practice also requires each role to have a set pay-grade regardless of the partner who fills the position, and we review and validate our pay-grades both internally and against external market data annually.”

Starbucks Canada’s pay equity audits meet and exceed legislative requirements in every province. For example, the pay equity assessment conducted in Québec evaluated pay scales, hourly rates, incentive compensation programs, benefits, gender predominance, etc. Further, when Starbucks introduced a new job evaluation process in 2016, the Starbucks Canada system was adjusted to meet pay equity requirements.

In addition to its internal efforts, Starbucks Canada also joined the **Blueprint for Gender Equality Leadership in the Canadian Private Sector** project along with other leading employers to co-create a clear roadmap to achieve gender equality and address pay equity issues.

Partner Networks

The Starbucks Partner Networks, beginning with the LGBTQIA2+ partner affinity group, are partner-led groups that bring together people with shared identities and experiences, along with allies, to promote a culture of inclusion and contribute to the success of the Company's partners and business.

In Canada, Starbucks has nine Partner Networks, which all include approximately 500 members, and together capture approximately 10% of the partner population. Starbucks also hosts a monthly forum where co-chairs congregate to collaborate and share insights and concerns. The Annual Partner Network Leadership Summit (since 2021) invites external guest speakers to share their experiences, knowledge, and skills to support the development of the Partner Network leaders across both the US and Canada.

Through its various initiatives, the Starbucks Social Impact team has cultivated an extensive roster of external partner organizations that both inform and support the implementation of its initiatives and expand its networks across communities in Canada.

Discrimination and Harassment Policies and Procedures

Starbucks Canada has committed to create and maintain a workplace and work environment that is safe, discrimination- and harassment-free for all. As part of this commitment, they have adopted a set of standards, policies, and procedures, adhering to the *Starbucks Global Employment Policy*.

The *Global Employment Policy* supports partners by specifying the relationship between Starbucks and its partners. The *Anti-Discrimination / Anti-Harassment Standard – Canada* supports the *Global Employment Policy* by prohibiting discrimination and harassment, including bullying, in the workplace. The standard details the conduct and behaviors that constitute prohibited discrimination or harassment, the procedures for reporting a violation of this standard, and the remedial measures that will be taken in response.

Additionally, Starbucks Canada has adopted the *Workplace Violence Standard – US & Canada* which defines various types of violent and threatening conduct and behaviors, along with the proper reporting and investigation processes.

To streamline the process, Starbucks Canada has developed a structured set of procedures in the *Complaint Procedure: Discrimination, Harassment, Retaliation and Workplace Violence – Canada* document. This document defines the specific steps a partner must follow in response to discriminatory, harassing or retaliatory conduct, violence or threats of violence.

The Starbucks Canada team has also developed the *Anti-Retaliation Standard – Canada* to ensure that partners and others engaged in company business are aware of the specific types of conduct that constitute retaliation. This standard also helps to establish an environment where retaliatory behavior is not tolerated.

Starbucks Canada has always tried to adhere to broader company policy documents including the *Global Human Rights Statement* and the *Standards of Business Conduct*. An interactive training session on anti-discrimination, anti-harassment and anti-retaliation was provided for its Canadian partners to support this work in February 2021.

Partner Benefits and Initiatives

Partner Benefits

People leaders at Starbucks play a critical role in guiding and supporting career development and transition for partners.

- Leaders at Starbucks are trained on the bilingual mental health and wellness services that are available for partners. In Canada, up to CAD \$5,000 extended mental health benefits per year is available to partners.
- During the more difficult initial days of COVID-19, Starbucks Canada underwent a dynamic transformation with respect to their store operations and procedures. For example, Starbucks Canada arranged training sessions through their Alumni network, in the form of 1:1 coaching and career transition services to ensure continuity of support and mentoring for partners.
- Since the start of the pandemic and through FY21, Starbucks provided service pay, catastrophe pay, benefits continuation, expanded mental health support, expanded backup childcare support, and food and beverage allowances. Additionally, Starbucks provided up to two hours of paid time off for partners get their vaccine, for up to three doses, as well as up to 4 hours of paid time off if partners experience vaccine-related side effects and miss a scheduled shift within 48 hours of receiving the COVID-19 vaccine or booster dose.
- Starbucks Canada developed infographics and one-pager documents highlighting practical advice on job hunting including developing online profiles, to support departing partners during this time.

