

TRANSCRIPT FOR STARBUCKS 2023 ANNUAL MEETING OF SHAREHOLDERS

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APPROXIMATELY TWO MINUTES OF VIDEO CONTENT AVAILABLE VIA WEBCAST REPLAY

Diane Terry:

Hello and welcome to the 2023 Starbucks annual meeting of shareholders. We look forward to spending this time together with you, our shareholders, customers and of course, our partners who proudly wear the green apron every day. My name is Diane Terry. I'm a 20-year partner and currently serve as the vice president of Beverage Research and Development and Innovation. I'm here with my team of partners who create new, exciting beverages that exceed the expectations of our customers and our partners. We have the pleasure of kicking off this meeting with how we start all meetings at Starbucks, a coffee tasting.

For more than 50 years, coffee has been at the core of everything we do. We aim to always honor our coffee heritage while also looking ahead to what's next. Just last month, we introduced a revolutionary new beverage platform that brings together the unexpected and alchemy of Starbucks coffee, deliciously infused with a spoonful of Partanna cold pressed extra virgin olive oil. The result is a velvety, smooth, delicately sweet and lush coffee that uplifts each cup with an extraordinary new flavor. Today we're tasting Starbucks Oleato golden foam cold brew. Here you go, Diane. Thank you, Rosalind. We can't wait for you to try Starbucks Oleato soon. Cheers.

Mellody Hobson:

Thank you, Diane, for that excellent coffee tasting. Good morning. I'm Mellody Hobson, Starbucks independent board chair. I'm going to turn the meeting over to our new CEO, Laxman Narasimhan, here shortly. But first I want to take a moment to reflect on the last year. This time last year we announced Howard Schultz's return as interim CEO while we searched for our next global leader. The entire board. And I want to sincerely thank Howard for answering that unexpected call. Howard selflessly stepped back in and helped reset the company, leading in the service of our partners while putting aside his own personal pursuits and doing so without any compensation. In this last

year with Howard, we have launched a reinvention. We have continued investing in our partners, our stores and the experiences for our customers. The over \$1 billion in partner investments alone is paying dividends in retention and engagement from our most important partners on the front line.

The company saw a 47% stock price increase between our Q2 FY22 earnings call through the Q1 FY23 earnings call, and we saw market cap growth of approximately \$40 billion during that same time. We also delivered 50% in total shareholder returns in this time period, far outpacing the S&P 500 while remaining one of Fortune's most admired brands. Howard, you helped drive this, and on behalf of the board, thank you for this work and for your love of our company. Thank you for the passion and your visionary leadership, not the least of which is the new innovation in Starbucks Oljato being brought to the US this week. Everyone is very excited. We are forever grateful. You will always be connected to our company. You will always be our founder with great enthusiasm and optimism for the future of Starbucks. I now turn the meeting over to our new leader.

Laxman Narasimhan:

Hello, I am Laxman Narasimhan. Partners call me Laks. I want to welcome you to the Starbucks 2023 annual Meeting of Shareholders. Welcome Melody Hobson, our board chair. Welcome Howard Schultz, our founder. Welcome to the entire Starbucks board of directors and to the Starbucks leadership team. Most importantly, I want to welcome and thank our over 400,000 partners around the world who serve over 100 million Starbucks customers every week. Over the past six months, I've enjoyed a unique CEO transition experience. I came in with no responsibilities, no direct reports, no budget, no power, nothing. It was liberating. My sole focus has been on immersing in the business and the culture of Starbucks with our partners and stores, with our geographic and licensed partners, our supply chain, our farms and our support centers around the world. This unique immersion has given me an opportunity to really understand what it means to wear the green apron. I'm proud to say I've officially learned how to make a great French press and even a triple tall, blond, extra whipped pumpkin spice latte. And along the way, I received some invaluable advice.

APPROXIMATELY FIVE MINUTES OF VIDEO CONTENT AVAILABLE VIA WEBCAST REPLAY

Laxman Narasimhan:

That was so lovely. That was just so lovely. The immersion has been an incredible journey for me. A gift, really. Working with Howard and our partners to learn the strengths of a company and the possibilities ahead. As the new CEO of Starbucks, I am confident that I know our business and our people well. But I will continue to learn and I'm excited to continue earning my green apron every day. These past six months have enabled me to listen, to learn, and to think about what the future of Starbucks looks like and what we need to do to get there. I've spent a lot of time with Howard

and our leadership team in Seattle in our origin in Hacienda Alsacia in Costa Rica, in Europe, in Japan, and most recently in New York, in our Empire State Building Store. We talked about why we exist as a company and what we are looking to build together. We explore the extraordinary impact Starbucks has made over the last 50 years and the many opportunities that lie in front of us. Here's what I've observed in the process.

