Environmental, Social and Governance Practice Exploration of Catering Enterprises

Haihan Huang *

Zijin College of Geology and Mining, Fuzhou University, Fuzhou, China

* Corresponding Author Email: 162402214@fzu.edu.cn

Abstract. As the concept of environmental, social and governance (ESG) has become an important measure of the core competitiveness of enterprises, the sustainable development practices of the catering industry, as a field closely related to public life, have attracted much attention. This paper takes the three leading companies of Starbucks, McDonald's and Yum Catering as the research subjects, adopting literature review and case analysis methods, Analyse the differences in ESG practices and strategies from three dimensions: environmental, social, and governance. The study finds that the three form differentiated paths due to different brand genes, industrial chain characteristics and value orientation: Starbucks collaborates with enterprises to lead and consumers to build a closed loop between the supply chain and the consumer, focusing on value symbiosis between suppliers and consumers and external compliance management. McDonald's highlights the coordination of the entire industry chain and the professional operation of public welfare, focusing on the implementation of stringent food safety standards. Yum Catering regards large-scale low-carbon transformation and inclusive social responsibility as its core principles, establishing a comprehensive compliance network both internally and externally. The study reveals the common characteristics and individual patterns of ESG practices in the catering industry, providing a reference for the sustainable development of the industry.

Keywords: ESG, sustainable development, catering industry.

1. Introduction

In recent years, the concept of environmental, social and governance (ESG) has gradually become a mandatory question to measure core competitiveness from a positive perspective for corporate sustainable development. Under the pressure of extreme climate and resource shortages, goals such as carbon neutrality and a circular economy are compelling enterprises to accelerate their green transformation [1]. Consumers' attention to brand social responsibility has soared, "value consumption" has become a new trend, and corporate social responsibility is directly linked to public trust. The market incorporates ESG performance into the investment evaluation system, coupled with tightening regulatory policies in various countries, a series of factors are driving companies to move from voluntary practices to compliance necessities [2].

As a field deeply bound to consumers' daily lives, the ESG practice trends in the catering industry are particularly noteworthy. Its ESG practice content is not only related to the company's own competitiveness, but also directly affects the public experience, becoming a key link between business value and social value, and reflecting the industry's unique sustainable development logic. For example, the sustainability of the food supply chain, the environmental protection of store operations, the protection of employee rights and interests, and community services are all deeply related to the business characteristics of the catering industry [3].

As a global chain coffee giant, Starbucks directly reflects the typical characteristics of the catering industry's "sustainable upstream supply chain and green environmental protection on the downstream consumer side", and is a benchmark for catering service companies to balance commercial profitability and social responsibility. As a leader in fast food brands, McDonald's embodies social responsibility under the characteristics of "high-frequency consumption and high standardisation", and represents the direction of ESG practice in the field of mass consumption in the catering industry. Yum Catering Group relies on its multi-brand operation model to demonstrate the systematic construction of ESG systems by catering enterprises in large-scale development. Therefore, this study selects these three enterprises as cases, as the leading representatives of the catering industry, whose ESG practices have both industry commonality and individual characteristics, providing a typical sample for exploring the ESG practice laws of the catering industry [4].

At present, most research on corporate ESG practices focuses on other industries, or the impact of ESG practices on corporate management, but there is still room for deepening the systematic analysis of the catering industry. This study uses literature review and case analysis, taking Starbucks, McDonald's, and Yum Catering Group as the research objects, analyses the ESG practices of these three companies, summarises the differences in ESG practice models in the catering industry, and discusses the impact of industry characteristics on ESG practice paths, to provide a reference for ESG practice in the catering industry [5].

2. Case Analysis

2.1. Starbucks

Table 1. Environmental protection achievements of Starbucks from 2018 to 2020

Fiscal Year		2018	2019	2020
Energy Consumption	Total Energy Consumption from Direct Operations	8326446	9058993	8709818
	Proportion of Electricity Consumption from Renewable Energy Sources	75%	72%	72%
Greenhouse Gas Emissions	Direct Emissions: Scope 1 Emissions	320	381	310
	Indirect Emissions: Scope 2 Emissions	286	282	317
	Indirect Emissions: Scope 3 Emissions	14198	13907	12288
Water Consumption	Total Water Consumption	72	83.7	88.2
	Percentage Reduction in Water Consumption Compared to 2019	–	–	4%

In the increasingly fierce competition in the global catering industry, enterprises must not only pursue economic benefits, but also actively fulfil social responsibilities to achieve sustainable development. As a world-renowned coffee chain brand, Starbucks has always been at the forefront of ESG practices. Through an in-depth case study of Starbucks, it can clearly see its specific actions and outstanding results at the environmental, social and governance levels, which have important reference significance for other catering companies as shown in Table 1 [6].