Starbucks also offers several benefits to its partners in terms of compensation, health care, tuition reimbursement, family expansion, and employee assistance programs.

Modern Workplace and Flexible Work Options

Leading through uncertainty

Starbucks recognizes that the world is going through an unprecedented time. COVID-19 has required public health officials to implement policies to require people to work from home where applicable. Starbucks teams have offered flexible work options, such as alternative work schedules and telecommuting, to align with new policies and continue to provide the *Starbucks Experience* to partners, customers, and communities.

For this purpose, Starbucks Canada has developed *Leading through uncertainty*, intended to establish foundational principles and actions to support partner leaders to take their teams through times of uncertainty or crisis. This document outlines what it means to lead at Starbucks, connect with empathy, communicate change, lead inclusive teams, and build resiliency. It also includes a set of reflection activities to help leaders evaluate where they are and what steps they can take to help their team.

Flexible workplan and scheduling discussions

As part of this leadership initiative, Starbucks Canada has developed a *Flexible Workplan Discussion Guide for Support Partners – Canada*. This discussion guide acts as a toolkit to support both the needs of the partners and the business, understanding that both are critical to creating a plan that enables a balance of work, personal, and other family responsibilities.

Ensuring Inclusion while Working Remotely

Starbucks Modern Workspace is a unique approach to ensure EDI are maintained through this shift to the online space, with three pillars:

- Cultural environment (mindsets, norms, and behaviors in connecting with one another)
- Physical environment (the physical space where Starbucks partners and support partners interact)
- Digital environment (the tools and technology Starbucks is using to ensure collaboration and coordination)

With these three pillars in mind, Starbucks has developed a guide to ensure inclusion and equity in the digital space, titled *Digital Inclusivity: Guidance for Productive Meetings*. This guide offers various ways and tips to work effectively in a virtual work environment and outlines the importance of inclusion in the virtual environment.

Furthermore, it encourages team leaders to create working agreements for virtual meetings (e.g., using the chat function, turning the camera on) and outlines how to use technology responsibly and in a culturally acceptable manner (e.g., blurring backgrounds, sharing files via chat vs. email, etc.).

New Standalone I&D Survey

Collecting Baseline I&D Data

It is strongly recommended that Starbucks Canada conduct a new, standalone I&D survey, to collect demographic data (for specific identity variables), along with questions related to physical and mental safety, wellbeing and support, accessibility options, incidents of discrimination and harassment, and systematic discrimination and/or unfair treatment at the workplace.

Starbucks Canada can consider the collection of additional identity variables to better understand the experience of partners from equity-seeking groups.

There are **three options** for the collection of these identity variables:

1. Leverage the PES to include additional items specific to identity
2. Conduct a net-new survey specific to identity factors
3. Collect additional data in the ATS for candidates and in Partner Central (HRIS) for existing partners.

All options would provide Starbucks with the opportunity to:

- Use robust identity data to garner a more comprehensive understanding of experiences at Starbucks from the partners' viewpoint
- Use this robust data to shape future EDI strategies and develop specific policies, programs, and initiatives to address any concerns identified
- Provide disaggregated data to examine the potential impact of intersectionality (where multiple identities work together to compound barriers or lead to discrimination beyond what might be experienced based on individual identities alone)
- Provide baseline data for future comparisons and monitoring change over time
- Identify key indicators for benchmarking and to inform an EDI Maturity Model for the Starbucks Canada team.

Partners may be reluctant to participate, due to the nature of the data collected. This is where the leadership team can play a vital role. It is strongly encouraged that leaders complete the self-identification data and publish a summary both internally and publicly to: 1) strengthen the company's commitment to EDI and 2) instill partner trust in the data collection process and future strategic actions.

Inclusion information should be combined with self-identification data to determine areas of improvement across various levels of the organization.

The recommended option would be to conduct a Net New Survey. Subsequently, Starbucks could select priority areas of interest and include additional questions in the PES, and self-identification capabilities within the ATS and Partner Central accordingly. This will allow

Starbucks Canada to track EDI data, assess progress and develop organizational strategies on a continuous basis.

