



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

January 17, 2025

Joshua C. Gaul
Starbucks Corporation

Re: Starbucks Corporation (the "Company")
Incoming letter dated November 4, 2024

Dear Joshua C. Gaul:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by The Humane Society of the United States for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal asks the Company to disclose details of its implementation plans and timelines for reaching its cage-free egg commitment in China and Japan.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters and does not seek to micromanage the Company.

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Rebecca Cary
The Humane Society of the United States



Starbucks Coffee Company

P.O. Box 34067

Seattle, WA 98124-1067

Josh Gaul

vice president, assistant general counsel and
corporate secretary

Starbucks Coffee Company

November 4, 2024

VIA STAFF ONLINE FORM

Office of the Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549

Re: Starbucks Corporation – Notice of Intent to Exclude from Proxy Materials Shareholder Proposal Submitted by The Humane Society of the United States

Ladies and Gentlemen:

Pursuant to Exchange Act Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended, Starbucks Corporation, a Washington corporation (the “**Company**”), hereby notifies the Division of Corporation Finance of the Securities and Exchange Commission (the “**Commission**”) of the Company’s intention to exclude from its proxy materials for its 2025 Annual Meeting of Shareholders scheduled for March 12, 2025 (the “**2025 Proxy Materials**”), a shareholder proposal (the “**Proposal**”) from The Humane Society of the United States (the “**Proponent**”). The Company requests confirmation that the staff of the Division of Corporation Finance (the “**Staff**”) will not recommend an enforcement action to the Commission if the Company excludes the Proposal from its 2025 Proxy Materials in reliance on Rule 14a-8(i)(7) because the Proposal relates to the Company’s ordinary business, attempts to micromanage the Company’s ordinary business, and does not focus on a significant policy issue that transcends the Company’s ordinary business operations.

Pursuant to Rule 14a-8(j), we have:

- submitted this letter and its attachments to the Commission via the online Shareholder Proposal Form located on the Commission’s website no later than 80 calendar days before the Company intends to file its 2025 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponent as notification of the Company's intention to exclude the Proposal from its 2025 Proxy Materials.

This request is being submitted electronically pursuant to the SEC's announcement, dated November 7, 2023, available online at <https://www.sec.gov/corpfin/announcement/announcement-new-intake-system-110723>. Accordingly, we are not enclosing the additional six copies ordinarily required by Rule 14a-8(j).

Rule 14a-8(k) and the Commission's Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("**SLB 14D**") provide that shareholder proponents are required to send companies a copy of any correspondence that the proponent elects to submit to the Commission or the Staff. Accordingly, the Company is taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

The Company currently intends to file its definitive 2025 Proxy Materials with the Commission on or about January 24, 2025.

The Proposal

The Company received the Proposal on September 9, 2024. A full copy of the Proposal and supporting statement (the "**Supporting Statement**") is attached hereto as **Exhibit A**. The Proposal's resolution reads as follows:

RESOLVED: Shareholders ask that Starbucks disclose details of its implementation plans and timelines for reaching its cage-free egg commitment in China and Japan. This should be done within six months of the annual meeting, at reasonable cost, and omitting proprietary information.

Basis for Exclusion

The Company respectfully requests the Staff concur that the Proposal may be excluded from the 2025 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal's subject matter directly relates to the Company's ordinary business operations (i.e., the sales and marketing of products and the sourcing and procurement of ingredients), seeks to micromanage the Company's ordinary business operations, and does not focus on a significant policy issue that transcends the Company's ordinary business operations.

Analysis

A. Background on Rule 14a-8(i)(7)

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business" operations. According to the Commission's

release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business” “refers to matters that are not necessarily ‘ordinary’ in the common meaning of the word,” but instead the term “is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company’s business and operations.” Exchange Act Release No. 34-40018 (May 21, 1998) (the “**1998 Release**”).

As outlined in the 1998 Release, the underlying policy of the “ordinary business” exclusion is “to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.” *Id.* In the 1998 Release, the Commission noted that the “policy underlying the ordinary business exclusion rests on two central considerations.” *Id.*

The first relates to the subject matter of the proposal. More specifically, “[c]ertain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” *Id.* Notwithstanding the foregoing policy rationale, a proposal may nevertheless be safe from exclusion under the “ordinary business” exception if it focuses on a significant social policy issue. Specifically, the Commission noted in the 1998 Release that “proposals relating to [ordinary business] matters but focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” *Id.*

The second consideration “relates to the degree to which the proposal seeks to ‘micromanage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *Id.*; *see also*, e.g., *JPMorgan Chase & Co* (avail. Mar. 29, 2024); *JPMorgan Chase & Co* (avail. Mar. 22, 2019); *Royal Caribbean Cruises Ltd.* (avail. Mar. 14, 2019); *Walgreens Boots Alliance, Inc.* (avail. Nov. 20, 2018); *RH* (avail. May 11, 2018); and *Amazon.com, Inc.* (avail. Jan. 18, 2018). In Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“**SLB 14L**”) the Staff elaborated on this by explaining that, while not all “proposals seeking detail or seeking to promote timeframes” constitute micromanagement, going forward the Staff would “focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.” To that end, the Staff stated that this “approach is consistent with the Commission’s views on the ordinary business exclusion, which is designed to preserve *management’s discretion on ordinary business matters* but not prevent shareholders from providing *high-level direction on large strategic corporate matters*” (emphasis added).

