



## A message from the CEO

The International Labour Organisation, Walk Free and the International Organisation for Migration estimates that forced labour and forced marriage have increased significantly in the last five years with approximately 50 million people worldwide living in modern slavery. With modern slavery occurring in almost every country in the world, it is imperative that businesses like ours contribute to the global efforts to tackle modern slavery by better understanding our connection to human rights impacts and collaborating with our business partners to mitigate and address adverse impacts. To this end, Starbucks Australia has prepared our first Modern Slavery Statement setting out the steps we have taken to assess and address the risks of modern slavery in our operations and supply chains and how we plan on improving our capabilities into the future.

## 1 About this Modern Slavery Statement

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**) by Starbucks Coffee Australia Pty Ltd (ABN 73 169 062 926) (**Starbucks Australia, we, us, our**) in respect of our actions taken to assess and address modern slavery risks in our operations and supply chains from 1 July 2021 to 30 June 2022 (**Reporting Period**).

In line with our values to be Authentic & Inclusive, Curious & Courageous, Present & Transparent, Disciplined & Purposeful, we are firmly committed to identifying the risks of modern slavery in our operations and supply chains and being open about areas of our business that require continuous supervision and improvement. We seek to minimise the occurrence of modern slavery and we are dedicated to acting with integrity and transparency in all aspects of our business.

## 2 Our Structure, Operations and Supply Chains

### 2.1 Structure

Starbucks Australia is a company incorporated and domiciled in Australia. Starbucks Australia does not own or control any other entities.

Starbucks Australia, is wholly-owned by the Withers and Barlow families, and has responsibility for operating Starbucks Australia stores. We have a license to operate and franchise Starbucks Australia stores in Australia from the US-based Starbucks Corporation.

### 2.2 Operations

Founded in 1971, the Starbucks franchise originated in Seattle, United States.<sup>1</sup> Today the franchise has over 35,700 stores in over 80 countries, which includes a mix of company-owned stores and licensed stores.<sup>2</sup>

Our stores are owned and operated by Starbucks Australia and are located across New South Wales, Victoria and Queensland. Our head office is located in Richmond, Victoria.

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<sup>1</sup> <https://www.starbucks.com.au/about-starbucks>

<sup>2</sup> Starbucks Statement on UK Modern Slavery Act 2019.



Starbucks Australia employs more than 1,100 partners (employees) across our support office and store network, as outlined below:

Work Type	Support Office	Stores	Total
Full Time	29	116	145
Part Time	1	967	968
Total	30	1,083	1,113

Our partners occupy a wide variety of roles. The types of roles performed in our stores include:

**Barista:** A barista is responsible for preparation of hot and cold beverages, cash register transactions, store cleanliness, product merchandising and customer service.

**Shift supervisor:** A shift supervisor performs all the duties of a barista, as well as directs the work of others and assists with ordering and accounting. A shift supervisor is required to be at least 18 years of age.

**Assistant store manager:** An assistant store manager assists the store manager with general operations and may be required to operate as a barista from time to time as required by operational demands. An assistant store manager is a salaried position and a full time assistant store manager is scheduled to work at least 38 hours each week.

**Store manager:** The store manager is ultimately in charge of all store operations and directs the work of the assistant store manager(s), shift supervisors and baristas. The store manager is responsible for personnel decisions, scheduling, payroll and fiscal decisions. A store manager is a salaried position and a full time manager is scheduled to work at least 38 hours each week.

Partners in our support office perform roles to support our partners (employees) in store in providing customer connections. These roles are predominately split into functional areas, Category and Marketing, Supply Chain, Information Technology, Operations, Partners and Culture, Finance, Property and the Executive team.

## 2.3 Supply Chains

### (1) Starbucks Corporation – global supply chain

Starbucks Corporation supplies us with the packaged Arabica coffee beans used in our stores. Arabica beans are sourced from coffee growing regions of South and Central America, Africa, Papua New Guinea and Indonesia. These beans are roasted at Starbucks Corporation’s roasting facilities and then they are packaged and sent to Starbucks locations around the world.

In addition to packaged coffee, Starbucks Corporation also supplies us with:

- a range of items not for resale used for store development purposes such as:
  - coffee machines from Switzerland;
  - furniture from China and Asia Pacific
  - fixtures from the United States; and
- items for resale such as:
  - smallwares and serveware from the United States, Asia Pacific, China and Latin America;;
  - beverage components from Japan, Asia Pacific, United Kingdom, and the United States;
  - paper/plastic products from China, Asia Pacific and the United States;
  - packaged tea from China, Japan and the United States;
  - themed merchandise from China and Asia Pacific.