Sharing Key Survey Results with the Respondents

Sharing both key survey results and concrete steps that have been taken as a result of the survey will be key to building trust with partners, as well as buy-in for future data collection. Regular communications will demonstrate the commitment of the Canadian Leadership Team to advance EDI causes and address feedback from survey participants.

<p><i>DI Insights Corner</i></p> <ul style="list-style-type: none">• Starbucks US has publicly published the composition of their partner base in their Annual Reports for the last few years. Starbucks Canada can also follow this approach and publish this data (for example, in Annual Reports or as Starbucks Stories). This could help boost the morale of partners from diverse backgrounds and encourage others to apply for jobs at Starbucks, helping to expand their talent pipeline.• Publishing partner base data could be coupled with diversity targets and communicated to strengthen the company’s stance against racism and discrimination.• To step this work beyond what is currently published in the US, Starbucks Canada could also consider collecting and publishing results regarding sexual orientation.• It is recommended that Starbucks Canada create a system to track the applicants’ demographic information. This would allow hiring managers to filter candidates based on their diversity data to target candidates from various equity-deserving groups.• Starbucks Canada may also wish to develop a dedicated policy document to facilitate hiring of members from the LGBTQIA2+ communities as well as persons with disabilities as part of their diverse hiring strategy. Employment and Social Development Canada has several ongoing projects to help employers hire persons with disabilities. These projects offer financial resources as well as knowledge and information for the employers about how to support employees with disabilities.• It is recommended that Starbucks Canada track the gender and racial diversity of departing partners, to examine any trends by demographic group.• Starbucks may also wish to consider establishing a consistent approach to interviewing, documenting, and analyzing the exit interviews to uncover patterns about what is working and what needs to be improved.• Starbucks US has announced the achievement of 100% pay equity in terms of gender and race. Starbucks Canada has achieved 100% pay equity in terms of gender.• It is strongly recommended that Starbucks Canada collect disaggregated race data to conduct pay equity assessment in terms of race.• Starbucks US has developed an internal policy paper on pay equity principles. Starbucks Canada may also wish to consider this approach to:<ul style="list-style-type: none">○ Continue to communicate the importance of achieving 100% pay equity internally and externally;

- Further strengthen the commitment from the top to ensure EDI; and
- Act as a guideline to develop strategies, identify actionable items and monitor frameworks.
- Starbucks has opened signing stores in the US, China, and Malaysia and also employed over 100 partners with disabilities in China. Starbucks Canada may wish to follow their lead and open signing stores in key locations and employ persons living with a disability.
- Starbucks Canada can adopt accessible design for its website using the guidelines outlined by the Association of Registered Graphic Designers of Ontario (RGD Ontario).
- Starbucks US has developed the Starbucks College Achievement Plan in partnership with the Arizona State University, where all eligible US partners will receive 100% coverage of tuition fees along with coaching, counseling, and advising. The plan covers 100+ bachelor's degree programs offered online.
- In Canada, eligible partners can apply for tuition reimbursement up to CAD\$1,000 per year. Starbucks Canada may look at opportunities and conduct a feasibility study to partner with a Canadian University to offer complete tuition coverage.
- Starbucks Canada can consider creating “Creed-related time-off” policies for its partners. “Creed related time off” refers to accommodations that can be made to allow employees to request time off for religious holidays and observances that do not coincide with the holidays already provided by the employer. This type of policy uses floating holidays, lieu time, vacation days or unpaid days to create flexible work environments for all types of employees. The City of Toronto currently has a similar policy in action.

Section III: Strengthening Communities

A central concept in Starbucks business practice has been the idea of “scale for good”, which seeks to make a more meaningful difference with respect to social issues. Accordingly, EDI has factored strongly into Starbucks outreach programmes and external relationships including with government, trade associations, research institutes, non-governmental organizations, and partner agencies.

How Starbucks Canada is Strengthening its Communities

The design and development of community programs involves a multifaceted process. Priorities are clarified through a “grassroots process” informed by retail partners and their communities. There are multiple communication channels for this information, **including a growing roster of Partner Networks** that support the cultivation of a sense of belonging across the company.