Framing a shareholder proposal in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the

ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983). *See also Johnson Controls, Inc.* (avail. Oct. 26, 1999) (“[Where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under [R]ule 14a-8(i)(7).”).

Finally, when assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C, part D.2 (Jun. 28, 2005) (“In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole”).

B. The Proposal Should Be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters Relating to the Company’s Ordinary Business Operations

The Proposal implicates the first of the policy considerations behind the “ordinary business” exception as outlined in the 1998 Release, because its subject matter is “so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.”

i. The Company’s Decision-Making Regarding its Marketing and Sales Efforts is an Ordinary Business Matter

The Proposal relates to the Company’s ordinary business operations insofar as it implicates the Company’s decision-making regarding its marketing, sales efforts, and brand positioning.

The Staff has consistently determined that a company’s marketing and consumer relations decisions are part of its ordinary business operations. *See, e.g., Tootsie Roll Industries Inc.* (avail. Jan. 31, 2002) (concurring in the exclusion of a proposal asking the company to identify and disassociate from any offensive imagery to the American Indian community in product marketing and advertising because the proposal related to “the manner in which a company advertises its products”); *General Electric Co.* (avail. Jan. 18, 2005) (concurring with the exclusion of a proposal prohibiting the company from advertising through mediums that carry statements advocating firearm control legislation); *General Mills, Inc.* (avail. Jul. 14, 1992) (concurring with the exclusion of a proposal prohibiting the company from advertising on television programs that were “insulting to people of any racial, ethnic or religious group”); and *Hershey Foods Corp.* (avail. Dec. 27, 1989) (concurring with the exclusion of a proposal directing the company to discontinue advertising the company’s products on MTV following the company’s sponsorship of an allegedly sexually explicit video). As recently as April 2024, the Staff reaffirmed this stance. *See Shake Shack Inc.* (avail. Apr. 23, 2024) (concurring that a proposal was excludable under 14a-8(i)(7) where it asked a company for further details regarding its claims that its chicken is “hormone-free”).

Moreover, the Supporting Statement suggests that the implementation of its Proposal is meant to address risk by emphasizing that the Company's "brand relevance may *depend* on progress toward its animal welfare goals." To the extent that there is any risk associated with a company's marketing decisions, the Staff clarified in Staff Legal Bulletin No. 14E (Oct. 27, 2009), that "rather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk....we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company." In *Ford Motor Co.* (avail. Feb. 2, 2017), the Staff agreed that the company could exclude a shareholder proposal requesting that the company assess the political activity resulting from its advertising and any resulting risk. Ford argued that the "advertising function and any potential 'risks' resulting from the chosen media channels fall well within the scope of normal business operations and well outside the scope of normal shareholders' expertise."

There is no function more "core" to ordinary business management than marketing and public relations. As with the precedents cited above, the Proposal addresses the Company's advertising and public presentation, namely the Company's positioning of its sourcing of eggs, which the Supporting Statement explicitly links to the Company's brand relevance. By seeking to influence how the Company positions itself and its brand by requesting that the Company detail its ingredient sourcing plans and policies, the Proposal seeks to improperly introduce shareholder involvement in the Company's management of its marketing, brand positioning, and public relations activities; therefore, the Proposal may be appropriately excluded under Rule 14a-8(i)(7).

ii. The Company's Decision-Making Regarding its Supply Chain is an Ordinary Business Matter

The Proposal also relates to the Company's ordinary business operations insofar as it implicates the Company's decision-making regarding its supply chain.

In the 1998 Release, the Commission cited "the retention of suppliers" as an example of a task that is fundamental to management's ability to run a company on a daily basis. The Staff has consistently concurred with the exclusion under Rule 14a-8(i)(7) of proposals relating to a company's supplier relationships. Notably, in *The TJX Companies, Inc.* (Apr. 9, 2021) ("**TJX 2021**"), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal which requested a report "evaluating whether the company is supporting systemic racism through undetected supply chain prison labor." The proposal's supporting statement requested, among other things, metrics regarding the number of supplier audits completed by TJX or third-party auditors regarding the presence of prison labor in TJX's supply chain and an evaluation of risks to TJX's finances, operations, and reputation related to prison labor in its supply chain. TJX argued that the proposal was excludable as ordinary business because, among other reasons, it related to decisions regarding

the company's suppliers and enforcement of its existing standards of supplier conduct. The Staff concurred with exclusion under Rule 14a-8(i)(7).

The Staff's decision in TJX 2021 is consistent with a long line of precedent before and since where the Staff has concurred with Rule 14a-8(i)(7) exclusion of proposals related to a company's supplier relationships and supply chain. *See Verizon Communications, Inc.* (avail. Mar. 14, 2024) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal calling for an independent third-party assessment of health and safety violations in the company's supply chain); *The Home Depot, Inc.* (avail. Mar. 20, 2020) (concurring with the exclusion under Rule 14a-8(i)(7) of a proposal calling for a report substantially similar to that in TJX (2021), *supra*). *See also The TJX Companies* (avail. Mar. 20, 2020) (concurring with the exclusion of a proposal calling for a report substantially similar to that in TJX (2021), *supra*); *Walmart Inc.* (avail. Mar. 8, 2018) (concurring with the exclusion of a proposal seeking a report outlining the requirements suppliers must follow regarding engineering ownership and liability as relating to the company's ordinary business matters); *Foot Locker, Inc.* (avail. Mar. 3, 2017) (concurring with the exclusion of a proposal requesting a report on the company's use of subcontractors by its overseas apparel suppliers, and more specifically, "[t]he extent to which company codes of conduct are applied to apparel suppliers and sub-contractors"); *Kraft Foods Inc.* (avail. Jan. 6, 2012) (concurring with the exclusion of a proposal calling for a report assessing water risk to the company's agricultural supply chain as relating to ordinary business operations); and *The Southern Company* (avail. Jan. 19, 2011) (concurring with the exclusion of a proposal requesting that the company "strive to purchase a very high percentage" of "Made in the USA" goods and services because the proposal related to "decisions relating to supplier relationships").