First, we have limitless potential, but we need to address what limits us. Second, our performance is strong, but our health needs to be stronger. Third, we strive to be a different kind of company, and that is unchanged. But we now operate in a different kind of world. We know millions of people around the world feel isolated and feel alone. They feel socially excluded. They crave meaningful connection. At Starbucks, it's always been our mission to create connection, to create human connection over a cup of coffee. And I believe even after 50 years, we've only scratched the surface. We will continue to embrace the humanity that guides Starbucks. We will imagine. We will innovate. We will iterate and we will thoughtfully scale. We will honor our rituals. We will learn. We will grow. We will teach. We will lead. And we will embrace rigor with vigor in our journey to become limitless our leadership team is looking at that which limits us.

APPROXIMATELY 18 MINUTES OF VIDEO CONTENT AVAILABLE VIA WEBCAST REPLAY

Jennifer Kraft:

Good morning, partners and shareholders. My name is Jennifer Kraft and I currently serve as Starbucks corporate secretary. It is my privilege to join you today to present the formal portion of our meeting. As Laks shared today, this is an incredible time to be a Starbucks partner. Our reinvention over the last year has put us in a position to now each do our part in contributing to a limitless future. Starbucks unique ability to deliver true, authentic human connection to partners, customers, and the communities we serve is what truly sets us apart. And you see it in the stories told today. I also want to thank Howard for his tremendous leadership throughout the past year and look forward to his continuing partnership as a member of the board.

And now it is time for us to proceed with the formal portion of our annual meeting of shareholders. We have received an affidavit signed by Broadridge Financial Solutions that notice of this meeting, along with related proxy and annual report materials, was mailed or made available on January 27th, 2023 to Starbucks shareholders of record as of the close of business on our record date, which was January 13th, 2023. A list of shareholders as of the record date is available for inspection by shareholders using the registered shareholder list link found on this webcast page. Based on the affidavit from Broadridge, this meeting is duly called with timely and proper notice. In addition, based on the information provided by Broadridge, a quorum of shareholders is present to conduct our meeting today. The polls are now open and will close after the presentation of our business

matters, which will occur in a few minutes. If you previously voted using the Internet by phone or by mail, you do not need to take any additional action. If you would like to vote today or if you previously voted and would like to change your vote, please use the voting buttons on the webcast portal. Broadridge has appointed Mr. Andrew Wilcox as the inspector of elections to tabulate the votes.

The first order of business is to elect the eight directors nominated by the board. The nominees are as follows. Mellody Hobson, Starbucks Independent Board Chair and Co-Chief Executive Officer, President and Director Ariel Investments, LLC. Howard Schultz, Starbucks founder, Director and former Chief Executive Officer. Laxman Narasimhan, Starbucks Chief Executive Officer. Ritch Allison, Retired Chief Executive officer and Director, Domino's Pizza Inc. Andy Campion, Chief Operating Officer, Nike Inc. Beth Ford, Chief Executive Officer, Land O'Lakes. Jorgen Vig Knudstorp, Executive Chairman, Lego Brand Group. Satya Nadella, Chairman and Chief Executive Officer, Microsoft Corporation. The board recommends a vote for each of the nominees.

The second item of business is to approve, on a non-binding advisory basis the compensation paid to our named executive officers. The board recommends a vote for this proposal. The third item of business is to approve, on a non-binding advisory basis the frequency of future advisory votes on executive compensation. The board recommends a vote for every year on this proposal. The fourth item of business is to ratify the selection of Deloitte and Touche LLP as our independent registered public accounting firm for the current fiscal year ending October 1st, 2023. The board recommends a vote for this proposal. The fifth item of business is the shareholder proposal submitted by the People for the Ethical Treatment of Animals, also known as PETA, related to the Commission of a report on plant-based milk pricing. We will now hear from Jacqueline Sadashige, senior officer for corporate responsibility at PETA, to present the proposal.

Jacqueline Sadashige:

Resolved. In light of heightened public concern about the dairy industry's environmental impact, the growing prevalence of allergies to cow's milk and the increasing demand for alternatives to dairy milk, the board is strongly urged to commission a report examining any costs to Starbucks's reputation and any impact on its projected sales incurred as a result of its ongoing upcharge on plant-based milk. The report should address the risks and opportunities presented by the shift in public opinion regarding dairy versus non-dairy options, including, but not limited to the aforementioned issues. Given the urgency of the matter, the Board should summarize and present its findings to shareholders by the end of the third quarter of the current fiscal year. The report should be completed at a reasonable cost and omit proprietary information.