In terms of the environment, Starbucks launched a commitment to "donate a tree for every bag of coffee sold" as early as September 2015, replacing coffee trees with declining yields due to aging and rust on coffee leaves by planting new trees. In the plastic reduction action, it plans to achieve 20% recyclable content and 100% compostable hot coffee cups in 2022, eliminate plastic straws in 2021, replace them with strawless cup lids and coffee grounds straws, and encourage the reduction of plastic cups through fees and discounts, and employee aprons made of recycled PET fibre. In terms of renewable energy promotion, Starbucks aims to use 100% renewable energy in its global stores by the end of 2020, which has been achieved in the United States, Canada and Europe, with a global coverage rate of 72%, and invests in solar energy projects to supply clean energy [7].

In the social dimension, Starbucks' practice focuses on stakeholders upstream of the supply chain. In 2016, Starbucks partnered with Conservation International to invest in coffee planting projects to improve farming management systems and source their products for farmers whose yields have plummeted due to climate change, market access, poverty and other issues, increasing their incomes for local farmers, stabilising Oaxaca's farming communities, and building a stable supplier network for themselves. In addition, Starbucks has set up farmer support centres in major coffee-producing areas to teach farmers scientific planting knowledge, which not only improves the output quality of coffee beans but also practices social responsibility with practical actions, creates a warm and human rights-respecting brand image, and resonates with consumers. Currently, Starbucks is committed to achieving 100% ethical sourcing of tea and cocoa beans, maintaining a dynamic balance between social responsibility and corporate interests in ESG practices [8].

In the governance dimension, Starbucks is based on strict supplier standards to ensure ethical compliance in procurement. Since 2006, Starbucks has insisted on regular monitoring of cooperative factories, rectifying problems in factories that do not meet standards, and terminating cooperation until the problem is resolved in serious cases. This mechanism reduces the occurrence of supplier corruption and violations from the source and provides an institutional guarantee for the smooth operation of Starbucks [9].

2.2. McDonald's

As a giant in the fast food industry, McDonald's has a huge business footprint around the world. Over the years, it has achieved remarkable results in implementing ESG concepts: from ingredient selection to restaurant operations, every step incorporates environmental, social and governance considerations. Analysing McDonald's ESG practices can provide us with an excellent perspective on the sustainable development code of catering giants, and seek a sustainable path for ESG practices in the industry from industry leaders [10].

In terms of the environmental, McDonald's joined hands with nine major suppliers to announce the launch of the "McDonald's China Regenerative Agriculture Plan", starting the first exploration of agricultural green development jointly promoted by the catering industry chain. On the supply chain side, McDonald's insists on purchasing 95% of its raw materials locally, minimising carbon emissions from food raw materials in breeding, procurement, and transportation. Not only that, McDonald's China's "Reinvent Good Things" project uses environmentally friendly recycled plastics to redesign and shape items needed by restaurants and consumers, and actively explores the use of recycled materials in restaurants, supply chains and industries to support the circular economy.

In terms of society, Ronald McDonald House was established in the United States in 1974 as a global public welfare project that provides families of sick children seeking medical treatment in other places with a "home away from home" just a few minutes away from the hospital. When their children are being treated in the hospital, parents can stay in the well-equipped Ronald McDonald House to provide intimate care for the sick child and they can also encourage each other and provide moral support to other sick children's families. As of the end of December 2024, the three Ronald McDonald homes in China have served more than 1,500 families and provided more than 71,000 restful nights. By 2022, all three Ronald McDonald Houses in mainland China will have obtained the internationally authoritative Leadership in Energy and Environmental Design (LEED) green building certification.

In the governance dimension, McDonald's launched and implemented the "McDonald's Online Catering Food Safety Management Measures" in 2017, which clearly mentioned that the measures are based on China's current "Food Safety Law of the People's Republic of China" and other laws and regulations, implementing unified standards and consistent operating specifications, strictly requiring all catering personnel to be equipped with health certificates. Restaurants conduct daily food safety inspections and maintain archives and to stop suspicious raw materials and seal suspicious food in a timely manner in accordance with laws and regulations, so as to prevent and control to the greatest extent possible. Control and reduce the occurrence and harm of food safety accidents, and protect the health and life safety of consumers.