As discussed above, the underlying subject of the Proposal is focused on the Company's sourcing policies and practices regarding its supply chain, particularly concerning the sourcing of eggs in its China and Japan markets. Like the foregoing precedents, the subject matter of the Proposal focuses on the Company's potential supplier relationships, including policies and standards relating thereto. Limiting the Company's ability to source the ingredients necessary to produce its products would hinder management's fundamental ability to run the Company's day-to-day operations. Given the Staff's consistent approach with respect to proposals seeking to influence a company's supply chain decisions, the Company believes the Proposal may be properly excluded under Rule 14a-8(i)(7).

iii. The Proposal Does Not Present Any Significant Social Policy Issues that Transcend the Day-to-Day Business of the Company, and is Therefore Appropriate for Exclusion under Rule 14a-8(i)(7)

For the reasons summarized in the preceding sections, the policy considerations underlying the "ordinary business" exemption weigh in favor of excluding the Proposal because it relates to an ordinary business matter. To the extent the balance of considerations weighs in favor of

exclusion, a proposal is excludable under Rule 14a-8(i)(7) unless it focuses on a significant social policy issue that transcends the Company's ordinary business matters. For the reasons summarized below, the Proposal fails to do so.

The Commission clarified in the 1998 Release that certain types of proposals that focus on significant social policy issues may be exempt from exclusion under the "ordinary business" exception. Specifically, the Commission noted that "proposals relating to [ordinary business] matters but *focusing on* sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote" (emphasis added).

As a natural corollary to the principle outlined in the preceding paragraph, it is well-established that a proposal that *focuses on* ordinary business matters but only *touches on* topics that might raise significant social policy issues—rather than *focusing on* such issues—is not transformed into a proposal that transcends ordinary business. *See, e.g., McDonald's Corp.* (avail. Mar. 22, 2019) (permitting exclusion of a proposal that touched on concerns about animal cruelty because the proposal was "focuse[d] primarily on" the company's ordinary business operations); *Mattel, Inc.* (avail. Feb. 10, 2012) (concurring with the exclusion of a proposal that requested the company require its suppliers to publish a report detailing their compliance with the International Council of Toy Industries Code of Business Practices, noting that the ICTI Code encompasses "several topics that relate to . . . ordinary business operations and are not significant policy issues"); *Amazon.com, Inc.* (avail. Mar. 11, 2016) (concurring with the exclusion of a proposal asking the board to prepare "a report addressing animal cruelty in the supply chain . . . [including] the reputational and financial risks associated [there]with" as "relating to Amazon's ordinary business operations" because "the proposal relates to the products and services offered for sale by the company"); *Amazon.com, Inc.* (avail. Mar. 27, 2015) (concurring with the exclusion of a proposal requesting disclosure of reputational and financial risks related to the treatment of animals in the company's supply chain as "relating to Amazon's ordinary business operations" because it "relates to the products and services offered for sale by the company").

The Staff elaborated on the foregoing principles in SLB 14L, in which the Staff stated that it will focus on the issue that is the subject of the shareholder proposal and determine whether it has "a broad societal impact, such that [it] transcend[s] the ordinary business of the company," and noted that proposals "previously viewed as excludable because they did not appear to raise a policy issue of significance *for the company* may no longer be viewed as excludable under Rule 14a-8(i)(7)" (emphasis added).

Here, the Proposal does not focus on a significant social policy issue that transcends the ordinary business of the Company, as the manner in which the Company markets itself (via its "cage-free egg commitment in China and Japan") and makes decisions regarding its supply chain does not present a significant social policy issue. The Proposal is not focused on matters of animal

health (i.e., whether the chickens are caged)—and in fact the Supporting Statement itself states that Starbucks has a public goal for “all of our products to meet high quality and ethical standards,” leaving no doubt that the Proposal’s primary focus is on the Company’s marketing and advertising of its products and its decision-making regarding supply chain, functions that are each quintessentially ordinary business matters that are not transcended by a significant social policy issue. Accordingly, the Proposal may be appropriately excluded under Rule 14a-8(i)(7).

C. The Proposal Should Be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Attempts to Micromanage the Company

The Proposal implicates the second of the policy considerations behind the “ordinary business” exception as outlined in the 1998 release, as it seeks to “micromanage” the company by limiting the discretion of the Company’s board and management and by imposing specific methods for implementing complex business policies. Having first evaluated the Proposal’s focus on the Company’s ordinary business matters of the Company, the policy inquiry outlined in the 1998 Release next assesses “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” The 1998 Release further states that micromanagement “may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific . . . methods for implementing complex policies.” In SLB 14L, the Staff clarified that the Staff “will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management,” and further stated that this “approach is consistent with the Commission’s views on the ordinary business exclusion, which is designed to preserve management’s discretion on ordinary business matters but not prevent shareholders from providing high-level direction on large strategic corporate matters.”