Supporting statement. Although Starbucks prides itself on innovation, inspiration and a purpose that goes beyond profit, our company has fallen short of its own environmental and people positive aspirations by continuing to impose an upcharge on non-dairy milk. US per capita fluid milk consumption has declined each decade since the 1970s, and this downward trend is expected to continue. The non-dairy milk market, however, is projected to grow from over \$25 billion in 2022 to over \$61 billion by 2029. Factors driving this growth include taste, lactose intolerance and environmental concerns. Research shows that 82% of people who consume plant-based milk do so because they prefer the taste. Many individuals cannot tolerate cow's milk. Between 50 to 100% of the non-white population suffers from lactose intolerance. Non-whites currently comprise nearly 40% of the US population, and that segment is growing, meaning that more and more people may not visit Starbucks or avoid drinks that include milk because of the current upcharge on non-dairy milk.

More than half of surveyed individuals choose non-dairy milk for environmental reasons. Starbucks admits that dairy milk is the biggest contributor to its carbon footprint and the second highest contributor to water usage. Cattle, including dairy cows, account for roughly 40% of all agricultural greenhouse gas emissions, and it takes 144 gallons of water to produce just one gallon of dairy milk. In comparison, plant-based milks produce less than one third the CO2 emissions and require up to 90% less water to produce. Given the escalating popularity of non-dairy milk, it is reasonable for shareholders to request an analysis of the potential cost to our company of the current upcharge on non-dairy milk with regard to public relations and lost sales. Accordingly, we urge all shareholders to support this resolution.

Jennifer Kraft:

Thank you, Jacqueline. For the reasons outlined in our proxy statement, the board has recommended a vote against this shareholder proposal. Starbucks is committed to a resource positive future and to expanding our plant-based and plant forward menu items globally. The price for plant-based milk customization varies by market, with certain markets already offering plant-based milks at no extra charge. As with all of our product offerings, Starbucks continuously evaluates the market for and the price of our plant-based menu items, including plant-based milk customizations. We believe commissioning a separate report on the impact of our pricing strategy for plant-based milk customizations would divert resources from our ongoing efforts to expand plant-based options for our customers. The sixth item of business is the shareholder proposal regarding a CEO succession planning policy amendment submitted by SOC Investment Group and Leah Martin. We will now hear from Cynthia Simon, a representative of SOC Investment Group, to present the proposal.

Cynthia Simon:

Good morning. My name is Cynthia Simon on behalf of the SOC Investment Group and our co-filer, Leo Martin. I hereby move proposal six urging the Board of Directors to strengthen its CEO succession planning policy. While the board has adopted several provisions requested in the proposal, they have left out two critical components. The proposal requests that the board begin succession planning in earnest at least three years in advance of an anticipated succession. This gives the board time to take final steps to prepare an internal candidate, recruit and perform due diligence on outside candidates and ensure there is time for the outgoing CEO to help onboard the incoming CEO. We note that our proposal does not prevent Starbucks from beginning succession planning earlier than three years, but is a minimum standard aligned with best practice.

The proposal also asks the board to develop metrics or standards to annually evaluate the succession planning process. Having some measure by which the board is assessing its performance could be beneficial in ensuring the effectiveness of its process. These metrics might include, for example, percent of leaders with a ready now successor promotion rates, career path ratio and diversity rates. Succession planning is one of the most important responsibilities of our board of directors. Several indicators in the recent succession point to a deficient process. They include the mere three week notice to investors of Kevin Johnson's impending retirement. The lack of any internal candidates with the requisite skills. The need for Howard Schultz to return as interim CEO and launch of the reinvention plan prior to Mr. Narasimhan's start as incoming CEO.

The board had several years of advance notice of Johnson's impending retirement and yet seemed unprepared waiting until only a year before Johnson's announcement to begin its search. We believe the board would have benefited from starting this process sooner, a more robust succession policy that includes a requirement that planning begin at least three years prior to an anticipated CEO transition and metrics to annually evaluate the process helps ensure that the board will focus more on succession planning going forward. These requirements are not overly onerous and would enhance the board's process. We therefore urge shareholders to vote for Proposal Six. Thank you.