Examples of EDI-focused community programs launched and scaled by Starbucks include:

- **Canada’s First National Employer-led Coalition:** Starbucks Canada founded and launched Canada’s first national employer-led coalition aimed at hiring disadvantaged youth. The goal is to connect 40,000 NEET (Not Employed, in Education or Training) youth facing systemic employment barriers, to meaningful employment in the following five years. In partnership with community organizations across Canada, Starbucks has developed a new approach to hiring that has employed thousands of youth previously disconnected from the workforce.
- **Canada’s First Multi-Employer Refugee Hiring Event:** Starbucks Canada sponsored and was a co-organizer of the first ever multi-employer refugee hiring event. Other co-organizers for this event include the City of Toronto, TENT, ACCES Employment and the Refugee Jobs Agenda Roundtable. Working with settlement and employment agencies across the country, Starbucks Canada has developed an inclusive approach to hiring tailored to the refugee community and has hired close to 1,000 refugees to date.
- **Community Champion Initiative:** Community Champions are partners who do good for their communities through in-person and virtual volunteering, in-store community events and participating in national social impact programs like the Starbucks Foodshare program.

To make it more convenient for partners, Starbucks has developed *The Community Champions Portal* – a great tool to locate an organization in their neighbourhood and engage in service.

- **National FoodShare program:** This program contributes towards Starbucks 2030 sustainability goals by reducing food waste and addressing growing food insecurity in

Canada. Starbucks Canada has partnered with Second Harvest, Canada's largest food rescue organization, to launch the national FoodShare program, rescuing 100 per cent of food available for donation, to provide people in need with ready-to-eat meals, and eliminating food waste from Starbucks stores.

- **Helped found MENTOR Canada:** Starbucks Canada was a key partner in founding MENTOR Canada by leveraging relationships with MENTOR US and the federal government to align on strategy for a national umbrella organization for youth mentorship.
- **Launched MentorME:** Starbucks Canada created a unique collaboration between MENTOR Canada and the Black Business and Professional Association with the launch of MentorME, a national mentorship program for Black youth. With an investment of \$100,000, participation of volunteer mentors and contributions made to the program development by Starbucks, the BBPA is developing a mentorship program to reach 1,000 youth across the country.
- **Starbucks Global Academy:** Starbucks Global Academy is an online platform dedicated for Starbucks partners, customers, suppliers, and community members around the world to access free, world-class, open-scale learning content without barriers. The platform offers curated courses including the *To Be Welcoming* curriculum, a 15-course curriculum that focuses on bias, racism, empathy, civility, and dialogue to help more people engage with difficult topics through academically robust, objective and research-based content.
- **The Starbucks Foundation's Neighbourhood Grants program:** Any Starbucks partner across the US or Canada can nominate an organization through open rounds. Organizations can receive between \$1,000 and \$10,000. As of January 2022, more than 4,400 organizations have received funding through The Foundation.

Supplier Diversity and Inclusion Program

Suppliers of Starbucks Canada offer products and services in the following categories: food and beverage, store development, print production, logistics, distribution and transportation, capital equipment, office supplies, energy, and facilities management. Both Starbucks Canada and Starbucks US have launched initiatives to advance EDI across their value chain. One of the biggest and most successful is the *Supplier Diversity Program*. In this program, along with buying from suppliers who are diverse, Starbucks also initiates projects in partnership with various organizations that range from opportunity fairs and business development roundtables to supplier development projects.

For this program, suppliers must be certified as a “Diverse” business by third-party agencies recognized by Starbucks. Additionally, eligible companies must be located within the US or Canada and the owners must be US or Canadian citizens:

“Suppliers interested in doing business through Starbucks US/Canadian Supplier Diversity Program must be a US or Canadian citizen or legal resident and 51% owned and operated by a woman, minority, veteran, person with disability, LGBTQIA2+, or a socio-economically disadvantaged small business.”

Coffee and Farmer Equity (C.A.F.E.) Practices

Starbucks procures three percent of the world’s coffee, sourced from more than 400,000 farmers in more than 30 countries. Starbucks has partnered with SCS and Conservation International to develop the Coffee and Farmer Equity (C.A.F.E.) Practices standard for ensuring sourcing of sustainably grown and processed coffee beans. Starbucks defines sustainability as an economically viable model that addresses the social and environmental needs of all the participants in the supply chain from farmer to consumer.