In assessing whether a proposal seeks to micromanage a company’s ordinary business operations, the Staff evaluates not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company’s activities and management discretion. *See Deere & Co.* (avail. Jan. 3, 2022) (concurring in the exclusion of a proposal that was broadly worded to request the disclosure of employee-training manuals but which required detailed and intrusive actions to implement) and *The Coca-Cola Co.* (avail. Feb. 16, 2022) (concurring in the exclusion of a proposal requesting shareholder approval prior to the company’s issuing any political statement). Moreover, “granularity” is only one factor evaluated by the Staff. As stated in SLB 14L, the Staff focuses “on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.”

The Staff has concurred in the exclusion of multiple proposals under Rule 14a-8(i)(7) on micromanagement grounds in recent years, where such proposals concerned supply chain

considerations similar to those implicated by the Proposal. *See, e.g., The Chemours Company* (avail. Feb. 22, 2024) (concurring in exclusion of a proposal seeking a report assessing the benefits and drawbacks of certain actions regarding the company's acquisition of titanium and the risks to the company associated with same); *The Kroger Co.* (avail. Apr. 25, 2023) (concurring in exclusion of a proposal that sought to dictate actions related to the company's tomato purchases).

The Proposal seeks to compel the Company to disclose internal documents and specific plans and timelines regarding implementation of specific Company policies regarding the sourcing of ingredients. As with the precedents in the preceding paragraph, the Proposal inappropriately attempts to micromanage the Company by seeking intricate details and limiting the discretion of the board and management in managing the implementation of complex corporate policies related to the Company's decisions relating to the sourcing, sales, and marketing of its products. In doing so, the Proposal penetrates too deeply into matters of such a complex nature that shareholders, as a group, are not able to make an informed decision. Thus, the Proposal is of such a nature that it micromanages the Company and qualifies for exclusion as relating to ordinary business matters under Rule 14a-8(i)(7).

Conclusion

Based on the foregoing analysis, we respectfully request that the Staff confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2025 Proxy Materials pursuant to Rule 14a-8(i)(7).

We would be happy to provide you with any additional information and answer any questions that you may have regarding this matter. Correspondence regarding this letter should be sent to jgaul@starbucks.com. Should you disagree with the conclusions set forth in this letter, we would appreciate the opportunity to confer prior to the determination of the Staff's final position.

Office of the Chief Counsel

November 4, 2024

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Please feel free to call me at 206.678.9424 if I can be of any further assistance in this matter.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Gaul", with a large loop on the left and a smaller loop on the right.

Joshua C. Gaul
vice president, assistant general
counsel, and corporate secretary
Starbucks Corporation

Enclosures

Cc:

Brad Lerman, executive vice president, chief legal officer, Starbucks Corporation
JT Ho, Orrick Herrington & Sutcliffe LLP
The Humane Society of the United States

EXHIBIT A

Proposal

(see attached)



**THE HUMANE SOCIETY
OF THE UNITED STATES**

September 9, 2024

Brad Lerman
EVP, General Counsel
Starbucks

Emailed: blerman@starbucks.com
CC: kliebler@starbucks.com

Dear Mr. Lerman,

Enclosed with this letter is a shareholder proposal submitted for inclusion in the proxy statement for the next annual meeting and a letter from The Humane Society of the United States' (HSUS) brokerage firm, BNY Mellon, confirming ownership of your company's common stock.

The HSUS has continuously held at least \$2,000 in market value of the company's securities entitled to vote on the proposal for at least the last three years, through the date of this letter; we will hold at least this amount through and including the date of the next annual meeting.

Please e-mail me to confirm receipt of this proposal, and please send all correspondence about this submission to me *via electronic means only* at [REDACTED].

As well, I am available to discuss this proposal via teleconference at your earliest convenience. Specifically, I am free October 3rd or 4th at 10am, 11am, 12pm, or 1pm PT (either day).

If you'd like to meet, please let me know a day and time within those options that works for you, or propose alternatives, and I'll be happy to schedule a call.

Sincerely,

Karla Dumas

Karla Dumas
Vice President, Farm Animal Protection
The Humane Society of the United States
[REDACTED]



Stacy Stout
Vice President
Client Service Manager

BNY Wealth
Family Office
500 Grant Street, Floor 38
Pittsburgh, PA 15258

T 412.236.1775
stacy.stout@bny.com

September 9, 2024

Brad Lerman
EVP, General Counsel
Starbucks
Emailed: blerman@starbucks.com

Dear Mr. Lerman,

BNY Mellon National Association, custodian for The Humane Society of the United States, verifies that The HSUS has continuously held at least \$2,000 in market value of your company's securities entitled to vote on the proposal for at least the last three years. Thank you.

Sincerely,

Stacy L. Stout

Stacy Stout
Vice President, Client Service
Global Family Office, BNY Wealth
[REDACTED]
500 Grant Street, Suite 3840 / 151-3840
Pittsburgh, PA 15258

RESOLVED: Shareholders ask that Starbucks disclose details of its implementation plans and timelines for reaching its cage-free egg commitment in China and Japan. This should be done within six months of the annual meeting, at reasonable cost, and omitting proprietary information.

SUPPORTING STATEMENT:

Starbucks' 10-Ks say that "the ongoing relevance of our brand may depend on making sufficient progress toward our social and environmental program goals," including those regarding "animal health and welfare." The company also says that its goal "for all of our products to meet high quality and ethical standards" includes "a commitment to...animal welfare as a primary focus."