Jennifer Kraft:

Thank you, Cynthia. For the reasons outlined in our proxy statement, the board has recommended a vote against this shareholder proposal. As referenced in our proxy statement, the company's corporate governance principles and practices were amended in December 2022 to substantially incorporate the suggestions made by the proponents in their shareholder proposal, including with respect to ongoing planning processes for anticipated and emergency CEO succession planning. We appreciate the proponent's insightful contribution to our robust governance principles. The seventh item of business is the proposal submitted by the National Legal and Policy Center regarding an annual report on company operations in China. We will now hear from Paul Chesser, director of

the Corporate Integrity Project, a representative of the National Legal and Policy Center, to present the proposal.

Paul Chesser:

Good morning. Corporate integrity is exactly what our proposal, proposal number seven, is all about. We're asking for Starbucks to provide shareholders a simple report that discloses the significant risk it bears as the consequence of its extensive presence and its aggressive plans for expansion in oppressive and dictatorial communist China. The company opposes our proposal by pointing out that it already provides enough risk disclosures in its boilerplate jargon-riddled 10-K annual report that reveals the minimal amount possible. In opposing our resolution, Starbucks claims an alleged commitment to human rights by pointing out that it follows statements that are toothless, published by fairly worthless organizations like the UN, the OECD and other ineffective NGOs.

So, needless to say, these so-called disclosure steps are insufficient in light of, one, what we're asking for, and two, the seriousness and severity of what we are witnessing from the geopolitical menace that is communist China. If our fellow shareholders check the SEC filings for Starbucks, they will find a report that we submitted on March 7th, which provides extensive justification for our proposal and I dare say discloses far more about the risks to Starbucks from China than what the company itself discloses anywhere. But, of course, the company has far more internal information about its business in China than we had to go on, and they just don't want to share it with you. They also don't want to upset the Chinese government and dictatorial chairman, as Howard Schultz has spent decades genuflecting before the CCP in order to earn the right to do business there.

If you doubt that corporate America needs to ingratiate itself with loathsome dictators in order to do business in communist countries, just ask the NBA, which was banished from China for a time when one of its team executives simply tweeted in support of Hong Kong. You don't dare cross Chairman Xi. So a report like what we request almost certainly wouldn't be received well in Beijing. Perhaps it's no accident that the US State Department released its annual human rights report for China earlier this week, which found "genocide and crimes against humanity occurred during the year 2022 against predominantly Muslim Uighurs and members of other ethnic and religious minority groups in Xinjiang, China." I will end my remarks with a question, why did Mr. Schultz close all his stores five years ago for a half day for racial sensitivity training for all employees and overturned Starbucks common sense restroom use policies over an isolated incident in Philadelphia, but he and the company remained silent over a pervasive and proven human rights disgrace in communist China? Thank you for your attention.

Jennifer Kraft:

Thank you, Paul. For the reasons outlined in our proxy statement, the board has recommended a vote against this shareholder proposal. Starbucks does not believe that the report requested by the proponent would benefit our shareholders. As a publicly traded company, Starbucks is already subject to comprehensive and ongoing disclosure requirements to our shareholders, which include disclosure about our operations in China. To the extent that they are material to our business. Given our existing disclosure obligations, current public reporting and our enterprise risk management program, we do not believe a separate report as proposed by the proponent is beneficial to or in the best interest of our shareholders. The eighth item of business is the proposal submitted by Trillium Asset Management, the New York City Comptroller, Brad Lander, PIRC and share together on behalf of various shareholders regarding an assessment of worker rights commitments. We will now hear from Michael Frerichs, Illinois state treasurer, who is representing the shareholder proponents to present the proposal.

Michael Frerichs:

Good morning, Madam Chair, members of the board and fellow shareholders. My name is Michael Frerichs, the Illinois State Treasurer. I'm here to present Proposal Eight, which requests a worker rights assessment commissioned by the board. Proposal was submitted by Trillium Asset Management, the New York City Retirement Systems, PIRC and Share. Proposal Eight is not only about worker's fundamental rights, it's also about the board's responsibilities, specifically the responsibility to make sure Starbucks operates in accordance with its own stated policies and values. As Chair Hobson has expressed, and I quote, "the board's role in ensuring compliance with company policy cannot be overstated. It is the board's responsibility to set the tone at the top and ensure that the company operates with integrity and in compliance with all laws and regulations. This means developing and implementing effective policies and procedures."

