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Early Observations in the Saga of *Missouri v. Starbucks Corp.*

In February 2025, the State of Missouri sued Starbucks Corporation alleging that the Company committed race discrimination when it announced and followed particular steps it would take “to advance racial and social equity.” The primary and most interesting alleged practices at issue in the suit were Starbucks’ BIPOC mentorship program and alleged preferential access to training for members of diversity-related affinity groups, setting goals for BIPOC representation in its corporate (30%) and other (40%) roles, and pinning a portion of executive compensation and bonuses to BIPOC retention, participation in the BIPOC mentorship program, and an evaluation of the diversity of the executive’s management team. Starbucks announced these “steps” in October 2020, and reported on them in various shareholder communications over the next 4-5 years.

Observation #1: Starbucks is Getting Roasted for Being an Early Adopter of a Too-Far Trend.

It was 2018 when Starbucks made the news when a White manager called police to remove two Black businessmen who were, by their account, waiting for a colleague to order. Starbucks addressed the issue pretty swiftly, sending its CEO to Philadelphia to meet with the men and the Police Commissioner, clarifying an ambiguous policy on non-customer bathroom access that had been the apparent impetus of the whole interaction, and closing all stores for a full day for racial bias training the month after the incident. I’m no public relations expert, but I think those moves may be studied and probably lauded in future business and crisis management courses.

Rushing to declare that it would take specific actions on the other side of the counter, however, may be Starbucks’ undoing. If Missouri’s Attorney General is right, Starbucks went beyond advocating for certain policies as a corporate citizen, and, by setting targets for employee representation in its workplace(s) by race, it went beyond permissible statistical analyses as a jumping off point to an internal analysis of whether Starbucks’ recruitment, hiring, retention, and promotion practices were non-discriminatory.

Observation #2: Just Because Everyone Else is Doing It Doesn’t Mean It’s A Good Idea.

Missouri’s Attorney General also laments the widespread use of ESG metrics generally in executive compensation across the S&P 500, and points out other suits where corporations were found to have tied employee diversity metrics to executive compensation, including a case that’s always stood out to me, *Duvall v. Novant Health, Inc.*, where a White former executive has ultimately recovered over \$3 million in lost compensation (though his \$10 million punitive damages award was reduced to \$300,000 by the trial court and set aside entirely on appeal).

Observation #3: It Seemed Like a Good Idea at the Time: The Number One Source of Missouri’s Allegations is Starbucks’ Own Publications.

The 59-page Complaint is littered with footnotes, 171 of them to be exact, and the majority of those footnotes reference various shareholder and financial reports,¹ as well as employee communications and press releases. Assuming no errors in transcription or truncation, the State of Missouri was able to extensively quote from Starbucks’ own publications, housed on its own website. There is little doubt that the authors of those reports were proud to trumpet their results to the shareholders and others who wanted to see the Company lead its peers, and thought that it was good business for Starbucks to push these priorities.

Starbucks has filed a motion to dismiss Missouri’s complaint, and the employee union has filed an *amicus* brief in support of the motion to dismiss. The Company’s motion rests primarily on nuances of standing and other technical details, the discussion of which could cure insomnia. The Union focused on the much more interesting, but rarely asserted statutory exception permitting limited frameworks of protected class-based favoritism to redress past discrimination, a topic which will have to wait for another day.

Until then, if you have any questions or would like additional information, please contact Whitney Brown at 205-323-9274 or wbrown@lehrmiddlebrooks.com.

¹ The author is not a corporate attorney of any sort and could scarcely tell you the difference between a 10-K and a 401(k), but basically we’re talking about titles with words like “Proxy,” “Annual Meeting,” and “Fiscal” here.