Triodos Investment Management

STARBUCKS CORPORATION

MEETING DATE	Wed, 23 Mar 2016 10:00 am	TYPE	AGM	ISSUE DATE	Tue, 15 Mar 2016
MEETING LOCATION	Marion Oliver McCaw Hall, 321 Mercer Street, in Seattle, Washington				
CURRENT INDICES	S&P500				
SECTOR	Eating and drinking places				

	PROPOSALS	ADVICE
1a	**Elect Howard Schultz** Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. Triodos oppose this resolution.	**Oppose**
1b	**Elect William W. Bradley** Non-Executive Director. Not considered independent as he has served on the Board for more than nine year. There is insufficient independent representation on the Board.	**Oppose**
1c	**Elect Mary N. Dillon** Independent Non-Executive Director.	**For**
1d	**Elect Robert M. Gates** Independent Non-Executive Director.	**For**
1e	**Elect Mellody Hobson** Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Oppose**
1f	**Elect Kevin R. Johnson** President and Chief Operating Officer.	**For**
1g	**Elect Joshua Cooper Ramo** Independent Non-Executive Director.	**For**
1h	**Elect James G. Shennan, Jr.** Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. there is insufficient independent representation on the Board.	**Oppose**
1i	**Elect Clara Shih** Independent Non-Executive Director.	**For**
1j	**Elect Javier G. Teruel** Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Oppose**
1k	**Elect Myron E. Ullman, III** Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Oppose**
1l	**Elect Craig E. Weatherup** Lead Director. Not considered independent as he as served on the Board for more than nine years. There is insufficient independent representation on the Board.	**Oppose**

2 Advisory vote on executive compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. Annual cash incentives are based on the following performance metrics: adjusted operating income (50%); adjusted net revenue (50%); and Return on Invested Capital (ROIC), which operates as a potential downward modifier of the performance metrics. The Company awarded long-term incentives in the form of performance Restricted Stock Units (RSUs) and stock options. Performance RSUs, are based on the achievement of EPS and ROIC goals and if earned, are subject to additional time-based vesting requirements. The Company has disclosed the financial targets for its short-term and long-term incentives.

For fiscal 2015, annual cash awards were considered excessive. The CEO's actual bonus for fiscal 2015 was $4,005,000, representing 267% of his base salary (200% maximum is considered as acceptable practice). His total compensation was $20,091,353 which is considered excessive. Also, there is a concern over the Compensation Committee's authority to grant discretionary annual bonus awards to NEOs. Stock options are based on share price appreciation, which is not best practice as there are many external factors which influence share price that are out of the control of the executives. RSUs vest 50% on each of the second and third anniversaries of the grant date. In connection with Kevin Johnson's, President and Chief Operating Officer, appointment in fiscal 2015, the Compensation Committee approved a new hire equity award of $7,000,000 and a new hire cash award of $1,000,000.

The Company's only change-in-control arrangement is 'double-trigger' accelerated vesting of equity.

The compensation rating is: BDC.

Based on the issues above, Triodo oppose this resolution.

3 Approve the Amended and Restated Executive Management Bonus Plan **Oppose**

The Company has put forward a resolution requesting shareholders to approve the Amended and Restated Executive Management Bonus Plan. The Amended Plan would make the following changes: (i) add a fixed performance goal of "positive operating income", as opposed to the Committee selecting the performance goal from a list of performance measures; and (ii) make certain other administrative changes. The Plan is open to partners serving in positions of executive vice president and above and key employees selected by the Compensation Committee. The Plan will be administered by the Compensation Committee which has the authority to: interpret all its provisions; adopt and amend rules; and to reduce or eliminate the amount of any award payable under the Plan. Pursuant to the Plan, the maximum amount paid to any participant with respect to any annual award will be $10m.

Although, the Committee will not have the authority to amend or modify the performance goal, the Plan allows the administrator too much discretion to determine the term of awards. There are concerns that awards may not be subject to robust enough performance targets and be insufficiently challenging. In addition, the maximum value limit of $10m is considered excessive. Given these concerns, Triodos opposes this resolution.

4 Appoint the Auditors **Oppose**

Deloitte & Touche LLP proposed. Non-audit fees represented 8.01% of audit fees during the year under review and 7% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for 20 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.