To its credit, Starbucks has strong human rights policies. It is committed to the UN guiding principles on business and human rights, the Women's Empowerment Principles, the ILO core labor standards, and other relevant frameworks. These commitments are central to Starbucks mission to be people positive, investing in humanity and the wellbeing of everyone we connect with. Recent events have called into question whether Starbucks is actually living up to its commitments, specifically its explicit commitments to the fundamental right of employees to freedom of association and collective bargaining. This includes the right to form or join a union without management interference. We note that among a multitude of allegations that Starbucks has interfered with these rights engaging in retaliation, intimidation, surveillance and firings. Just weeks ago, a judge denounced Starbucks for, and I quote, "egregious and widespread misconduct, demonstrating a general disregard for the employees' fundamental rights."

Investors are not only concerned about the many serious allegations, the company has violated US labor laws, but we're also concerned that Starbucks has violated its own fundamental human rights commitments. The apparent misalignment between Starbucks public commitments and its reported conduct creates material reputational, legal and operational risks to the company and may impact the company's long-term value. Proposal Eight offers the board an opportunity to prioritize compliance to uphold the company's commitments to its employees' fundamental rights and address increasing risks to the company and shareholders. Chair Hobson has stated that she understands firsthand the importance of unions and protecting workers' rights and ensuring that they are treated fairly. With the leadership of Chair Hobson and support of the entire board, Starbucks can demonstrate to shareholders that it takes its human rights commitments seriously, adheres to them, and is focused on the company's long-term success. Thank you.

Jennifer Kraft:

Thank you, Michael. For the reasons outlined in our proxy statement, the board has recommended a vote against this shareholder proposal. We believe that our partners are the heart of the Starbucks experience. The board works with management to invest in our partners health, wellbeing and success, to create a culture of belonging which is centered around putting our partners first and where everyone is welcome. Starbucks partners' voices and concerns are a top priority for both management and this board. We continue to believe that together with our partners, we can build a company defined by dignity and respect for each other and our planet. Starbucks has commenced efforts to perform a human rights impact assessment, which will be conducted by independent third parties, including those with appropriate subject matter expertise with respect to the deeper level review of the principles of freedom of association and the right to collective bargaining.

We expect to make the results of the Human Rights Impact Assessment available to shareholders, stakeholders and other interested parties by the end of our 2023 fiscal year, subject to privilege considerations. The ninth and final item of business. Is the proposal submitted by the National Center for Public Policy Research. Regarding the creation of a board committee on corporate sustainability. We will now hear from Scott Shepard, director of the Free Enterprise Project, a representative of the National Center for Public Policy Research, to present the proposal.

Scott Shepard:

The company's opposing statement underscores just how much it needs a board financial sustainability committee. One that will review and question Starbucks political and social commitments to see how they undermine company profitability and growth. Starbucks other so-called sustainability commitments are putting the company's revenues and prospects at risk to advance executives and directors personal policy preferences. This puts our company's executives and directors at risk of

personal liability as well. So you really should listen up. The company again asserts that it's using shareholder assets to advance racial and social equity for employees. This means that the company is actively discriminating in hiring and promotion on the basis of race and ethnicity in plainly illegal ways, justifying its conduct by relying on the assurances of the hardly objective and unbiased Eric Holder, former Obama Administration Attorney General.

This discrimination is occurring even when the group is being discriminated against are already statistically underrepresented at the company. This is illegal and it's dumb. It violates the directors and executives' fiduciary duties and it shrinks company value by hiring on bases other than merit and by creating reputational and litigation risk. The company's quest for equity has also led it to open its shops to be America's public bathrooms and to support left wing social policies that reduce policing and increase incentives for criminal and dangerous behavior both in the communities where Starbucks dumb policies are implemented and in its stores themselves, especially the bathrooms. This has cascading negative effects on company sustainability. Employees must clean up drug users' needles and other dangerous artifacts they must deal with and try to work around, often disruptive and dangerous noncustomers who have settled in at Starbucks shops. Customers are driven to safer and cleaner places to buy overpriced coffee.

The company claims that these initiatives advance its third wave vision for Starbucks, but in truth, they undermine that plan. Starbucks stores can't be a third place for customers if they don't come because the stores are dangerous and they can't be a third place for anyone if they close because they become too dangerous for employees and therefore potentially too damaging to the company. Heck, the stores can't even serve as the national bathroom under those conditions. The company pooh poohs our proposal by noting that it has opened hundreds of stores while only closing about two dozen so far. But CEO Howard Schultz has admitted that there will be more closing exactly where the social policies he's pushed are playing out. There are also quasi closings as when chairs and tables and tables are removed from stores to combat the effect of Schultz's policies, thereby totally undermining the supposed third place justification for those policies. And presumably those bragged of openings would have occurred anyway and have happened in places that have rejected the company's destructive and anti-fiduciary social and political commitments. Our proposal calls for a committee to look into genuine corporate sustainability, not to parrot Schultz's unsustainable politics behind an Orwellian sustainability label. It is desperately needed.