More specifically, one of Starbucks objectives is to "to exclusively use 100 percent cage-free eggs and egg products in company-operated stores globally."

Although it discloses progress toward that end in some regions, it's also long-claimed that in China and Japan (two of its top markets) "cage-free egg production is limited and supply is not yet widely available." In fact, a version of that claim has been on Starbucks' website since 2021.

But now, it seems the company may have finally developed plans for moving forward there.

In June 2024, an organization called Global Food Partners announced it worked with Starbucks to develop "cage-free implementation roadmaps for China and Japan" to enable the company to "set their implementation plans, and advance their cage-free commitments in both markets by their deadline."

Yet Starbucks hasn't disclosed details of these roadmaps or any related deadlines.

Beyond impacting animals themselves, this issue also impacts other material factors—like food safety and quality. For example, according to SASB Standards, by "increasing the amount of food supply sourced in conformance with...animal welfare standards and best practices, restaurant operators may be able to maintain *food quality*, manage *food safety* issues, enhance their *reputation* and expand their *market share*." [Emphasis added.]

Plus, a 2021 survey by the (Chinese) Food Research Center found that 75% of Chinese consumers are more likely to patronize brands that use cage-free eggs. The issue is so significant there that in 2023, Chinese poultry media named "cage-free" the industry's "key word of the year."

Especially since animal welfare is a "primary focus" for Starbucks, its brand relevance may depend on progress toward its animal welfare goals, and the use of cage-free eggs is linked to highly material factors like food quality and safety, we think the company should simply disclose its new plans for achieving its goal in China and Japan.

To be clear, we're not asking for any new policies or plans, but just that Starbucks disclose details of the ones it already apparently has. Doing so would allow shareholders to assess the effectiveness of the company's management of this issue and its related risks and track its progress implementing a longtime commitment.



December 5, 2024

Via Online Submission

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street NE
Washington, DC 20549

Re: Starbucks Corporation – Shareholder Proposal submitted by the Humane Society of the United States

Ladies and Gentlemen:

I am writing on behalf of the Humane Society of the United States (the “Proponent”), who is the beneficial owner of common stock of Starbucks Corporation (the “Company”) and who has submitted a shareholder proposal (the “Proposal”) to the Company. I am in receipt of a letter dated November 4, 2024 (“Company Letter”) sent to the Securities and Exchange Commission on behalf of the Company. In that letter, the Company contends that the Proposal may be excluded from the Company’s 2025 proxy statement. A copy of this reply is being emailed concurrently to counsel for the Company.

BACKGROUND

The Proposal is a straightforward request of the Company to provide meaningful disclosures that would help shareholders better understand its efforts in furtherance of an animal welfare policy, specifically its publicly declared pledge to source 100% cage-free eggs globally:

RESOLVED: Shareholders ask that Starbucks disclose details of its implementation plans and timelines for reaching its cage-free egg commitment in China and Japan. This should be done within six months of the annual meeting, at reasonable cost, and omitting proprietary information.

The full Proposal is attached as Exhibit 1.

The Company argues for exclusion of the Proposal on the basis of Rule 14a-8(i)(7), claiming that the Proposal intrudes on matters of ordinary business, doesn't involve a significant policy issue, and that its request for information about the Company's progress on its global cage-free commitment somehow amounts to an attempt at overly prescriptive micromanagement. The Company is incorrect.

Nothing in the Proposal dictates or restricts any core managerial functions. There are no requests for adoption of any new, or alteration of any current, policies or plans. There are no calls for mandates or restrictions on any of the Company's product marketing or supplier relationships. Nor is there anything in the Proposal that would require disclosure of internal, proprietary documents or otherwise confidential information. To the contrary, the Proposal seeks only to have the Company provide details on its progress and implementation plans in China and Japan toward its publicly declared and long-standing global cage-free commitment.

To be sure, the Proposal calls for details sufficient to make the disclosures meaningful, i.e. more than just a generalized statement about its ethical standards and ongoing goal to meet them (e.g., that the Company continues to work with suppliers in the region to reach its global cage-free egg commitment in a timely manner). But beyond that, the Proposal reserves substantial disclosure discretion to management and hews to the Staff's guidance, which expects "the level of detail included in a shareholder proposal to be consistent with that needed to enable investors to assess an issuer's impacts, *progress towards goals*, risks or other strategic matters appropriate for shareholder input." Staff Legal Bulletin 14L (Nov. 3, 2021) (emphasis added).

The Company has not—and indeed cannot—carry its burden of proof in this matter. *See* 17 C.F.R. § 240.14a–8(g). Thus, because the Proposal squarely focuses on the Company's global cage-free pledge, an animal welfare issue that transcends its day-to-day business matters, and doesn't contain any micromanaging prescriptions, it is not excludable under Rule 14a-8(i)(7). The Proponent, therefore, asks that the Company's no-action request be denied.

ANALYSIS

The Proposal May Not be Excluded under Rule 14a-8(i)(7).

The Proposal may not be excluded under Rule 14a-8(i)(7) because it does not infringe on any "ordinary business matters" and, in any event, it raises a significant policy issue that transcends the Company's ordinary business. *See* Release No. 34-40018 (May 21, 1998).

Nor can the Proposal be excluded on grounds of micromanagement, particularly as it seeks only information regarding the Company's already established commitments and expressly makes clear that it does not call for any changes to the Company's existing policies or plans.

