

## **Resolved**

Shareholders request the Board of Directors oversee the preparation of an annual public report describing and quantifying the effectiveness and outcomes of company efforts to prevent harassment and discrimination against protected classes of employees, including, but not limited to, sexual harassment and racial discrimination. In its discretion, the board may wish to consider including disclosures such as:

- the total number and aggregate dollar amount of disputes settled by the company related to sexual abuse or harassment or discrimination based on race, religion, sex, national origin, age, disability, genetic information, service member status, gender identity, or sexual orientation;
- the average length of time it takes to resolve harassment complaints, the total number of pending harassment or discrimination complaints the company is seeking to resolve through internal processes or through litigation; and
- whether the company uses nondisclosure or mandatory arbitration clauses in employment agreements, the company's assessment as to any negative effects on workers' ability to seek redress, and whether any exceptions are provided for harassment and discrimination matters.

This Report should not include the names of accusers or details of their settlements without their consent and should be prepared at a reasonable cost and omit any information that is proprietary, privileged, or violative of contractual obligations.

## **Supporting Statement**

“Creating a culture of warmth and belonging, where everyone is welcome...acting with courage, challenging the status quo and finding new ways to grow our company and each other” are a stated part of Starbucks' Mission and Values. Nevertheless, Starbucks recently resolved allegations made by the Equal Employment Opportunity Commission concerning alleged racial bias in its employee promotions. There have also been multiple media reports of allegations and lawsuits claiming that the company failed to protect employees from discrimination and harassment.

A report such as the one requested would assist shareholders in assessing whether the company's actions align with Starbucks' public statements. Workplace abuse, harassment, and discrimination can result in substantial costs to companies, including legal costs, costs related to employee turnover and increased absenteeism and reduced productivity. They may also lead to difficulties in recruiting new employees.

Information concerning complaints, legal disputes, and settlements (individually and in the aggregate) are of great interest, and often material to investors. Indeed, there have been several high-profile derivative suits, including at Twentieth Century Fox, Wynn Resorts, and Alphabet, alleging boards breached their duties for failing to protect employees from discrimination and harassment, injuring the companies and their shareholders.

The effort to end sexual harassment and create discrimination-free workplaces remains a major topic of public debate. The United States Senate recently considered mandating the Securities and Exchange Commission to make rules requiring disclosures on these issues. Nine states have enacted legislation limiting secret settlements in sexual harassment cases. Legislation was also enacted in New Jersey, Illinois and passed in California that would also limit secret settlements in cases involving discriminatory conduct based on race, religion, and sexual orientation.