Jennifer Kraft:

Thank you, Scott, For the reasons outlined in our proxy statement, the board has recommended a vote against the shareholder proposal. Starbucks is committed to creating a welcoming and inclusive environment and advancing racial and social equity. Because the Starbucks Board of Directors and

its nominating and corporate Governance Committee have effective oversight over sustainability issues and have disclosed our commitment to further our efforts with intention, transparency and accountability. Publicly, we do not believe that establishing a separate corporate sustainability committee is necessary to properly exercise its oversight of this important area. Nor would such a commitment add to Starbucks existing commitment to corporate sustainability.

That concludes the matters to be voted on as outlined in the notice of annual meeting. In accordance with our bylaws, I hereby declare the polls for voting at our 2023 annual meeting closed. Our Board will carefully consider the results of all shareholder voting. In addition, in connection with the annual meeting, we engaged numerous shareholders representing more than 25% of our outstanding shares and received feedback on a variety of topics, including those presented for consideration by shareholders today. We look forward to continued engagement with our shareholders in the months ahead. The results of voting on the proposals are still being tabulated by Broadridge and are not yet final. We will report the final voting results of today's meeting on a Form 8-K filed with the SEC within four business days following this meeting. That concludes the formal business of the meeting, and I now declare the annual meeting of shareholders adjourned. I appreciate the opportunity to join you today. We will now transition to the Q&A session, which will begin in a few minutes.

Laxman Narasimhan:

Thank you. And welcome to you all. To take questions today, I'm joined by a few of my partners on our leadership team. To my right, we have AJ Jones II, EVP of Public Affairs, Zabrina Jenkins, our acting general counsel, and Sara Kelly, chief partner officer. On my left, we have Mellody Hobson, Independent Starbucks Board of Directors Chair, Rachel Ruggeri, Chief Financial Officer, Michael Conway, Group President, International and Channel Development, and Michelle Burns, EVP of Global Coffee, Social Impact and Sustainability. I know we have questions that were submitted, and we thank you for them. And so now I'm going to turn you over to our moderator, Kevin.

Moderator:

Thank you, Laxman. We received some great questions for the group today. Many were around similar themes, so we've pulled the ones that were representative to make sure we've got everything covered. So, Laxman, the first question is for you. How has the transition to CEO been?

Laxman Narasimhan:

Thank you for the question. As you saw over the past six months, we have designed a unique transition for me through an immersive experience. I've learned the business and the culture of Starbucks from my founder and from our green apron partners around the world since January. Leadership

responsibility has been handed to me and we did the transition on March 20th to CEO so I could lead today's meeting. I've learned about our business and our people, and I'm excited to continue earning my green apron every day.

Moderator:

Thanks, Laxman. One more for you. When will we start holding annual meetings in person in Seattle again?

Laxman Narasimhan:

We're a company rooted in human connection. We've already begun to transition back to in-person meetings, like when we joined together with investors and partners for Investor Day last year. We value authentic and deep human connection that comes with in-person events and collaboration. We will continue to evaluate on a case-by-case basis what we feel is the most appropriate format for individual meetings and events.

Moderator:

Thank you. AJ, a question for you. Will Starbucks consider entering into a labor neutrality agreement?

AJ Jones II:

Thank you so much for the question. I think it's important to know what a neutrality agreement are, what trade agreements are, and more importantly, their connection to union representation. One of the most important decisions any employee or in our case partner can make is whether or not they're going to be represented by a union or maintain a direct partnership with us. As such, it's important that our partners have the information that they need to actively participate within the democratic process of voting and engaging with both their store and also partner experience. Furthermore, we believe our partners' voice should be heard and be exercised through an election process, whether that be for or against union representation.

Given this background and understanding, we will not be entering into a neutrality agreement because it would prohibit the ability for us to talk openly and freely with our partners, provide them with the information that they need about the value and importance of a direct relationship with us and how it could change under union representation. Moreover, virtually every neutrality agreement that is issued will contain a provision called card check and a card check process. Union gains representation or recognition by assigning of cards versus a secret ballot election. This would deny our partners the right to vote on whether or not they should be represented by a union or not.

