



To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time



# Supplier Guidance Global Expectations

Version 1.0

What we stand for. Expectations and aspirations for ourselves, our partners (employees), and our suppliers

Document located at [www.starbucks.com/supplier/expectations](http://www.starbucks.com/supplier/expectations)



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## Revision History

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## **1.0 INTRODUCTION**

### **1.1 Purpose**

Starbucks/Supplier was prepared by Starbucks Global Sourcing and Supplier Relations in accordance with Starbucks business standards, policies and practices. The information provided is intended to provide guidance to both current and potential Suppliers by outlining the expectations to which we hold ourselves, our Partners and our Suppliers accountable. Although not always supported by contract, failure to meet the expectations outlined here can affect the relationship between Starbucks and Supplier resulting in an eventual termination of the relationship.

As we streamline and enhance the manner in which we purchase and sell our products and services, the Starbucks/Supplier will be updated and refined periodically to reflect the most current information.

Suppliers have 24/7 access to the information at [www.starbucks.com/suppliers](http://www.starbucks.com/suppliers). Suppliers of Starbucks are expected to adhere to the information provided and are responsible for staying informed and up to date as periodic changes are made to the information contained. Procedural and operational updates are effective 30 days after they are published.

### **1.2 Service Orientation**

We continue to grow in all areas of our business and we strive to be on the leading edge of new products and services. This requires suppliers that not only have the ability to grow with us, but also have the ability to meet aggressive project and ongoing production schedules. We work closely with our suppliers to develop products and services, and expect that the commitments made will be fulfilled by staff at all levels of the supplier's organization.

### **1.3 Technology**

Although Starbucks is the leader in the gourmet coffee industry, we depend on our suppliers to provide the leading-edge technology and innovations required to not only remain competitive, but to set new standards in all the products and services we offer. We consider research, development and technology capabilities carefully when selecting suppliers.

### **1.4 Business Stability**

The financial health of our suppliers is critical to Starbucks. Certain financial data may be requested when a supplier is initially considered and at various intervals in our relationship to ensure ongoing financial health. We may also request information about a supplier's parent company and expect to be notified promptly if a change in ownership takes place.

## 1.5 Supplier Security Protocol

Starbucks has established security protocol guidelines for all Starbucks facilities. Starbucks recommends that all Suppliers implement the following preventative security measures and programs for their facilities:

- a. **Access Control Program** – Controls unauthorized access to facilities 24 hours per day, 7 days per week (24/7). Facilities include loading docks, distribution and/or manufacturing floors and offices. The system should include a positive identification program for authorized employees, contractors and visitors, as well as a process for identifying and challenging unauthorized individuals.
- b. **Employee Screening Process** – This process includes verifying work references, prior addresses, criminal background and right-to-work status. Screening should be completed for all part-time and full-time employees, temporary workers and contractors.
- c. **Employee Training Program** – This program should include detailed safety and security protocols, including information on how to prevent, detect and respond to product tampering or criminal activity. The program should enable employees to report and document unusual or suspicious behavior through confidential and anonymous methods.
- d. **Restricted Access** – This security measure should restrict access to proprietary information, as well as monitor and restrict access to data systems and facilities that perform technology development.

Additional security information and resources can be found at the following websites:

- U.S. Customs: [www.cbp.gov](http://www.cbp.gov)
- U.S. FDA: [www.fda.gov](http://www.fda.gov)
- World Customs Organization: [www.wcoomd.org](http://www.wcoomd.org)

## 1.6 Production Location Security (Factories / Plants)

In order to properly inform our cargo management partners and comply with our commitment to the prevention of terrorism, Suppliers shall disclose the legal company name and complete address of each facility that will produce goods or provide services for Starbucks and provide written notice prior to moving production of Starbucks goods to a different location. Starbucks may require inspection and/or audit all production/service locations as a condition of continued business. Some products and services may be exempt from these requirements if the products and services are identified in writing by the Starbucks Authorized Representative.

## **1.7 Business Continuity Planning**

Starbucks recognizes that business continuity planning is an essential part of running an organization. Starbucks advises its suppliers to develop and maintain business continuity plans to ensure that services will be maintained in the event of disruption to operations. Suppliers may be required to share their plans with Starbucks. The appropriate requirements and documents will be determined on a case by case basis.