A. The Proposal's subject matter involves the humane treatment of animals, a significant policy issue that transcends the Company's ordinary business.

Although the Company only briefly addresses this issue toward the latter part of its letter, Proponent begins its analysis here because of the dispositive effect of a significant policy issue in transcending the Company's ordinary business. From start to finish, the Proposal's subject matter focuses on the Company's practices and policies with respect to its global cage-free egg commitment. The humane treatment of animals, and specifically the cage confinement of egg-laying hens, is well-established as a significant policy issue that transcends ordinary business matters. *See, e.g., Bob Evans Farms, Inc.* (June 6, 2011) (proposal encouraging the company to phase-in the use of cage-free eggs so that they represent at least five percent of its total egg usage focused on "the significant policy issue of the humane treatment of animals" and was not excludable); *Denny's Corporation* (Mar. 17, 2009) (proposal encouraging the company to commit to selling at least 10 percent cage-free eggs by volume was not excludable under the ordinary business exception); *Wendy's International Inc.* (Feb. 19, 2008) (proposal requesting a report on the economic feasibility of the company purchasing, within 12 months, a percentage of its eggs from hens who are not confined to cages was not excludable under the ordinary business exception); *Coach, Inc.*, (Aug. 19, 2010) (proposal encouraging the company to enact a policy prohibiting the acquisition or sale of fur products was not excludable under the ordinary business exception). And more particularly, issues like the one in the instant Proposal, that request information about a company's implementation and progress toward improved animal welfare standards in its supply chain, have been recognized as transcending ordinary business matters. *See, e.g., The Wendy's Company, Inc.* (Mar. 16, 2022) (proposal that called for disclosures relating to the company's policy and actions regarding restrictive confinement of gestating pigs in its supply chain "transcends ordinary business matters"); *see also Brinker International, Inc.*, (September 15, 2022) (the Staff did not concur in exclusion of a proposal that focused on disclosure of a company's implementation of the ESG policies set out in its Supplier Code (including animal welfare), the practices within its supply chain that are not compliant with the Code, and the steps the Company was taking to eliminate non-compliance).

The Company does not actually dispute that the humane treatment of animals, generally, or cage confinement, specifically, are significant policy issues. Nor could it, given its public statements on the consequential weight it attaches to its animal welfare and other values-based policies. As the Proposal explicitly notes, the

Company touts the importance of action on its ethical standards, which it states include “a commitment to...animal welfare as a primary focus.” *See* Ex. 1. And it continues to declare its dedication to “Animal Welfare-Friendly Practices” on its website, where it specifically affirms its ongoing commitment to “exclusively use 100 percent cage-free eggs and egg products in company-operated stores globally.” *See* about.starbucks.com/press/2018/animal-welfare-friendly-practices.

The Proposal recognizes that the Company has long-claimed that cage-free egg production is limited in China and Japan. But a June 2024 report indicated that the Company now has implementation plans and timelines to meet its cage-free pledge in those markets. This is especially noteworthy given the increasing focus on cage-free eggs in that region. As the Proposal states, in 2023, Chinese poultry media named “cage-free” the industry’s “key word of the year.” *See* Ex. 1. That recent information is what gave rise to this Proposal, which seeks to confirm and clarify the Company’s progress on its cage-free goals in the region.

Yet despite the Proposal’s clear focus on animal welfare issues, the Company nonetheless asserts otherwise. It states, without elaborating, that the Proposal’s focus *is not* “whether the chickens are caged.” Company Letter, p. 7-8. But it’s hard to imagine how a Proposal seeking nothing more than information on a company’s progress and implementation plan toward its pledge to eliminate cages for egg-laying hens doesn’t focus on whether egg-laying hens are in cages.

Instead, the Company strains to argue that the Proposal’s true focus is on the Company’s “marketing and advertising” practices. For this, it points to the Proposal’s reference to the Company’s stated goal that its products “meet high quality and ethical standards.” Company Letter, p. 8. But the Company omits the rest of that sentence, in which the Proposal connects the ethical standards pledge not to marketing issues, but directly to the Company’s “commitment to ... animal welfare as a priority focus.” *See* Ex. 1. Where the Company itself declares the significance of its commitments and progress on ethical standards, including animal welfare as a priority focus, it can’t seriously claim that requests for information on that progress don’t warrant the same transcending significance. They do.

At bottom, the subject matter that gives rise to the instant Proposal is squarely focused on the Company’s policies and practices relating to the humane treatment of animals. And none of the prior Staff responses cited by the Company change the result here, as each involved Proposals that are fundamentally distinguishable from the one now under consideration. Company Letter, p. 7. While the instant Proposal speaks only to disclosures that would shed light on the implementation of the Company’s global cage-free pledge, the proposals in the prior no-action proceedings cited by the Company focused on evaluations of ordinary managerial decision-making functions, such as financial and reputational risks. *See, e.g., McDonald’s Corporation* (Mar. 12, 2019) (involving proposal calling for disclosure of “economic

risks” the company faces from activist campaigns); *Mattel, Inc.* (Feb. 10, 2012) (proposal called for report that included “several topics that relate to the Company’s ordinary business operations and are not significant policy issues”); *Amazon.com, Inc.* (Mar. 11, 2016) (involving a proposal calling for a report that includes an assessment of “reputational and financial risks” to the company for offering certain products for sale); *Amazon.com, Inc.* (Mar. 27, 2015) (involving a proposal calling for disclosure of “reputational and financial risks” to the company as a result of “negative publicity” from certain product sales).