This is a key issue for of the 289 stores that have voted to unionize in our company, 94.2% of them have done so with an affirmative vote by a minority of our partners. Let me explain. The average

store will have between 20 to 25 individuals within that store partners. Those partners, if they, when they vote, they will have a situation where a minority of partners say, for instance, six will vote and maybe four will vote for, two will vote against and a majority will not vote. If we were to enter into a neutrality agreement, we would be suppressing the ability for those who didn't vote or making a determination that may not be aligned with their experience, their expectation or their choices. To be clear, we respect every partner's right to organize and lawfully engage in union activities, which is why we believe that we must affirm our partners ability to vote in an election and have access to the information that they need to make an informed decision. Thank you again for the question.

Moderator:

Thank you, AJ. Zabrina, question for you. What is the reason behind the board's position on the proposed third-party workers' rights assessment?

Zabrina Jenkins:

Thank you for the question. Since our founding, we have created a partner focused company which has enabled us to offer our people the best compensation and benefits in our industry today. That includes an average hourly wage floor of \$17.50. Our unique Bean Stock program, which has awarded over \$2 billion to partners and our education programs, which pay 100% of the tuition costs for college degrees through our partnership with Arizona State University. In the last three years, we have invested \$9 billion back into our business, a third of which has gone directly to our partners. These efforts have led us to being consistently ranked as one of the country's leading employers by organizations, including Fortune, Just Capital and Aon. As previously mentioned by Jennifer, we are committed to undertaking an independent third-party human rights impact assessment that will include a deeper level review of the principles of freedom of association and the right to collective bargaining. This represents a much broader commitment than the shareholder proposal requests. Thank you for the question.

Moderator:

Thank you, Zabrina. Michelle, a question for you. Can you speak to what Starbucks is doing to pursue sustainable livelihoods within its supply chain specific to the living incomes for our coffee farmers?

Michelle Burns:

Thank you for the question. First, we believe that it is Starbucks's responsibility to work alongside coffee farmers to improve their livelihoods, whether they sell to us or not. Together, we hope to help farmers increase their productivity, quality of life and their profitability by developing solutions that support both people and our planet. For example, Starbucks pays premiums that support farmer profitability above commercial market price. These premiums are driven by the fact that we buy

premium quality coffee that is verified as ethically sourced by cafe practice standards, which is one of the coffee industry's very first set of ethical sourcing standards when we launched it in 2004. These practices are designed to promote transparent, profitable and sustainable coffee growing practices while protecting the wellbeing of coffee farmers and workers, their families and their communities. We remain committed to pursuing ambitious goals with intention, transparency and accountability. Thank you.

Moderator:

Another question for you, Michelle. How does the company balance socially conscious initiatives versus creating shareholder growth and value?

Michelle Burns:

Thank you again. First, our responsibility starts with being accountable to Starbucks shareholders, Starbucks shareholders, and that includes our partners, customers, investors, suppliers, community members and others. Our ESG strategies help us to uplift our partners and customers, reduce the impact we make on the impact and most importantly, create responsible growth for our company and operate in a manner that supports the resilience of our business. I will add, we regularly engage with our shareholders to discuss ESG matters and how they may impact our ability to drive long term sustainable shareholder value. Thanks.

Moderator:

Thank you, Michelle. And another question for you. Why does Starbucks charge more for alternative milks?

Michelle Burns:

Great. Thank you. And I think, as Jennifer mentioned, the price for plant-based milk customization does vary by market and depends on a mix of considerations. In some geographies, market conditions do allow us to price plant-based milk much more closely to dairy milk than in others. For instance, there's currently no additional charge for customizing beverages with plant-based milk and company operated markets in the United Kingdom or Japan. Even in the United States, we're adding a splash of any plant-based milk to brewed coffee, iced coffee, cold brew and our Americana beverages is offered to our customers free of charge. Thank you.

Moderator:

Thanks, Michelle. Sara, a question for you. What is Starbucks doing to ensure that its employees in the US are receiving fair and equitable compensation for their work?

Sara Kelly:

Thank you for the question. I'll start by saying from the very beginning Starbucks has made it a priority to invest in its people. This past fiscal year alone, as Zabrina has mentioned, Starbucks invested more than \$1 billion, really focused on our partner experience in the form of wage and training investments. These investments have enabled us to bring our floor to \$15 an hour for our partners across the country. Our starting wages range from \$15 an hour to \$24 an hour. And our average hourly rate across the US is \$17.50 an hour. If you include all of the available benefits, which Aon has rated number one as for Starbucks as any retailer in the country, it provides an additional \$10 of value to our partners per hour. So if you take our national average of \$17 an hour and \$0.50 plus the average value of benefits of \$10 an hour, it brings a value to our partners to \$27 an hour and \$0.50. In addition, I would add that we recently completed our rollout of digital tipping across all eligible stores. This is giving our customers more ways to show their appreciation to our partners.