2.3. Yum Catering

Yum Catering owns many well-known catering brands such as KFC and Pizza Hut, occupying an important position in the global catering market. The group's active exploration and innovation in the field of ESG is one of the key factors for it to maintain its competitiveness in the industry. A deeper dive into Yum Catering 's ESG case helps us understand how it integrates social responsibility with its business operations.

In terms of the environmental dimension, Yum Catering continues to promote low-carbon transformation, adopting cost-effective and scalable renewable energy solutions as much as possible while saving energy. In 2024, the company's renewable energy use increased by 370% year-on-year, and the average carbon footprint per restaurant decreased by about 8% year-on-year.

In terms of social, Yum Catering firmly practices "people-oriented", continues to deepen its care and support for front-line employees, and provides diversified and smooth communication channels for employees. In terms of dish design, it actively responded to the "Healthy China 2030" Planning Outline and the National Nutrition Plan (2017-2030), and developed a series of delicious dishes with low sugar and low salt, so that consumers can enjoy food while eating healthier. Yum Catering focuses on three core areas: rural revitalisation, health advocacy and community care, of which the "Donate One Yuan" project has entered its 17th year, and by the end of 2024, it has raised more than 270 million yuan, provided more than 58 million nutritious meals to children in underdeveloped areas, and upgraded kitchen facilities for more than 1,500 rural schools, improving children's learning and living conditions.

In terms of governance, Yum Catering has established a comprehensive whistleblower mechanism, opened a variety of complaint and reporting channels for employees and suppliers, and set up a full-time compliance investigation department to review and handle business ethics issues at all levels of the company. In addition, a series of online code of conduct training is carried out for employees every year, covering a full range of employee behaviour compliance. Externally, Yum Catering requires all suppliers to sign the Yum China Supplier Code of Conduct, which aims to ensure that they comply with legal norms and business ethics when doing business.

3. Implementation Strategy Differences

After completing the specific presentation of the ESG practice cases of these three enterprises in the catering industry, it is not difficult to find that even if they are in the same industry and focus on the common direction of ESG, different enterprises still show significant differentiation characteristics in the choice of practical paths. This difference is not only reflected in the focus of goal setting, but also in the design and execution of specific implementation strategies. Based on the previous case analysis, this chapter will systematically analyse the specific differences in ESG implementation strategies of these three companies, and explore the logic and characteristics behind them.

3.1. Environmental Dimension: A Differentiated Path from A Single Point Breakthrough to Full-chain Coverage

Starbucks' environmental strategy centres on supply chain sustainability and the practical implementation of plastic reduction initiatives. It addresses resource sustainability upstream through the 'Coffee Tree Donation Program' while introducing alternatives for commonly used single-use products like plastic cups and straws at the consumer end. The strategy encourages consumer participation in plastic reduction actions through incentive mechanisms such as 'discounts for charges', creating a closed-loop collaboration between the enterprise and consumers. The promotion of renewable energy aims to replace energy in stores, prioritising mature markets such as the USA, Canada, and Europe.

McDonald's environmental strategy highlights the synergy of the whole industry chain, promoting green planting from agricultural sources through the "China Regenerative Agriculture Plan" with nine major suppliers, while shortening the supply chain radius and reducing carbon emissions with "95% local procurement". In addition, it focuses on "recycling materials". Through the "Reinventing Good Things" project, the waste of restaurants and supply chains is transformed into practical items, the concept of circular economy is integrated into the whole process of operation, and the collective participation of the upstream and downstream of the industrial chain is emphasized.

Yum Catering's environmental strategy focuses on large-scale low-carbon transformation, emphasising the selection of cost-effective and scalable energy solutions by increasing renewable energy consumption and reducing the carbon footprint of a single store, and pays more attention to achieving batch improvement of environmental benefits through technology upgrades and operational optimisation, with data-based results as the main strategic measurement standard.

3.2. Social Dimension: Differences in the Focus of Stakeholder Interests

Starbucks' social responsibility focuses on the symbiosis of supplier and consumer value, directly solving the income stability and community development problems of upstream farmers by investing in coffee planting projects in cooperation with conservation international organisations, and sets up farmer support centres in the production area to teach planting technology, deeply binding the survival needs of supply chain stakeholders to the sustainable procurement goals of enterprises. At the same time, it strengthens consumers' value recognition of the brand with the concept of "ethical procurement" and forms an emotional connection with consumers.

