



STARBUCKS, FAIR TRADE, AND COFFEE SOCIAL RESPONSIBILITY

- **Starbucks and the Fair Trade movement share common goals: to ensure that coffee farmers receive a fair price and to ensure they can sustain their farms for the future.**
Purchasing Fair Trade Certified coffee is one of a number of ways Starbucks seeks to ensure coffee farmers are treated fairly in their business relationships with us. Additional steps include paying substantial premiums for all coffee purchases, long term contracts and affordable credit for farmers, direct purchasing, investing in social projects in coffee communities, and C.A.F. E. Practices buying guidelines.
- **Starbucks is one of North America's largest roasters and retailers of Fair Trade Certified™ coffee.**
In fiscal 2003, Starbucks purchased 2.1 million pounds of Fair Trade Certified coffee, a 91% increase over the year before. Whole-bean Fair Trade Certified coffee is available for purchase in our North American company-operated stores. In addition, Fair Trade Certified coffee has been promoted by Starbucks as a brewed "Coffee of the Week" and can be brewed by coffee press during store hours upon customer request. In 2003, Starbucks stores represented at least 20% of all retail locations in the U.S. where Fair Trade Certified coffee was sold.
- **Starbucks sells Fair Trade Certified coffee around the world.**
Starbucks is the only company certified to sell Fair Trade coffee in 21 countries, including Austria, Australia, Canada, China, France, Germany, Greece, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Spain, Switzerland, Taiwan, Thailand, United Kingdom and the United States.
- **Starbucks is committed to paying fair prices for all of our coffee. We do that to ensure that farmers make a profit and to encourage future production of high quality coffee.**
Starbucks pays premium prices that are substantially over and above the prevailing commodity-grade coffee prices. In fiscal 2003, when prices for commercial-grade *arabica* coffee ranged from \$0.55-\$0.70 per pound, Starbucks paid an average of \$1.20 per pound for all of our coffee.
- **Fair Trade Certified coffee is one part of a larger effort by Starbucks to be socially responsible in our relationships with coffee farmers and communities**
Fair Trade certification is limited to small-scale farmers organized in cooperatives, and currently represents less than 3% of the world's coffee farmers. Because of our size and quality requirements, Starbucks buys coffee from small, medium, and large scale farms. We pay premium prices for all coffee. We use coffee purchasing guidelines, called C.A.F.E. Practices, which give preference to farmers who score high in measurements of economic fairness, socially responsible working conditions, and progressive environmental practices.
- **Starbucks provides financing that helps coffee farmers invest in their farms and hold their beans for sale at times of favorable market prices.**
This year alone, Starbucks provided \$1 million for financing through the Calvert Foundation, giving 10,000 Fair Trade coffee farmers access to affordable credit. In addition, Starbucks provided another \$2.5 million to Conservation International's Verde Ventures, making similar financing available to additional farmers in Central and South America.
- **Starbucks is helping build schools, health clinics, coffee mills and other projects that benefit coffee communities.**
For many years, Starbucks and a number of farms have collaborated to help improve the quality of life for farming families and their communities. Starbucks provides funding for projects by adding a "social development premium" over and above the price of coffee purchased from participating farms. The farm often matches Starbucks contribution with its own investment to support the project. In fiscal 2003, Starbucks invested more than \$1 million in social projects in nine coffee producing countries.

For more information about Starbucks sustainability practices, please review our Corporate Social Responsibility Annual Report at www.starbucks.com/csr.