Moderator:

Thank you, Sara. Rachel, a question for you. What is your view of the current economic climate and how is that influencing your decision making?

Rachel Ruggeri:

When we look at Starbucks over the years, what we've seen is that our brand is considered an affordable luxury and that's supported by our customers, and that's actually created by the incredible experience that our partners create for our customers each and every day. Coupled with the premium beverage and food offerings that we have now, we plan for inflationary pressures in our guidance this year, and we're working to navigate the environment to create more resiliency in our business through things like sales leverage, leverage from pricing, as well as the efficiencies that will unlock as part of our reinvention plan. Currently, we aren't seeing that our customers are trading down and they're not spending less with us, which I think speaks to the strength of our brand, but it also speaks to the loyalty and the engagement of our customers. So our business is strong. And I think as we consider we continue to invest in our business and in the experience of a lot of optimism for what's ahead.

Moderator:

Thank you, Rachel. Michael, a question for you. Given the challenging geopolitical environment, how is Starbucks navigating current and future risks given your broad geographic footprint?

Michael Conway:

Thank you for the question. First, Starbucks does have a broad geographic footprint as we operate in every region and in more than 85 markets around the world. Our growth plans not only have us growing within these markets, but also to add additional markets in the years ahead. Over time, we've put in place comprehensive programs and tools to ensure that we understand the geopolitical landscape and are prepared to respond appropriately as the situations arise. This includes regularly engaging with our board of directors, with our licensed business partners, as well as a group of both internal and external advisors to help inform our decisions and ensure that we take the right actions. So while we can't predict what challenges might be ahead, I'm confident that we have the appropriate processes in place to be able to make the right decisions for our business and brand and ensure that our customers will be able to enjoy the Starbucks experience in markets globally for years to come. Thank you.

Moderator:

Thank you, Michael. Laxman, what is the company's outlook on China? To what extent is Starbucks dependent on this market for future growth?

Laxman Narasimhan:

Thank you for the question. We have been in China for more than 20 years. We remain optimistic about the region. Our belief in China, which is Starbucks second largest market, is based on our belief in our partners. Our success in the country and our commitment to playing the long game. When COVID disruptions abate, we are confident that Starbucks will emerge not only as the undisputed leader in our category, but likely the number one Western consumer brand in the country. I just want to make a call out to our team in China. Our team in China has been through a lot over the course of the last three years. And what we are seeing now, particularly as COVID abates, is we are seeing a real turn in our business as the country returns to a post-COVID state. I celebrate their resilience and how they're rebuilding the business coming from where it was over the course of COVID.

Moderator:

Thank you, Laxman. And another question for you. How is return to the office working?

Laxman Narasimhan:

COVID has been tough on all of us and certainly it has been tough on our company. During this period, our teams did an incredible amount of work from home or from where they were, and I just want to acknowledge our partners' efforts during that time. We are a company rooted in human connection. We must have authentic and deep human connection everywhere. We work in stores, in our support centers, in our roasting plants, in our coffee farms everywhere. Our workplace experience

reflects the input of many of our partners and includes more choice for common days in the office, as well as additional tools, resources and support. Let me give you an example of something I've personally seen in terms of our return to the office. I walk around this building and when I walk around this building, I have an opportunity to interact with many teams.

Recently, I interacted with a team in technology. This is the team that does work in what's called Playbuilder, which is our scheduling deployment tool. It was a very informal interaction over coffee, and we had a chat about the work they were doing, and I said I'd come back and spend some time with them, which is what I did last week. And we all got together. We went through the work they were doing and it was amazing to see the kind of things they were working on, the kind of innovations they're working to bring to bear. And we had very direct engagement on real work that we were doing, and many of them joined and we had a great conversation. So the ability for us to have these informal interactions goes up in our workplace as we return to the office.

Moderator:

Thank you. That concludes our questions today. So with that, I'll hand it to you to close us out. Thank you.

Laxman Narasimhan:

Thank you to everyone who joined us today and to those who raised questions and shared ideas for today.

I will leave you with this by continuing to nurture human connection. I believe the possibilities for Starbucks are limitless when we're at our best. We commit to mutual success. We work closely with our partners to help build bridges for a better future. We uplift our customers. We contribute positively to our communities around the world. We ensure the future of coffee for all with farmers and at our best. We give more to the earth than we take. It is this balance that results in long term returns for our shareholders. I thank you for your investment and I thank you all for joining us today.