



## Zero Tolerance Standards

The Zero Tolerance Standards outlined below are mandatory requirements that **Suppliers of goods and Service Providers**, including all Facilities and Subcontractors, involved in the manufacture, production and supply of goods and services for Starbucks and its licensee business partners must comply with. These standards cover all workers, inclusive of contract, temporary, seasonal, permanent production/Core and Non-production/Auxiliary Workers. Definitions of all key terms are included at the end of this document. These standards are required in addition to standards outlined in Starbucks Supplier Code of Conduct and are not negotiable.

Verification of compliance with these standards may require audits, inspections, and/or assessments by Starbucks or a Third-Party Monitors designated by or otherwise acceptable to Starbucks. Failure to comply with the Zero Tolerance Standards or failure to remediate non-compliances are grounds for losing Responsible Sourcing approval status, which would result in cancellation of open orders, discontinued use of non-complying production sites, or termination of the Supplier or Service Provider relationship.

1. **Transparency:** Openness, communication, and accountability.

- **Transparency:** Starbucks expects Suppliers, Service Providers, Facilities, and Subcontractors to provide Starbucks and its Third-Party Monitors transparency into their and their Subcontractors' operations, policies and processes, and to make all relevant records available to Starbucks and its Third-Party Monitors for examination and audit.
- **Bribery:** Money and/or gifts of any type may not be offered to Starbucks or its Third-Party Monitors.
- **Subcontracting:** Suppliers, Service Providers and Facilities must disclose the identity, physical location and ownership of any Subcontractors that manufacture, produce, assemble goods or provide services for Starbucks. All Suppliers, Service Providers, and Facilities must prohibit unauthorized subcontracting and communicate any Subcontractor changes to Starbucks for prior approval.



## Starbucks Global Responsible Sourcing for Goods & Services

### **Examples of Non-Transparency include but are not limited to:**

- Concealment of actual working conditions and / or additional production locations
- Double sets of payroll and production records
- Offering money and/or gifts of any type to Starbucks or its Third-Party Monitors.

2. **Commitment to Continuous Improvement:** Starbucks requires all Suppliers, Service Providers, Facilities and Subcontractors to demonstrate a commitment to continuous improvement and engage in improvement processes.

### **Examples of Continuous Improvement include but are not limited to:**

- Immediate remediation of any violation of these Starbucks Responsible Sourcing Zero Tolerance Standards
- Ongoing monitoring, verification and action plans to ensure adherence to human rights principles (i.e. United Nations (UN) Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Core Labor Standards, and UN Sustainable Development Goals)
- Having and implementing proactive policies, processes and verification tools to prevent human rights violations

### 3. **Child Labor:**

- **Legal working age:** Suppliers, Service Providers, and Facilities must not recruit nor employ workers under the age of 15, or younger than the local legal working age if that age is higher than 15 years of age.
- **Documentation:** Suppliers, Service Providers, Facilities, and Subcontractors shall have an effective age verification and documentation procedure, and/or an effective management system in place to verify the age of all workers (inclusive of seasonal, migrant, apprentice, temporary, contract, or any categorization of non-permanent employees within the position or at the company). The Suppliers, Service Providers, Facility and/or Subcontractor must keep copies of worker identification documents (such as birth certifications, national ID cards, etc.)
- **Juvenile Worker Treatment:** Facilities shall not mistreat juvenile workers (typically 15-17 years old). Employment of juvenile workers shall not conflict with or limit access to education (ILO Convention 10 and 138). Each Facility shall have a system in place for monitoring juvenile workers to ensure employment follows all applicable legal requirements.



## Starbucks Global Responsible Sourcing for Goods & Services

### **Forms of juvenile mistreatment may include but are not limited to:**

- Hazardous work
- Not receiving one day off in seven days
- Excessive working hours/continuous overtime