These C.A.F.E. Practices are being implemented by third-party organizations, approved and overseen by SCS Global Services, who conduct inspections at participating farms, facilities and warehouses around the world to evaluate performance against more than 200 indicators in the scorecard. Detailed verification reports are then submitted to Starbucks to assign the C.A.F.E. Practice status. Once approved, suppliers are responsible for upholding C.A.F.E. Practices. To maintain an active status in the program, each supply chain is required to undergo reverification regularly, with frequency dictated by their performance in the program.

DI Insights Corner

- Starbucks Canada has the potential to further scale its impact by publicly sharing more of its many best practices. This would allow other organizations to launch similar policies, programs, and initiatives, providing the opportunity for Starbucks to significantly expand its community impact.

Section IV: The Importance of Leadership

This section assesses Starbucks ability to embed EDI priorities across its leadership, governance, and strategic priorities. It examines the Company's governing structure and policies, leadership composition and selection processes, organizational strategy, and leadership communication strategy.

Like any business initiative, Starbucks efforts to advance EDI can succeed only if they are consistent with the strategic direction of the organization, or the priorities and examples set by Starbucks leadership. The company's response and efforts in the field of EDI including the change in the mission statement speak for themselves. Starbucks leadership teams have launched initiatives that helped the company stand out in terms of promoting EDI at the workplace and in the community. Several initiatives reveal the leadership team's commitment to EDI, such as:

- Establishment of The Starbucks Foundation (1997)
- Commitment to hire 100,000 youth (16- to 24-year-olds who face systemic barriers to jobs and education)
- Strive to reach 100% pay equity
- Roll out of the revised Third Place Policy
- Nationwide closure of stores for mandatory EDI training for partners
- Publication of the Civil Rights Assessment
- Bold EDI targets for 2030

Leadership

Starbucks Corporate Governance documents indicate that the Starbucks Coffee Corporation has signed on to the Board Diversity Action Alliance (BDAA) in October, 2020 and joined peer companies in their effort to increase the representation of racially and ethnically diverse directors on corporate boards. Founded in September 2020, BDAA is leading the focused and aligned effort to increase awareness, expand influence and drive board-level commitments to support a concerted enterprise transformation approach to diversity. Today, Starbucks Board of Directors (the Board) includes 11 directors, 36% of whom are women, 27% are nationally diverse, and 45% are ethnically diverse (i.e., 3 Asian, 1 Black, and 1 Hispanic/Latinx).

The Company's Executive Leadership Team (ELT), which is profiled externally on its website, includes a team of 44 individuals. Based on an analysis of available information on the Starbucks US website, as of April 14, 2022, the team appears gender-diverse with 23 women (of them, only 13% racialized) and 21 men (of them, 33% racialized).

Among the executives externally profiled, Starbucks Canada’s Executive Leadership Team includes John Culver (group president, North America and Chief Operating Officer), Sara Trilling (executive vice president and president, North America), and Lori Digulla (senior vice president and general manager, Starbucks Canada).

Governance

EDI Considerations in the Starbucks Corporate Governance Structure

“To maintain its uncompromising principles while it grows,” the Board has adopted a series of governing principles, committees, charters, and policies to guide its practices. **EDI priorities have been integrated into the Company’s Corporate Governance Principles and Practices for its Board.** One area for expansion could be to develop an explicit Board Diversity Policy.

Diversity is prioritized in the identification of new Starbucks board members. According to the *Starbucks Corporation Director Nominations Policy*, the Nominating and Corporate Governance Committee (the Committee) considers it “desirable” that “each Candidate contributes to the Board’s overall diversity.” Diversity is broadly defined as “a variety of identities, perspectives, personal and professional experiences, and backgrounds. This can be represented in both visible and non-visible characteristics that include but are not limited to race, ethnicity, national origin, gender, and sexual orientation. In addition, each Candidate affirms a commitment to furthering diversity and inclusion.” Starbucks could consider adding more specific language regarding members of equity-deserving groups.

Starbucks commitment to board diversity is also reflected in its board selection processes and executive succession planning. Specifically, the policy requires search firms working to identify potential candidates as directors and chief executive officers “include in its initial list of candidates qualified candidates who reflect diverse backgrounds, including, but not limited to, diversity of race, ethnicity, national origin, gender and sexual orientation.” Starbucks has also included EDI priorities in its board’s skills matrix.

