



Chick Fil-A and Starbucks Sustainability Report Comparison

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Starbucks

Starbucks has always been considered a more “ethical company” based on industry standards. Since 2001, they have “proactively published an annual update on our performance against key Environmental, Social and Governance (ESG) factors” (Starbucks Corporation, 2021). These summaries are audited by third parties and detail what they have achieved to date. However, since 2021, Starbucks Corporation has implemented *The Sustainability Accounting Standards Board (SASB)* ESG standards. It would make sense for Starbucks to use this type of voluntary reporting because it is usually used by companies that are publicly traded and the information should be shared with the public.

When evaluating the *Restaurants Sustainability Accounting Standard*, I first looked to human capital. It is clear Starbucks is investing in their employees through their report. They are investing in: college achievement plans, family explanation reimbursements, medical, dental, and vision insurance, student loan management, paid parental leave, mental health benefits, etc. Starbucks also follows the standard for reporting voluntary and involuntary turnover rates and average hourly wage, by region and percentage of employees.

The environmental sustainability reporting is found on pages 69-71 and outlines the specific information needed by the *Restaurants Sustainability Accountability Standard* which will be detailed in further paragraphs.

All of Starbucks are owned by Starbucks itself which makes governing easier than franchising. For oversight of ESG issues, Starbucks has a board which, “responsible for ensuring ESG risks and opportunities are integrated into Starbucks long-term strategy” (Starbucks, 2022). They also have a nominating/ governance committee that reviews the

effectiveness of the ESG policies and completes an annual review. In recent years, they have also added a compensation committee and an audit committee, which oversees ESG risks.

When looking at Starbucks sustainability goals, there are three main goals outlined in their sustainability report,

(A) “50% absolute reduction in scope 1, 2 and 3 greenhouse (GHG) emissions representing all of Starbucks direct operations and value chain.

(B) 50% of water withdrawals will be conserved or replenished across Starbucks direct operations, stores, packaging and agricultural supply chain, prioritizing action in high risk water basins while supporting watershed health, ecosystem resilience and water equity.

(C) 50% reduction in waste sent to landfill from stores (including packaging that leaves stores) and direct operations, driven by a broader shift toward a circular economy”

(Starbucks, 2022).

It is important to keep in mind that all of these goals are set to be reached by 2030. Additionally, Starbucks claims that these goals are intentionally, “ambitious goals because our commitment to building a more sustainable and resilient future for our planet and our communities is stronger than ever” (Starbucks, 2022). That is the first opinion I share about these goals. We are only seven years away from 2030, and I am not sure Starbucks is going to reach these goals.

However, I do think it is important to aim big when it comes to sustainability because for too long, companies have not been addressing sustainability within their companies. Farther into the document, Starbucks begins to explain each goal in an extensive manner, going into great detail about how they plan to achieve each of the goals they have outlined.

I. Reducing Single-Use Plastics & Packaging Waste

Within this section, they detail how they plan to implement this goal. Before the COVID-19 pandemic, Starbucks began to implement a program that allowed customers to bring a reusable cup in to save money on their order. While the pandemic hindered their idea, Starbucks remains on track to allow customers to bring their own cups, and recently, have begun to allow this again in select stores. Additionally, Starbucks has always found recycling to be a priority within their company. They have partnered with recycling plants across the United States to research other ways to provide cups in a sustainable manner.

II. Forest Conservation and Restoration

It is no secret that Starbucks uses foreign coffee beans, and there is great concern about the effects this has on the natural environment. In this section, Starbucks discusses their plans to educate sixteen farming communities about sustainable farming practices,

“The goal of these projects is not only to achieve carbon neutrality, but also to enhance freshwater ecosystems and biodiversity. Our support of farmers extends into the community as we work together to build capacity of local plant nurseries, advance community and stakeholder engagement, and work to improve the water quality in surrounding watersheds” (Starbucks, 2022)

III. Water Stewardship

Water Stewardship is defined as, “the use and treatment of water in ways that are socially equitable, environmentally sustainable, and economically beneficial” (UN Global Impact, CEO Water Mandate, 2023). Starbucks describes their approach to this issue as, “holistic.” Through this approach, they plan to empower over 5 million people with access to safe and clean drinking water. So far, at the time this was published, Starbucks had invested \$2 million dollars to support

new and ongoing water replenishment in Brazil, Colombia, China, Ethiopia, Guatemala, Mexico, Peru, and other projects domestically.

IV. Plant-Based Menu

When going to Starbucks, I noticed that there are a few plant based products, including soy, almond, and coconut milk, but I have not really noticed any of their food being plant based. Starbucks would like to fix this issue and expand their options throughout their menu. They do, however, mention that adding these milk alternatives will be an extra charge for most drinks, yet they still have not fixed this issue. In Japan, The United Kingdom, France, Belgium, and the Netherlands, adding any plant-based alternative is free of charge. In some cases, it can cost up to \$.80 to add a plant-based alternative in the United States.