4. **Forced Labor:** Forced labor is all work or service exacted under the threat of any penalty and for which an individual has not offered him/herself voluntarily. Starbucks does not tolerate the use of forced labor under any circumstances.
- **Voluntary Work:** “Voluntary Work” refers to free and informed consent to take a job and freedom to leave at any time.
  - **Threat of Penalty:** Refers to a wide range of penalties used to compel someone to work (i.e., abuse, financial penalties, loss of privileges, withholding wages).
  - **Indicators of forced labor include but are not limited to:**
    - a. **Excessive Overtime Work and Illegal Mandatory Overtime:** Overtime work must not threaten the health and safety of the workers (inclusive of seasonal, migrant, apprentice, temporary, contract, or any categorization of non-permanent employees within the position or at the company). If overtime work is required as part of the job, all requirements of such work must be made clear at the time of hiring, recorded in writing, understood and signed in agreement by the workers (inclusive of seasonal, migrant, apprentice, temporary, contract, or any categorization of non-permanent employees within the position or at the company). Overtime must not be mandatory in areas where mandatory overtime policies and practices are illegal.
    - b. **Foreign Migrant Worker Recruitment and Recruitment Fees and Deposits:** Workers must not be required to pay recruitment costs, fees or deposits that are more than (i) 1.5 times their monthly pay or (ii) legal limits, whichever is lower. If recruitment agents or labor brokers are used, the Facility must ensure only legally registered/licensed recruitment agents or labor brokers are used. If the Facility uses a labor broker or other employment services for recruiting and hiring foreign migrant workers, then the Facility's migrant labor policy should be communicated in the worker's native language and included in a legally binding service contract with all third-party labor brokers involved in the recruitment and employment of migrant workers at the Facility or arranged by the Facility.
    - c. **Bond, Debt Labor or Other Forms of Modern Slavery:** Workers must not be exploited, deceived or coerced into being hired under bond, debt or other obligation, nor forced into inescapable debt. Workers must fully understand in their native language the terms and conditions of employment under which they are being hired, and voluntarily consent to such terms and conditions of employment.
    - d. **Prison Labor:** Suppliers, Service Providers, Facilities and Subcontractors must not hire or subcontract work to prison or convict labor, whether voluntary or involuntary



## Starbucks Global Responsible Sourcing for Goods & Services

- e. **Retention of Identity Documents:** There shall be no holding of personal documents, such as passports, without a system for employees to access those documents at will.
- f. **Physical Restraint:** Workers must have reasonable freedom of movement at work, and there shall be no physical restraints to workers leaving the Facility during work hours (e.g. locked exits, armed guards, etc.).

### **Easily identifiable forms of forced labor:**

- Prison Labor
- Indentured Labor
- Slave labor
- Illegal mandatory overtime

### **More subtle forms of forced labor:**

- Contract labor: upfront fees are so high that workers are forced to borrow money and cannot afford to quit until loan is repaid

## 5. **Payment of Wages:**

- **Minimum Wage:** All employees (including inclusive of seasonal, migrant, apprentice, temporary, contract, piece-rate, trainees or any categorization of non-permanent employees within the position or at the company) must be paid at least the legal hourly minimum wage.
- **Timeliness of Payments:** Workers must receive monetary payment within forty-five (45) days of providing the service.
- **Documentation:** Adequate documentation must be available to verify that minimum wages are being paid to **all** workers, inclusive of Seasonal, migrant, apprentice, temporary, contract, piece-rate, trainees or any categorization of non-permanent employees within the position or at the company)and/or workers hired by third-party staffing or recruitment agencies.

## 6. **Physical/ Psychological/Sexual Abuse and Harassment:** Suppliers, Service Providers, Facilities and/or Subcontractors must not use, permit, or allow corporal punishment or any other form of physical or psychological coercion including verbal abuse, threats, intimidation or sexual harassment.

## 7. **Access to Records and Facilities:** Suppliers, Service Providers, Facilities and Subcontractors must allow announced and unannounced inspections, audits and assessments of their records and all areas of Facilities by Starbucks or its Third-Party Monitors to verify compliance with these standards, including confidential employee interviews.

## 8. **Environmental Impacts:** Suppliers, Service Providers, Facilities and Subcontractors shall not create or contribute to environmental issues causing **direct and immediate** environmental endangerment to workers (i.e., toxic waste disposal, improper disposal of contaminated water). All waste materials and production by-products must be disposed of legally and in an environmentally responsible manner. Suppliers, Service Providers, Facilities and Subcontractors must establish and demonstrate safety practices and standards for the identification and handling of hazardous



## Starbucks Global Responsible Sourcing for Goods & Services

waste. Environmental permits and reporting are to be obtained, maintained and kept current, and operational requirements must be followed.

