

CASE STUDIES CONTINUED

Starbucks: support for freedom of association

WHAT'S THE ISSUE?

The International Labour Organization espouses freedom of association, which it defines as the right for workers to create and join organisations of their choice freely and without fear of reprisal or interference. It also endorses the right of collective bargaining: allowing workers to negotiate their working conditions freely with their employers. This is often done around the world through trade unions. Research suggests that unions reduce employee turnover, which can boost productivity.

The US company Starbucks has interfered with these rights and committed other labour rights violations, according to Starbucks workers, the trade union Workers United and the National Labor Relations Board, a federal agency. Critics say its actions have also created a dissonance between the company's commitments and its actions.

WHAT DID WE DO?

We supported a shareholder resolution asking the board to commission a third-party assessment of Starbucks' freedom of association and collective bargaining policies and practices. The resolution called for this assessment to go up on the company's website. We felt an independent third-party assessment would give shareholders a better understanding of the company's management of these issues.

WHAT HAPPENED?

The shareholder resolution passed, with 52.0% support. Although the resolution was non-binding, the company decided to carry out a third-party assessment, supervised by the chair as well as the nomination and corporate governance committees. Six months after the AGM, the board disclosed the assessment's findings. These showed that while Starbucks hadn't intended to deviate from the principles of freedom of association and the right to collective bargaining, there were things it could and should do to improve its stated commitments to them.

We were encouraged to see that in response to the report, the board created an environmental, partner and community impact committee to oversee the company's work in this area.

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The specific securities identified and described are for informational purposes only and do not represent recommendations.



52.0%

Vote for shareholder resolution on workers' rights