5 Shareholder Resolution: Proxy Access **For**

Proposed by: Mr. John Harrington. The Proponent requests the Board to adopt a "proxy access" bylaw. This would allow shareholders who have held at least 3% of the Company's relevant issued shares for three years or more to nominate candidates for election to the Board. The Company would be obliged to include such nominees on the general meeting proxy form. The resolution includes proper procedural safeguards for the nomination process. The nominators will be required to certify that their shares were acquired as normal investment business and not for ancillary purposes. The Proponent argues that proxy access is additionally compelling where the Chair of the Board and CEO positions are combined and where Board performance rates far below its home market peers. The Board recommends shareholders oppose and argues that the proposal raises concerns, for example it would permit an unlimited number of shareholders to form a group to nominate a proxy access candidate, whereas most companies that have adopted proxy access have imposed a reasonable limit on the size of a nominating group. Also, the proposal would prohibit requiring that proxy access nominees disclose any compensation arrangements they have with the shareholders who nominate them or that the nominees qualify as independent.

The move, that would strengthen shareholder democracy, is supported, and it is considered that the proposal would help to increase independent representation on the Board. Additionally, the requested threshold for holding requirement for nominators is considered sufficient. Furthermore, the nomination of new Board members would facilitate greater independence in the oversight of the Company. Triodos supports this resolution.

6 Shareholder Resolution: Human Rights **Oppose**

Proposed by: The National Center for Public Policy Research. The Proponent requests the Board of Directors to review its policies related to human rights to assess areas in which the Company may need to adopt and implement additional policies and to report its findings by December 2016. The review may include consideration of: i) whether the Company operates in regions that have a pattern of human rights abuses; whether it operates in regions where some or all individuals are not permitted to partake in their government; whether it operates in regions where individuals face potential retribution for partaking in their government; and the Company's strategies for engaging with stakeholders to ensure its commitments to human rights. The Proponent argues that corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value. The Board recommends shareholders oppose and argues that the addition of a separate process to review and assess the Company's human rights policies is duplicative and unnecessary. The Board argues that the Company's Global Human Rights Statement affirms its commitment to upholding basic human rights and eliminating discrimination across its business. In particular, the policy addresses human rights issues identified in the proposal as well as others. The Board argues that in 2004 Starbucks joined the UN Global Compact, which is derived from, among other things, the UN's Universal Declaration of Human Rights (which the proposal also references) and affirms the Company's support and respect of fundamental human rights principles.

Reporting on human rights issues is supported as it allows shareholders to make an informed judgement on social and ethical risks related to their investment. Best practice in reporting on risks relating to environmental and social issues is for the board to report to shareholders on such risks that it considers to be material to the Company and to describe the policies and implementation processes undertaken or proposed to manage the risks. The Company states that the Board's Nominating/Governance Committee annually assesses the effectiveness of environmental and social responsibility policies through the Company's annual Global Responsibility Report and makes recommendations as deemed appropriate based on its assessment. Apart from making a generalised statement that "Corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value", the Proponent does not provide particular reasons as to why or how adoption of this resolution would benefit the Company. The Proponent gives no examples of where the Company lacks with regard to fundamental human rights protections. Since the Proponent has failed even to make a prima facie case in favour of the resolution, Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory vote on executive compensation

Disclosure: B- Annual cash incentives are based on the following performance metrics: adjusted operating income (50%); adjusted net revenue (50%); and Return on Invested Capital (ROIC), which operates as a potential downward modifier of the performance metrics. The Company awarded long-term incentives in the form of performance Restricted Stock Units (RSUs) and stock options. Performance RSUs, are based on the achievement of EPS and ROIC goals and if earned, are subject to additional time-based vesting requirements. The Company has disclosed the financial targets for its short-term and long-term incentives.

Balance: D- For fiscal 2015, annual cash awards were considered excessive. The CEO's actual bonus for fiscal 2015 was $4,005,000, representing 267% of his base salary (200% maximum is considered as acceptable practice). His total compensation was $20,091,353 which is considered excessive. Also, there is a concern over the Compensation Committee's authority to grant discretionary annual bonus awards to NEOs. Stock options are based on share price appreciation, which is not best practice as there are many external factors which influence share price that are out of the control of the executives. RSUs vest 50% on each of the second and third anniversaries of the grant date. In connection with Kevin Johnson's, President and Chief Operating Officer, appointment in fiscal 2015, the Compensation Committee approved a new hire equity award of $7,000,000 and a new hire cash award of $1,000,000.

Contract: C- The Company's only change-in-control arrangement is 'double-trigger' accelerated vesting of equity.

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