McDonald's social responsibility is characterised by the professional operation of public welfare projects. The Ronald McDonald Home accurately focuses on the accommodation and spiritual support needs of families of sick children seeking medical treatment in other locations, accumulating social trust through standardised services such as LEED green building certification and long-term operation. It deeply binds social responsibility with the warm image of the brand and forms a unique path of accumulating brand equity with public welfare.

Yum Catering's social responsibility covers the two cores of internal employees and external inclusive groups. It strengthens employees' sense of belonging internally through multiple communication channels and care mechanisms. Externally, it focuses on health advocacy and rural revitalization. On one hand, it develops low-sugar and low-salt dishes to respond to national health needs. On the other hand, it provides nutritional support and campus facility upgrades for children in underdeveloped areas for 17 years through the "donate one yuan" project, paid more attention to the inclusiveness and long-term effectiveness of social responsibility.

3.3. Governance Dimension: Different Focuses on the Construction of the Compliance System

Starbucks' governance strategy focuses on supplier compliance management. It has established a normalised supplier monitoring mechanism since 2006, adopts a dynamic management model of "rectification-termination of cooperation-restart after problem solving" for illegal factories, and cuts off corruption and non-compliance risks from the source of procurement. It ensures supply chain compliance through strict supplier screening standards and focuses on external cooperation risk prevention and control.

McDonald's governance strategy focuses on the implementation of stringent food safety standards. It adopts the "Online Catering Food Safety Management Measures" as the framework, transforms legal and regulatory requirements into unified operating norms, ensures "zero risk" of food safety through process standardisation and daily supervision, and centres on the protection of consumers' core rights and interests.

Yum Catering's governance strategy has built a full-chain compliance network both internally and externally. It established a whistleblower mechanism, a full-time compliance investigation department, and training for all staff to strengthen the internal integrity culture. Externally, the Supplier Code of Conduct restricts partners and incorporates legal norms and business ethics into supplier access standards. The focus of governance lies in the penetration of all scenarios of compliance to form a compliance ecology with internal and external linkage.

4. Conclusion

The differences in ESG strategies of Starbucks, McDonald's, and Yum Catering stem from the deep division of brand genes, industrial chain characteristics and value orientation. As a coffee chain brand, Starbucks relies on upstream planting resources in its supply chain, so it takes enterprise-led and consumer collaboration as the core, and consolidates supply chain stability and brand loyalty by binding suppliers' survival needs and consumers' emotional identity. With the advantages of large-scale fast food operations, McDonald's combines the coordination of the whole industry chain with public welfare specialisation, which not only reduces costs through local procurement and circular economy, but also accumulates brand warmth assets with precise public welfare. Relying on multi-brand large-scale operation capabilities, Yum Catering focuses on quantifiable low-carbon transformation and inclusive social responsibility and realizes the batch implementation of environmental benefits and social value with technological upgrades, data-based achievements and long-term public welfare projects. All three strategies are closely related to their own business scenarios and core interests, forming a differentiated sustainable development path.

Based on the experience of Starbucks, McDonald's, and Yum Catering's ESG strategies, the catering industry and related enterprises can optimise their sustainable development path from four aspects. First of all, it is necessary to delve deeply into brand characteristics and formulate strategies based on their own positioning and core values, such as brands that emphasise local flavours, concentrating on the sustainable development of local ingredients. High-end catering can enhance the communication of a green service experience. Secondly, it is necessary to meet the needs of the industrial chain and make efforts to target key links in the supply chain: enterprises that rely on local ingredients can deepen cooperation with farmers to ensure the linkage between freshness and the local economy. Enterprises with high transportation energy consumption can optimise their logistics and reduce carbon emissions and costs by using new energy vehicles or shared cold chains. In addition, it is necessary to balance the demands of multiple interests, promote the construction of green stores and energy reduction at the environmental level, pay attention to employee welfare and public welfare practices at the social level, and enhance brand competitiveness through ESG at the economic level to achieve long-term profitability. Finally, enterprises should strengthen data quantification and information disclosure, establish measurable indicators such as emission reduction and water saving rate, regularly evaluate the effect and disclose the results, enhance brand trust, and form a differentiated sustainable development model that fits their own business scenarios.

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