9. **Life Safety:** Suppliers, Service Providers, Facilities and Subcontractors shall not create or contribute to significant health and safety issues causing **direct and immediate** employee endangerment, including but not limited to:

- There are no specified exit signs above any/all of the exits/or no directional signs anywhere throughout the facility Exits are obstructed (including locked fire escapes)
- No secondary exit
- No secondary staircase in multi-floor building
- Blocked primary exit aisles or paths
- No fire/evacuation alarm system nor routine drills at Facility
- Elevator door is open when elevator is not in use and there are no appropriate warning signs in view
- Elevator load capacities are not clearly displayed inside or at the entrances to elevator doors
- Signs warning against use of elevators in case of fire are not posted on or near elevator doors
- Not requiring machine guards or protective equipment for workers in areas where hazardous work is being performed
- Hazardous installation, use, or maintenance of equipment or electrical wiring
- Arcing or sparking by electrical equipment
- Handling, storage or disposal of toxic or hazardous materials does not comply with legal regulations
- Overheating cables and/or equipment due to overloading circuits, bunched or coiled cables, or impaired cooling fans

### Definitions

For purposes of these standards, we use the following definitions:

- **Starbucks:** Starbucks is defined as Starbucks Corporation d/b/a Starbucks Coffee Company, its affiliates, and Business Partners.
- **Business Partner:** Third-party businesses with whom Starbucks has a licensing and/or distribution relationship, including independent operators of Starbucks branded retail stores, joint venture partners, and contracted distributors of Starbucks goods and services.



## Starbucks Global Responsible Sourcing for Goods & Services

- **Facility or Facilities** include all Supplier-owned or subcontracted manufacturing, processing, assembly and distribution facilities, factories and plants.
- **Service Providers** are organizations that provide services for Starbucks business and operations with or without person-to-person contact (such as those provided by administration, operation, intelligence, housekeeping, dietary, laundry, staffing, maintenance, etc.)
- **Subcontractor** is an individual or business hired by either a Supplier or Service Provider to perform a specific portion of work within a larger project or production. Within the context of the Starbucks Responsible Sourcing program, Subcontractors refer specifically to Facilities that are contracted by the primary Facility, manufacturer, and/or processor of record to complete a portion of the manufacturing process. These subcontractors have different business licenses and are wholly separate entities from the primary manufacturer of record. Unauthorized use of Subcontractors is not permitted.
- **Suppliers:** Suppliers are inclusive of all third-party suppliers and vendors from which a product, good, service, component, ingredient or raw material is purchased.
- **Third-Party Monitor:** A Third-Party Monitor is an auditor designated by or otherwise acceptable to Starbucks.
- **Workers:** Starbucks standards and assessment scope apply to ALL persons who complete work in a facility or services site, or on behalf of a facility or services site in Starbucks supply chain. This applies to all types of work, including production or non-production, and to all forms of employment, whether direct or contracted. Workers in scope include:
  - **Permanent Workers:** Workers directly employed by a manufacturing facility or services site, who execute processes, tasks, work, functions that are part of primary operations, such as manufacturing, assembly, services, and/or related



## Starbucks Global Responsible Sourcing for Goods & Services

processes. May be hired full-time, part-time, or seasonally, and may include migrant workers.

- **Contract Workers:** Individuals who provide a service or labor to a company or facility under the terms of a contract rather than being employed as a regular, full-time employee. Contracted workers are typically hired for a specific project, a set period of time, or to perform a particular task or service (such as hygiene or cleaning services, sanitation, security, construction, maintenance, delivery and logistics, laundry services, landscaping, etc.). Contract workers may also be temporary or seasonal and may also be migrant workers.
- **Temporary Workers:** A Temporary Worker is an individual employed for a limited period of time, or for a specific project rather than on a permanent basis. Temporary workers are often hired to meet short-term business needs, such as seasonal production or to cover for absent employees. Temporary may include migrant workers
- **Home Workers:** Workers who are directly employed by the facility, or who are contracted to perform part of the production process from their home
- **Migrant Workers:** Individuals who have migrated from other countries, states or provinces for the specific purpose of employment. Migrant workers may be hired on a temporary, seasonal, and/or contractual basis. Per Starbucks Code of Conduct, Suppliers must follow all Applicable Laws and act in strict accordance with relevant international legal agreements between the sending and receiving countries when hiring workers directly or indirectly through third party contract or temporary labor agencies
- **Seasonal Workers** are Temporary Workers who are hired on a seasonal basis, typically during peak production periods.