## **1.8 Business Courtesies**

Starbucks recognizes that developing and maintaining strong Supplier partnerships occasionally includes social activities. These activities are normal in the course of business, but there are specific limits on what an individual Starbucks partner may accept from a Supplier. We define a business courtesy as a present, gift, discount, or favor from persons or firms with which Starbucks has or may have a business relationship.

In general, Starbucks partners may accept a business courtesy, provided the value from the Supplier does not exceed the equivalent of \$75 per year. These courtesies must support and promote successful working relationships with our Suppliers, conform to the reasonable and ethical practices of the marketplace and not create an actual or perceived conflict of interest. There are certain situations which may exceed this limit and still be acceptable (e.g. user group training), but these must be reasonable and customary, infrequent, inexpensive and pre-approved by Starbucks. Starbucks partners may not give lavish business courtesies to Suppliers.

## **1.9 Conflict of Interest**

It is critical that all business dealings between Starbucks and its Suppliers are absolutely above reproach or question. Starbucks partners are instructed not to engage in any activity that they would not be comfortable seeing in the public domain. To that end, they are prohibited from entering into any agreement, relationship or situation that will cause a real or perceived conflict of interest. This includes, but is not limited to:

- a. Assuming a financial or other outside business relationship with a supplier;
- b. Taking personal advantage of an opportunity that properly belongs to Starbucks;
- c. Initiating business with a family member or relative; and
- d. Being employed in any fashion by a Supplier while working for Starbucks.

If a Supplier becomes aware of a Starbucks partner's involvement in a real or perceived conflict of interest, please report it immediately by calling Starbucks Audit Line (see Supplier Guidance – Reference).

## **1.10 Business Processes and Procedures**

The following section outlines the guidelines for some of the most common day-to-day activities. Prior to commencement of work, the Authorized Representative shall identify to each Supplier specific commodities or services that may have special procedures, product development, or intellectual property requirements.

### **1.10.1 Business Critical Data and Information**

The data, records and information that Suppliers provide to Starbucks support business critical systems and functions. The systems and processes at Starbucks are highly integrated and require that accurate and complete data be provided on a timely basis. Examples include, but are not limited to:

- a. Supplier name and locations
- b. Manufacturers and manufacturing locations
- c. Contact information
- d. Item characteristics and attributes (i.e., dimensions, weights, country of origin)

Suppliers are required to provide complete and accurate information upon request and anytime the information changes. Updated information about products, services, and/or the supply chain network must be communicated to Starbucks well in advance of the change occurring.

### **1.10.2 Specifications and Statements of Work**

Product specifications, requirements and/or statements of work will be developed by Starbucks and the Supplier as needed prior to the issuance of any commitment to buy. Starbucks partners who have expertise in various areas may take part in the development of these specifications, but final approval and acceptance shall occur between the Supplier and the Authorized Representative. Supplier-generated cut sheets, shop drawings and/or specifications may be used with Authorized Representative approval depending on the product.

When an item number must be set up, the timely receipt of accurate and complete product specifications via an Item Data Sheet (IDS) (see Appendix B) is required prior to the commencement of any purchase involving products or items. Incomplete or inaccurate data will significantly impact both systems and processes, ultimately leading to delays in the Starbucks supply chain.

### **1.10.3 Order and Shipping Confirmation**

Some goods and services require confirmation when an order is received and another confirmation when goods have been shipped from the Supplier's facility. Check with the Authorized Representative for confirmation guidelines.

### **1.10.4 Item Numbers (SKU Numbers)**

The item number (SKU number) is a discrete identifier used to support many business critical processes and is the key data element used in all supply chain systems. The Starbucks item number provided to the Supplier must appear on all cases, packing lists, invoices, and as part of the graphics included on all printed materials. Items intended for re-sale require an item label (specifications are defined in Section 4.1.8, Labeling Guidelines).

When an item number must be set up, the Authorized Representative will provide an IDS to the Supplier to facilitate the communication of critical item related information. The Supplier must complete and return an accurate ID as part of the process used to create an item in the Starbucks systems.

Items that do not require a Starbucks item number may still need an identifier, usually in the form of a supplier stock number or manufacturer part number. The Authorized Representative will provide the specific guidelines as necessary.

### **1.10.5 Samples, Proofs and Prototypes**

In addition to specifications, shop drawings and other written descriptions of a product, certain samples, proofs and/or prototypes may be required prior to production. If samples, proofs, or prototypes are necessary, guidelines will be provided by the Authorized Representative and specified in the purchase document. The need for press checks, first article inspections and other approvals will also be determined by the Authorized Representative and specified in the purchasing document.