

## **RESOLVED**

In light of heightened public concern about the dairy industry's environmental impact, the growing prevalence of allergies to cow's milk, and the increasing demand for alternatives to dairy milk, the board is strongly urged to commission a report examining any costs to Starbucks' reputation and any impact on its projected sales incurred as a result of its ongoing upcharge on plant-based milk. The report should address the risks and opportunities presented by the shift in public opinion regarding dairy vs. nondairy options, including, but not limited to, the aforementioned issues. Given the urgency of the matter, the board should summarize and present its findings to shareholders by the end of the third quarter of the current fiscal year. The report should be completed at a reasonable cost and omit proprietary information.

## **SUPPORTING STATEMENT**

Although Starbucks prides itself on innovation, inspiration, and a purpose that "goes beyond profit," our company has fallen short of its own environmental and "people-positive" aspirations by continuing to impose an upcharge on nondairy milk.

U.S. per capita fluid milk consumption has declined with each decade since the 1970s, and this downward trend is expected to continue. In contrast, the nondairy milk market, including oat, coconut, soy, and almond milks, is projected to grow from over \$25 billion in 2022 to over \$61 billion by 2029. Three major factors are driving the demand for nondairy milk: taste, lactose intolerance, and environmental concerns.

Research shows that 82% of people who consume plant-based milk do so because they prefer the taste.

While many people prefer nondairy milk over cow's milk, other individuals can't tolerate cow's milk at all: 95% of Asian, 80 to 100% of Native American, 60 to 80% of Black, and 50 to 80% of Latinx populations suffer from lactose intolerance. Nonwhites currently comprise nearly 40% of the U.S. population, and that segment is growing, which means that increasing numbers of Americans may hesitate to visit Starbucks or order drinks that include milk because of our current upcharge on nondairy milk.

Approximately 56% of surveyed individuals who choose nondairy milk do so because of environmental concerns. Starbucks has publicly disclosed that dairy milk is the biggest contributor to our company's carbon footprint and the second-highest contributor to water usage. Cattle, including dairy cows, account for roughly 40% of all greenhouse gas emissions from agriculture; plant-based milks produce less than one-third of CO<sub>2</sub> emissions. It takes 144 gallons of water to produce just 1 gallon of dairy milk; nondairy milks require up to 90% less water.

Starbucks has committed to increasing plant-based options as a way of investing in an environmentally friendly menu. It is reasonable for shareholders to request an analysis of the potential costs to our company of the current upcharge on nondairy milk with regard to public relations and lost sales. Accordingly, we urge all shareholders to support this resolution.