Additionally, Starbucks has established leadership positions responsible for its diversity portfolio. In October 2020, the Company announced its intention to establish an internal governance structure to integrate inclusion and diversity throughout the organization, beginning with an Inclusion and Diversity Executive Council in FY21 Q1. Subsequently, in March 2021, Dennis Brockman became senior vice president and Global Chief Inclusion and Diversity Officer. The Company also promoted Michael Hines from director of Inclusion and Diversity Compliance to vice president of Inclusion and Diversity.

EDI Governing Structure in Starbucks Canada

In Canada, responsibility for the organization's diversity portfolio is shared between two functions:

1. *Partner (Human) Resources* led by **Cara Beck (vice president, Partner Resources)** and **Natasha Bennett (director, Strategic Talent Initiatives)** driving the internal integration of I&D for Starbucks Canada;
2. and *Public Affairs* led by **Sanja Gould (vice president, Public Affairs)** and **Ross Anderson (director, Social Impact, Public Policy, and Sustainability)** supporting the external initiatives and community programs.

In addition to these two functions, Starbucks Canada collaborates with the following Centers of Excellence (COEs) on the global I&D team:

- Strategy and Integration
- Learning and Talent Development
- Policy and Equal Employment Opportunity Compliance
- Analytics and Insights
- Partner Engagement

Strategy

Starbucks has clearly developed and communicated the link between EDI and its organizational objectives both internally and externally. With a focus on creating value for all stakeholders, Starbucks believes that responsible growth includes doing the right thing for both people and the planet. The company has updated its ongoing growth model and aims to drive consistent and predictable sales growth and margin expansion while continuing to create significant value for all stakeholders.

A key area of focus of this strategic framework is the development and nurturing of an inclusive and diverse company. Echoing this commitment, the Starbucks Canada Leadership Team delivered an all-non-retail partner email in October 2020, outlining the progress it had made in this continuous journey towards ensuring EDI across the organization. Specific milestones that were included in the email were:

- Launch of the national "MentorME" program, in partnership with Black Business and Professional Association (BBPA) and MENTOR Canada
- Continued delivery of the Courageous Conversations Workplace Live events with guest speakers and subject matter experts on topics related to anti-Black racism. This series started with a focus on anti-Black racism, however, since FY21, it has broadened its scope and evolved to be inclusive of other communities who face their own set of challenges rooted in bias and marginalization.
- Launch of de-escalation training for all shift supervisors, assistant managers, and store managers

- Increased financial support for the Company’s Partner Networks for the upcoming year and welcoming the addition of its Pan-Asian and Indigenous Partner Networks to Canada
- Collection of voluntary demographic questions to inform the varying experiences of partners from different communities
- Hiring of a dedicated I&D resource inside the Canada Partner Resources Organization

Starbucks Canada Anti-Racism Action Plan

Apart from these internal leadership communications, most global priorities and initiatives were articulated, and where necessary, adapted to the Canadian context in the 2020 Anti-Racism Action Plan.

DI Insights Corner

- Although Starbucks US has dedicated pages for showcasing profiles of their Board of Directors as well as the Executive Leadership Team, Starbucks Canada does not currently profile its Canadian Leadership Team. Starbucks Canada’s commitment to EDI could be improved by publicly sharing profiles of their Leadership team.
- In order to set the leadership and partner representation goals and targets, as well as to streamline the process to collect diversity and inclusion data, DI suggests that Starbucks Canada could consider rolling out a Baseline EDI Survey. Once the baseline has been established, Starbucks Canada can incorporate relevant aspects from the Baseline EDI Survey to the PES to measure future performance and take corrective actions.
- Starbucks Canada could develop a Business Case for Diversity and Inclusion and communicate it across all organizational levels as well as publicly. This will help remove any kind of confusion and champion the cause of EDI even further. RBC’s Diversity and Inclusion Blueprint 2020 can be a great example of a strong Business Case that Starbucks Canada can leverage.
- Starbucks Canada can take on the Government of Canada’s 50-30 challenge to increase representation of “women and/or non-binary people and other equity-deserving groups (including those identifying as: Racialized, Black, and/or People of Color ("Visible Minorities"), people with disabilities (including non-apparent and episodic disabilities), LGBTQIA2+ and/or gender and sexually diverse individuals, and Aboriginal and/or Indigenous Peoples)” on its leadership team.