

A Letter to Starbuck's Chief Sustainability Officer: Michael Kobori

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Dear Mr. Kobori,

I am writing to you as a concerned customer and strong advocate for sustainability in the business world. As an avid coffee drinker, I have always appreciated Starbucks' efforts towards creating a sustainable and responsible business model. However, as a critical thinker and an analytical person, I have also noticed several areas where I believe your organization could improve its sustainability practices.

Firstly, I would like to commend Starbucks for the steps it has taken to align its values and commitments with its business practices. The company has set ambitious goals to reduce its environmental impact, such as its commitment to achieving 100% ethically sourced coffee by 2025 and its partnership with Closed Loop Partners to develop a recyclable and compostable cup (Starbucks 2021, 37). Furthermore, Starbucks has been actively reporting on its progress towards these goals through its Global Responsibility report.

While I acknowledge that Starbucks has taken some commendable steps towards sustainability, there are areas where the company falls short. For instance, in 2018, Starbucks released a "straw-less lid" that contained more plastic than the old lid and straw combination. Critics have pointed out that only 9% of the world's plastic is recycled, so the company should not assume that all the lids would be recycled (Robinson 2022). Although the company has a goal of having 100% of its plastic packaging be reusable, recyclable, or compostable by 2025, only 17.8% of its packaging fell into these categories in 2021. The commitment to reducing virgin plastic

packaging by 2025 has also been amiss with an 11.9% increase in virgin plastic packaging in 2021 compared to 2019 (Starbucks 2021, 52). Starbucks recently promised to double its current usage of reusable cups, which requires only a jump from 1.4 to 2.8 percent of all its cups (Harper 2017). While this is a step in the right direction, I believe that Starbucks can do more to reduce waste within its 35,711 stores worldwide. Even though Starbucks has made efforts towards sustainability, the statistics and facts show that there is still great room for improvement. Starbucks has not yet committed to science-based emissions reduction targets, which would help ensure that its efforts are aligned with the goals of the Paris Agreement.

Therefore, I would like to make the following recommendations to Starbucks:

1. Set science-based emissions reduction targets in line with the Paris Agreement goals to ensure that the company is doing its part to address climate change.
2. Accelerate efforts to develop a more sustainable alternative to single-use plastic cups and lids, such as investing in research and development for new materials or partnering with other companies to scale up existing solutions.
3. Increase transparency and reporting on the company's sustainability practices, particularly in areas where there is room for improvement, such as waste reduction and energy efficiency.

Other companies are committing to being carbon neutral or carbon positive by 2030, whereas Starbucks is only pledging to cut its waste, water use, and carbon emissions in half by this time. With a ranking of 221 in ESG rating out of 481 companies in its industry group, there is certainly

possibilities for betterment (Sustainalytics 2023). I urge Starbucks to follow coffee competitor, Peet's, example. Since 2020, Peet's has taken significant strides to reduce its environmental footprint. The company has reduced greenhouse gas emissions (GHG) by 15% toward its goal of 25% by 2030 (Peet's). Meanwhile, Starbucks has increased their GHG emissions by 1% since 2019 despite its goal of reducing emissions by 50% by 2030 (Starbucks 2021, 52).

Beyond the moral and environmental imperative to act sustainably, there is also a compelling business case for Starbucks to prioritize its sustainable efforts. According to a recent McKinsey survey, 76% of executives say sustainability contributes positively to shareholder value in the long term, and 50% see short-term value creation (McKinsey Sustainability 2010). Companies that manage sustainability proactively are much more likely to seek out and find value creation opportunities. Accenture's research on responsible leadership found that companies with high ratings for ESG performance enjoyed average operating margins 3.7 times higher than those with lower ESG performance. Shareholders also received higher annual total returns to shareholders, outpacing poorer ESG performers by 2.6 times (Haanes 2016).

According to the 2021 EY Global Investor Survey, 74% of institutional investors said they were more likely to divest from companies with poor sustainability performance, while 90% said they would pay more attention to a company's sustainability performance when making investing decisions (Haanes 2016). Additionally, customers, employees, and investors all expect Starbucks to be committed to sustainability and deliver results. This is likely why many employees are more engaged when they're driving positive change. The expectation for businesses to leverage

their resources also helps explain why 81% of global consumers feel strongly that companies should help improve the environment (Quintos 2020).

I believe that implementing these recommendations would not only help Starbucks improve its sustainability practices but also demonstrate its commitment to being a responsible and innovative leader in the coffee industry. In conclusion, I appreciate the efforts that Starbucks has made towards sustainability and recognize that creating a more sustainable business model is a complex and ongoing process. However, I believe that by taking the steps outlined above, Starbucks can continue to make progress towards a more sustainable future and set an example for other companies to follow.

Thank you for taking the time to read my letter. I look forward to hearing your thoughts on these recommendations.

Sincerely,

Molly Findley

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