(2) **Starbucks Australia - local supply chain**

During the Reporting Period, Starbucks Australia's procurement spend was approximately \$78 million from approximately 259 suppliers primarily supplying goods and services in the following categories:

- (a) **Food and Drink Products** – dairy, baked goods, fresh food
- (b) **Hospitality Equipment and Machinery** – commercial cooking equipment and repairs, food appliances, commercial refrigeration and air conditioning
- (c) **Information Technology and Telecommunications** – computer software and hardware, internet, landline, tech support and mobile provider
- (d) **Products** – office supplies, corporate merchandise, furniture, Starbucks merchandise, first aid equipment, cardboard packaging
- (e) **Facilities and Utilities** – rent, cleaning services, gas, waste management, recycling collection, laundry services, maintenance and shopfitting services
- (f) **Corporate Administrative Services** – storage and distribution, car leases, license fees
- (g) **Professional Services** – payroll services, marketing, recruitment, legal, auditors and accounting services and consultants

The majority of Starbucks Australia's direct suppliers are based in Australia. Many of these suppliers, however, are likely to rely on global supply chains in their provision of goods and services to us.

### **3 Risks of modern slavery practices in operations and supply chains**

In seeking to assess the modern slavery risks in our operations and supply chains, we applied the United Nations Guiding Principles on Business and Human Rights (**UNGPs**) to consider the potential for our business to cause, contribute to, or be directly linked to adverse human rights impacts. In doing so, we looked at:

- the risk that our operations may directly result in modern slavery practices;
- the risk that our operations and/or actions in our supply chains contribute to modern slavery; and
- the risk that our operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

#### **3.1 Modern slavery risks in our operations**

Given the fact that our operations are based entirely in Australia, our geographic risk for modern slavery is low according to the Global Slavery Index. Furthermore, the risk of modern slavery occurring in our direct employment of partners also is low having regard to our compliance with the Fast Food Award rates and the legal framework regulating employment practices in Australia. However, we acknowledge that modern slavery exists in Australia in many sectors, including the hospitality sector, which employs potentially vulnerable categories of workers such as young people and migrants on temporary visas with limited English language skills.



### 3.2 Modern slavery risks in our supply chains

Our most salient modern slavery risks are present in our direct and indirect supply chain, which includes a broad range of suppliers from various industries, including those generally considered at higher risk for modern slavery by virtue of their sector risk and/or the higher risk components and raw materials that form part of the products manufactured in the sectors.

- Coffee
- Cocoa
- Tea
- Food
- Merchandise
- Cleaners

While the specific risks may depend on the sector, the most prevalent types of modern slavery relevant to the above sectors include, but is not limited to, forced labour and child labour, debt bondage and deceptive recruitment practices associated with the use of subcontractors and labour hire agencies.

## 4 Actions to assess and address modern slavery risks

### 4.1 In our operations

During the Reporting Period, our Starbucks Partner Guide (Guide) was updated and provided to all partners. This Guide articulates our shared commitment to treat all partners with respect and dignity. It also provides transparency and processes in relation total pay and benefits.

Starbucks Australia also continued the implementation of the following risk management controls:

- Centralised payroll systems to enhance oversight and monitor for any instances of payroll non-compliance
- Comprehensive right to work checks
- Regular internal and external auditing to ensure our payroll complies with statutory requirements

### 4.2 In our supply chain

One of the primary means by which we assess and address the potential risk of modern slavery in our supply chain is through our contracting process with our suppliers. We recognise that our leverage with suppliers is strongest at the time of negotiating a contract. We introduced modern slavery terms into our precedent agreements with suppliers. The terms require suppliers to take all reasonable steps to ensure that the goods or services ultimately provided to us are not the product of modern slavery. Suppliers are required to notify us as soon as practicable upon becoming aware of modern slavery in their operations or supply chain.

In our first year of reporting, with the support of external subject matter experts, we conducted an initial desktop risk assessment of our direct suppliers by reference to sector risk and procurement spend. We plan to deepen our understanding of our direct supply chain beyond the first tier in future years by improving our approach to supplier due diligence.

A significant proportion of our supply chain relies on products from Starbucks Corporation which has developed and implemented a number of ethical sourcing measures, including the following:



- *C.A.F.E. Practices* (Coffee and Farmer Equity Practices) concerning the sourcing of coffee which is the cornerstone of Starbucks Corporation's ethical sourcing approach to buying coffee. C.A.F.E is a verification program that measures farms against economic, social and environmental criteria, designed to promote transparent, profitable and sustainable coffee growing practices while protecting the well-being of coffee farmers and workers, their families and their communities. As a result of these practices, nearly 95% of Starbucks Corporation's coffee is ethically sourced from farms verified through C.A.F.E Practices.<sup>3</sup>
- In FY21, Global Coffee, Tea & Cocoa, Starbucks global coffee sourcing team, sourced 99.9% of tea from Rainforest Alliance Certified farms. Farms, forest communities, and businesses that participate in Rainforest Alliance's certification program are audited against rigorous sustainability standards based on the triple bottom line: environmental, economic and social well-being.<sup>4</sup>
- In FY21, Global Coffee, Tea and Cocoa, Starbucks global coffee sourcing team, purchased 10 million kilograms of segregated cocoa beans from the Ivory Coast through its Tier 1 supplier, Cargill. Starbucks continues to source Rainforest Alliance Certified cocoa and to work in partnership with the Rainforest Alliance to leverage their expertise and increase our due diligence and transparency in our cocoa supply chains. Starbucks is a member of the World Cocoa Foundation and continue to work with others across the industry to evolve and strengthen our approach to responsibly sourced cocoa.<sup>5</sup>
- *Starbucks Supplier Social Responsibility Standards: Manufactured Goods and Services* which govern the acquisition of manufactured products.

Starbucks Corporation's responsible business practices can be found at <http://www.starbucks.com/responsibility> which sets out the Ethical Sourcing programs and policies.

Starbucks Australia also takes comfort in the extensive policies and controls put in place by Starbucks Corporation to operationalise ethical sourcing and protection of human rights:

- [Global Human Rights Statement](#)
- [Standards of Business Conduct](#)
- [Corporate Governance](#)
- [Global Environmental & Social Impact Report 2021](#)
- [Starbucks Social Responsibility Standards for Manufactured Goods and Services](#) - Starbucks Global Supply Chain and Food Safety Product Quality (Standards Self Sourcing Compliance)
- [Supplier Code of Conduct](#)
- [Coffee and Farmer Equity \(C.A.F.E.\) Practices](#)
- [Starbucks Social Responsibility Standards for Manufactured Goods and Services](#)
- [Sustainable Palm Oil](#)
- [California Transparency in Supply Chains Act](#)
- [Conflict Minerals Policy Statement](#)
- [Zero Tolerance for Child Labor](#)
- [Zero Tolerance Policy on Prison Labor](#)

#### 4.3 Remediation

Partners can raise concerns, including in relation to modern slavery, using the reporting channels set out in the Starbucks Partner Guide. Our grievance handling process is conducted by the following four principles:

**Confidentiality** - only partners directly involved in making or investigating a complaint will have access to information about that complaint.

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<sup>3</sup> Starbucks Corporation, *Global Environmental & Social Impact Report 2022*, at p 11.

<sup>4</sup> *Ibid*, at p 12.

<sup>5</sup> *Ibid*, at p 12.



**Impartiality** - both sides will have a chance to tell their side of the story. No assumptions will be made and no action will be taken until all relevant information has been collected and considered.

**Free from repercussions** - no action will be taken against anyone for making a genuine complaint or helping someone to make a complaint. Starbucks will take all necessary steps to ensure that no victimisation occurs against anyone who makes a complaint.

**Timeliness** - All complaints will be dealt with as quickly as possible. The aim is to resolve all complaints within 4 weeks unless not practicable to do so.

Anonymous reporting is permitted via our Business Conduct Helpline anonymously on 1800 454 956.

If we found that our business had caused or contributed to modern slavery, we would take guidance from the UNGPs, which provides that businesses in this situation need to remediate the impact by taking a person-centred approach by protecting the safety, privacy and wellbeing of the impacted person. We would undertake a full investigation of the situation to ensure that an appropriate corrective action plan is implemented and assess how similar impacts could be avoided in the future. During the course of the Reporting Period, we have not identified any reports that could be linked to modern slavery.

## 5 Assessing the effectiveness of actions

We have developed an implementation plan that sets out our goals for the future, which we plan to track against to assess the effectiveness of our actions. The goals are set out below:

1. Form a Modern Slavery Committee responsible for overseeing the implementation of our goals and to provide periodic updates to our board.
2. Identify and engage with select direct suppliers operating in higher risk sectors to develop a better understanding of the modern slavery risks in their supply chains.
3. Formalise our approach to assessing and mitigating modern slavery risks in our procurement processes.
4. Undertaking satisfaction rating on employment practices in annual survey with partners.
5. Provide training for partners with a procurement function on the revised processes.
6. Publish our Modern Slavery Policy and provide training on the Policy to our partners.

## 6 Approval

This Statement was approved by the board of directors of Starbucks Australia, the principal governing body of the reporting entity, on 22<sup>nd</sup> December 2022 and signed by Michael Smith (Chairman), a responsible member of the reporting entity.

A handwritten signature in blue ink, appearing to read "Michael J. Smith".

Michael J. Smith  
Director

22<sup>nd</sup> December 2022