When looking at the data to see if Starbucks has been reaching their goals, some of the information provided does suggest meaningful steps have been taken by the company. They mention in the report that they were, “recognized by Ethisphere as one of the World’s Most Ethical Companies for the 15th year” (Starbucks, 202) due to their efforts to combat sustainability concerns. In their fiscal highlights, they mention that they have achieved 20% recycled material in their hot cups and 30% recycled material in their holiday cups. Yet, they do not mention their plastic cups within this.

Chick-Fil-A

It is clear that Chick-Fil-A does not use a voluntary reporting standard within their company. Every year they put out a “global impact report” and a “social responsibility report” but do not allow a third party to audit the report like Starbucks does. Additionally, Chick-Fil-A is

a privately owned company which makes sense as to why it does not feel the responsibility to report on sustainability each year. They do not follow SASB like Starbucks but they do highlight some aspects that would be found in a SASB report. While they do mention some aspects of labor, they do not go into detail about hourly wage or turnover rate, which is specifically mentioned in a SASB report, and mentioned in Starbucks' report. However, they do offer tuition remission, DEI training, and volunteer opportunities, but through this report, it is unclear if they are following credible labor practices. When it comes to guidance, it is unclear how Chick-Fil-A manages their global impact across all of their franchises, considering they are owned and operated by different people, unlike Starbucks. I can imagine it is exponentially easier to govern companies when each location is owned by the larger company. It may be difficult to gain important data to satisfy a SASB report for a company that has many different private owners.

Right from the beginning, it is clear that Chick-Fil-A and Starbucks have organized their reports very differently. This report is not a specific "environmental" report like Starbucks' was. When reviewing their report, I decided to click on their "Caring For Our Planet" page where I found their goals. Their 2025 goal is to "divert 25 million pounds of restaurant food waste from landfills," but they go into more detail about what they have accomplished rather than future goals.

What has been accomplished:

1. Serving foods in updated packaging: The sleeve used for the Chick-Fil-A chicken sandwich is now recyclable and "commercially compostable" (Chick-Fil-A, 2022).
Additionally, Chick-Fil-A bags are now made with 20% post-consumer recycled content.
2. Fueling with used cooking oil: The oil used within Chick-Fil-A kitchens is turned into renewable diesel and can reduce greenhouse gas emissions by up to 80%.

3. Celebrating those who prioritize the planet: Each year, they compile a list of organizations that they think are making a difference, including: Food Rescue US, Creighton Community Foundation, Three Rivers Land Trust, and Sasha Bruce Youthwork.
4. Nurturing the environment: In this section, Chick-Fil-A discusses the events that they had their staff plan for Earth Day. The staff planted over 80 trees during this event and hosted an electric vehicle expo.

It is pretty clear that many of Chick-Fil-A's practices are very forward facing

When it comes to reporting, they do have a page where they outline how they measure their impact. However, it is important to recognize that Chick-Fil-A only mentions one specific goal for 2025, whereas Starbucks has three specific goals with metrics. On the metrics page, all that is highlighted is the sources they used when writing their report; one of the sources being an EPA greenhouse gas equivalencies calculator, yet they do not have a third party reviewing this report. In the beginning of their sustainability section there is a metric showing that they are 88% complete for their 205 goal for food waste. They also show additional metrics, but there are no third party auditors determining if this is accurate information.

I . 13.9 million estimated pounds of food has been diverted from landfills

II. 1 Chick-Fil-A restaurant that piloted solar-powered microgrid technology

III. 4 Nonprofit grant recipients in the “Caring for our Planet” category of our “True Inspiration Awards”

When it comes to ownership of a company, you can either be privately owned or publicly owned. It is important to recognize that Starbucks is a publicly owned company, which means

they must answer to shareholders who they rely on for the liquid benefits. On the other hand, Chick-Fil-A is a privately owned company that relies on the franchise model for ownership. This has had obvious effects on their report. Because they do not have to rely on shareholders the way Starbucks does, they are able to be lax with their reporting. Many shareholders, especially investors, want to know that their money is going to a sustainable business that is going to last when climate change policies become more strict.

Starbucks has been upfront with their investors and consumers with their policies. However, this does not mean Starbucks is perfect when it comes to their practices. Over the last few years, there have been multiple scandals having to do with unfair labor practices which have called for stakeholder reviews, even one that took place in March of 2023. Because of this review, “Starbucks reiterated that it is now ‘undertaking an independent, third-party human rights impact assessment, which will include a deeper-level review of the principles of freedom of association and the right to collective bargaining’” (Russ, 2023).

Adversely, Chick-Fil-A has not had to go through any stakeholder reviews because they do not answer to the typical set of stakeholders of a publicly owned company. Their Stakeholders include employees, consumers, and the community, but not to investors. When looking at Chick-Fil-A, it is important to recognize their customer base. Their customer base is extremely loyal and generally conservative. It does not make sense that they would go to such extremes to prove their sustainability to customers alone. The customer base of Starbucks workers generally are more liberal and aware of unsustainable practices and would be more aware of these issues.

Starbucks and Chick-Fil-A are very different companies and trying to compare their reports would be futile. That being said, it is quite obvious that Starbucks has a more developed sustainability report with the metrics and governance to back it up, but in no way is Chick-Fil-A

mandated to disclose this information with the general public. Without investors as an asset, it is safe to assume they will not disclose their sustainability practices.

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