Despite its burden of proof under Rule 14a-8(g), the Company does not show—and, in fact, cannot show—that the Proposal focuses on anything other than a well-established significant policy issue. Nor can the Company sidestep that burden by interpreting the Proposal beyond the scope of its clear text, which expressly applies only to disclosures relating to implementation and enforcement of its global cage-free pledge (particularly when considered in light of the Company’s ongoing promotion of its commitment to reaching that goal).

B. The Proposal does not involve the type of day-to-day business decisions that cannot practically be submitted to a shareholder vote.

The Commission has explained that “ordinary business matters” for purposes of rule 14a-8(i)(7) are those tasks that are “so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” Release No. 34-40018 (May 21, 1998). The purpose of the exception is “to confine the *resolution* of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide *how to solve* such problems at an annual shareholders meeting.” *Id.* (Emphases added.)

The instant Proposal does not dictate or intrude on any such on-the-ground business practices, but instead calls only for disclosures that would help shareholders meaningfully assess the Company’s progress on its established cage-free animal housing policies. Nonetheless, the Company asserts the Proposal is excludable because it infringes on decision making regarding its marketing and sales efforts, as well as on its supply chain decisions. Rather than provide any specific examples of how the Proposal *actually* infringes on management’s ability to conduct these core business matters, the Company relies only on overbroad generalities, mischaracterizations of the Proposal, and Staff responses in plainly distinguishable proceedings, none of which are sufficient to carry the Company’s burden under Rule 14a-8(g).

Nothing in the text of the Proposal calls on shareholders to make decisions about any aspect of the Company’s marketing or sales. Should shareholders approve the

Proposal, the Company would be able to promote its policies, ethical standards, products, or any other aspect of its business in exactly the same manner it did prior to the vote. The Proposal asks only for information about the Company's efforts toward a long-professed policy issue relating to animal welfare, the disclosure of which would not in any way infringe on management's ability to run the day-to-day operations of the business.

The Staff responses cited by the Company on this point are critically distinguishable, which is plainly apparent even in the parenthetical descriptions of them in the Company's letter. Company Letter, p. 4 (citing matters involving proposals that would have called for new policies placing restrictions on advertising and marketing, from prohibiting the use of certain offensive imagery to limitations on which media outlets could be used by a company). Unlike the proposals in these matters, the instant Proposal calls for no new policies or restrictions on the Company's marketing or sales in any way.

The Company fares no better in its next assertion that the Proposal infringes on its supply chain operations. Nothing in the text requires disclosure of—or changes to—the Company's decision making about its supplier relationships in any way. As with its marketing claim, the Company here gives no examples of how the Proposal might *actually* interfere with supplier relationships, instead just making an unsupported assertion that asking for information about progress on the Company's own cage-free commitment could in some unspecified way hinder the Company's "ability to source ingredients necessary to produce its products." Company Letter, p. 6. But such counter-textual claims cannot suffice to meet the Company's burden of proof in this matter. And the prior Staff responses it relies on only further distinguish the instant Proposal.

Without diverting unnecessarily to distinguish each Staff response cited by the Company, Proponent notes here the categorically distinct subject matter on which they focused. Unlike the instant Proposal's focus on the Company's impacts on animal welfare, the proposals relied on by the Company focused on routine managerial decisions effecting company operations, such as evaluations of risk to a company's finances, reputation, or shareholder value. For example, *The TJX Companies, Inc. (NorthStar Asset Management, Inc. Funded Pension Plan)* (Apr. 9, 2021) and *The Home Depot, Inc.* (Mar. 20, 2020) involved proposals that called for reports on how and whether the company monitors suppliers for "undetected" use of prison labor, and for an evaluation of business "risks to finances, operations, and reputation related to prison labor." The proposal in *Kraft Foods Inc.* (Feb. 23, 2012) called for company report "assessing water risk to its agricultural supply chain and action it intends to take to mitigate the impact *on long-term shareholder value.*" (Emphasis added.) *Foot Locker, Inc.* (Mar. 3, 2017) related "broadly to the manner in which the company monitors the conduct of its suppliers and their subcontractors." The instant proposal doesn't focus on any such inward business

considerations, but only on high-level disclosures about the Company’s progress on an animal welfare pledge.

Despite having the burden of proof, the Company fails to provide any substantive explanation or real-world examples of *how* the Proposal would infringe on or restrict management’s ability to conduct core business matters involving marketing or supplier relationships. Instead, the Company relies only on boilerplate generalities and prior Staff responses involving proposals that are readily distinguishable from the one here. But such generalities—which could be asserted in any matter even touching on a company’s business operations—cannot satisfy the Company’s burden to demonstrate it is entitled to exclude the Proposal. This is especially so where, as here, the Proposal expressly states that it does not seek any new policies or plans, but only disclosure of information relating to progress and implementation on a policy goal of its own making and professed commitment to fulfilling.

C. The Proposal’s request for information about the Company’s global cage-free commitment is not excludable on micromanagement grounds.

Despite the Proposal being purely a request for information relating to implementation and progress on an ethical standards commitment, the Company makes a final assertion that the Proposal is excludable as an attempt at micromanagement. But the Proposal doesn’t call for “any new policies or plans.” Ex. 1. The high-level disclosures requested by the Proposal do not require shareholders to pass judgment or set prescriptions on matters of any complexity.

Nonetheless, the Company broadly asserts that the Proposal limits “the discretion of the board and management in managing the implementation of complex corporate policies related to the Company’s decisions relating to the sourcing, sales, and marketing of its products.” Company Letter, p. 9. In making this argument—which again runs counter to the actual text of the Proposal—the Company suggests the Proposal is similar to two others in which the Staff concurred in exclusion. *Id.* But the proposals in those matters were clearly of a very different prescriptive character than the one here. One sought to have a company evaluate the pros and cons of “*permanently* committing not to engage in titanium mining” in the Okefenokee Swamp, and the other sought to have a company join a specific food program that would dictate purchasing and pricing conditions for tomatoes. See *The Chemours Company* (Feb. 22, 2024) (emphasis in original); *The Kroger Co.* (Apr. 25, 2023).¹

¹ Notably, the Company makes no attempt to reconcile its position with prior no-action proceedings in which the Staff have not concurred with micromanagement arguments even where proposals called for adoption of policies directly impacting a company’s supply chain decision making. See, e.g., *Bob Evans Farms, Inc.* (June 6, 2011) (proposal encouraging the

Not surprisingly, the Company doesn't attempt explain how the supply chain limitations called for by those proposals are similar to the instant Proposal. In fact, there is no similarity. Unlike the prescriptions in the above proposals, the only limitation on Company discretion sought by the instant Proposal is against total secrecy about its implementation and progress in China and Japan toward its global cage-free commitment.

Finally, the Company makes the counterfactual assertion that the Proposal "seeks to compel the Company to disclose internal documents and specific plans and timelines regarding implementation of specific Company policies regarding the sourcing of ingredients." Company Letter, p. 9. But the Company's argument cannot be supported by any of the Proposal's actual text (and it points to none in support of the claim). Indeed, to even make this argument, the Company must ignore the Proposal's explicit exception of all proprietary information from disclosure.

While reserving substantial discretion to the Company, the Proposal only asks for sufficiently detailed information for shareholders to meaningfully understand and assess the character, scope, and progress the Company is making toward a long-touted global animal welfare pledge. In this regard, the Proponent falls well in line with the Staff's guidance, which expects "the level of detail included in a shareholder proposal to be consistent with that needed to enable investors to assess an issuer's impacts, *progress towards goals*, risks or other strategic matters appropriate for shareholder input." Staff Legal Bulletin 14L (Nov. 3, 2021) (emphasis added).

company to phase-in the use of cage-free eggs so that they represent at least five percent of its total egg usage was not excludable as micromanagement); *Chipotle Mexican Grill* (Mar. 17, 2009) (proposal encouraging the company "to give purchasing preference to suppliers that use or adopt controlled-atmosphere killing" was not excludable, despite the company's micromanagement argument).

CONCLUSION

The Company has failed to carry its burden under Rule 14a-8(g) of establishing that the Proposal is excludable on the basis of Rule 14a-8(i)(7). Accordingly, we ask that the Company's no-action request be declined.

Respectfully,

/s/ Rebecca Cary

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Exhibit 1

RESOLVED: Shareholders ask that Starbucks disclose details of its implementation plans and timelines for reaching its cage-free egg commitment in China and Japan. This should be done within six months of the annual meeting, at reasonable cost, and omitting proprietary information.

SUPPORTING STATEMENT:

Starbucks' 10-Ks say that "the ongoing relevance of our brand may depend on making sufficient progress toward our social and environmental program goals," including those regarding "animal health and welfare." The company also says that its goal "for all of our products to meet high quality and ethical standards" includes "a commitment to...animal welfare as a primary focus."

More specifically, one of Starbucks objectives is to "to exclusively use 100 percent cage-free eggs and egg products in company-operated stores globally."

Although it discloses progress toward that end in some regions, it's also long-claimed that in China and Japan (two of its top markets) "cage-free egg production is limited and supply is not yet widely available." In fact, a version of that claim has been on Starbucks' website since 2021.

But now, it seems the company may have finally developed plans for moving forward there.

In June 2024, an organization called Global Food Partners announced it worked with Starbucks to develop "cage-free implementation roadmaps for China and Japan" to enable the company to "set their implementation plans, and advance their cage-free commitments in both markets by their deadline."

Yet Starbucks hasn't disclosed details of these roadmaps or any related deadlines.

Beyond impacting animals themselves, this issue also impacts other material factors—like food safety and quality. For example, according to SASB Standards, by "increasing the amount of food supply sourced in conformance with...animal welfare standards and best practices, restaurant operators may be able to maintain *food quality*, manage *food safety* issues, enhance their *reputation* and expand their *market share*." [Emphasis added.]

Plus, a 2021 survey by the (Chinese) Food Research Center found that 75% of Chinese consumers are more likely to patronize brands that use cage-free eggs. The issue is so significant there that in 2023, Chinese poultry media named "cage-free" the industry's "key word of the year."

Especially since animal welfare is a "primary focus" for Starbucks, its brand relevance may depend on progress toward its animal welfare goals, and the use of cage-free eggs is linked to highly material factors like food quality and safety, we think the company should simply disclose its new plans for achieving its goal in China and Japan.

To be clear, we're not asking for any new policies or plans, but just that Starbucks disclose details of the ones it already apparently has. Doing so would allow shareholders to assess the effectiveness of the company's management of this issue and its related risks and track its progress implementing a longtime commitment.