

# A Study on the Effectiveness of ESG Information Disclosure in the New Tea Beverage Industry: CHAGEE's U.S. Listing

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## Abstract

This study uses CHAGEE, which is listed on the U.S. stock market in April 2025, as a case to explore the effectiveness of environmental, social, and governance (ESG) information disclosure in the new tea beverage industry. Using a case study and comparative research methods, this study systematically examines the motivations behind CHAGEE's voluntary ESG disclosures in the U.S. market, the characteristics of the disclosed content, and the subsequent market reactions. For assessment, comparisons are made with peer companies listed in Hong Kong. The effectiveness of ESG disclosure in this industry is influenced by multiple factors, including regulatory policies, corporate strategies, industry-specific characteristics, and resource capabilities. Improving the quality of ESG disclosure requires enhancements in areas such as establishing robust management structures, strengthening quantitative data disclosure, and introducing third-party assurance. This research provides theoretical insights and practical guidance for ESG practices within the new tea beverage industry while also offering references for regulatory bodies aiming to refine ESG disclosure standards.

## Keywords

ESG information disclosure, new tea beverage industry, CHAGEE, U.S. listing, effectiveness evaluation

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## 1. Introduction

The growing global recognition of sustainable development has established environmental, social, and governance (ESG) factors as critical dimensions for assessing corporate long-term value. In this context, numerous asset management institutions, including sovereign funds and banks focused on global sustainability, have widely integrated ESG considerations into their investment processes. The ESG framework, which emphasizes environmental responsibility, social commitment, and sound governance, aligns closely with China's current "innovative, coordinated, green, open, and shared" development philosophy, serving as an effective tool for achieving high-quality economic and social development (Liu and Shao, 2025). Moreover, the new tea beverage industry, an emerging force in China's consumer market, has experienced rapid growth in recent years, accompanied by ESG-related challenges such as food safety, packaging sustainability, and employee management. In April 2025, CHAGEE's successful listing on the NASDAQ, which marked it as the first new Chinese tea beverage company to go public in the U.S., and its practice of voluntary ESG disclosure presented a unique case for research. Current academic studies on ESG disclosure focus primarily on the effects of mandatory disclosure policies and the relationship between ESG disclosure and corporate value. However,

research targeting the specific new tea beverage industry remains scarce, particularly concerning the effectiveness of ESG disclosures by U.S.-listed companies. To address this gap, this paper uses the CHAGEE case to investigate the effectiveness of ESG information disclosure in the new tea beverage industry. It analyzes the motivations for disclosure, content characteristics, and market reactions; identifies shortcomings; and proposes pathways for optimization, thereby offering theoretical guidance and practical references for ESG disclosure within the industry.

## 2. Literature Review and Theoretical Foundation

### 2.1 Theoretical Foundation of ESG Information Disclosure

ESG disclosure refers to the process whereby companies proactively consider environmental, social, and governance factors in their business activities and publicly communicate this information to investors, consumers, and other stakeholders. In China, the top-level design concerning ESG remains focused primarily on information disclosure, with some policies also addressing ESG investing and ESG ratings. On the one hand, the government and regulatory authorities attach great importance to reforming the ESG information disclosure system and have made significant deployments in this area multiple times. Although unified mandatory requirements and a systematic disclosure standard have not yet been established for ESG information disclosure, detailed mandatory disclosure requirements have been imposed on key pollutant-discharging units regarding environmental governance. Furthermore, companies are encouraged to voluntarily disclose information referencing various general ESG standards on the basis of their own development needs. On the other hand, relevant authorities have formulated guiding policies for pivotal sectors related to the national economy, such as central state-owned enterprises, the banking industry, and the insurance industry, concerning ESG investment and ESG performance enhancement (Huang et al., 2025). Corporate managers should understand and respect all individuals closely related to the organization's conduct and outcomes, striving to meet their needs. Companies address the concerns of various parties and safeguard the interests of multiple stakeholders through ESG information disclosure.

### 2.2 Evaluation Criteria for the Effectiveness of ESG Information Disclosure

Effectiveness is typically evaluated across three dimensions: content quality, disclosure format, and usage effect. Content quality includes the materiality, accuracy, comparability, and balance of information. The disclosure format focuses on the accessibility, readability, and timeliness of information. The use effect examines the usefulness of information for decision-making and market reactions. Effective ESG information disclosure should be characterized by high transparency, abundant quantitative data, and strong verifiability.

### 2.3 Current State of Research on the New Tea Beverage Industry and ESG Information Disclosure

The beverage industry, characterized by relatively low investment costs, highly standardized operations, and easily scalable models, has the highest proportion of chain operations among various catering categories. In 2022, the chain ratio climbed to 44%; in the new tea beverage segment, this ratio was even greater, reaching 55.2%. With the continuous development of internet technology, consumers are placing increasing importance on the brand experience, which also presents new opportunities for the new tea beverage industry. Sample surveys conducted in the main commercial districts of multiple cities indicate that the chain usage rate for new tea beverages has already surpassed 80%. This suggests that during periods of economic recovery, more favorable conditions emerge in the consumer market, and the new tea beverage industry will likewise enjoy a relatively more stable and positive external development environment. As an emerging industry, research on ESG information disclosure in the new tea beverage sector is in its nascent stage. Existing studies have focused primarily on issues such as food safety management, innovative eco-friendly packaging, and supply chain responsibility. Research has revealed significant differences in ESG disclosure among new tea beverage enterprises. Furthermore, franchisee management has become a high-risk area for ESG issues within the industry, with franchise stores accounting for 78% of food safety violation cases.

*Table 1: Comparison of main ESG information disclosure content among new tea beverage enterprises*

Brand	Revenue	Revenue	Net Profit	Net Profit	Number of	Average Monthly Revenue per
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		Growth Rate	(billion yuan)	Growth Rate	Stores	Store (ten thousand yuan)
Mixue Ice Cream&Tea	148.75	39.3%	27.18	44.1%	53,014	4.98
CHAGEE	67.25	21.61%	7.48	38.46%	7,038	16.60
Goodme	56.63	41.2%	16.25	121.5%	11,179	8.95
Cha Panda	25.00	4.3%	3.33	39.50%	8,444	4.95
Auntea Jenny	18.18	9.7%	2.03	20.9%	9,436	3.26
NAIXUE	21.78	-14.4%	-1.17	-	1,638	22.98

### 3. Case Analysis of ESG Information Disclosure by CHAGEE

#### 3.1 Background of CHAGEE's IPOs on the U.S. Stock Market

CHAGEE was founded in 2017. It rapidly expanded through its unique positioning of “Fresh Leaf Milk Tea” and the franchise model. In recent years, China’s economic growth and rising international status have fuelled a surge in consumer confidence and identification with local culture, leading to the emergence of Neo-Chinese-style tea drinks. CHAGEE, a representative brand founded in 2017, has rapidly expanded globally, with over 4,500 shops, demonstrating the potential of this new tea drink category(Liu and Shao, 2025).

On April 17, 2025, CHAGEE was successfully listed on the Nasdaq Stock Market in the United States. The offering price was set at \$28 per share, and the closing price on the first day was \$32.44 per share, an increase of 15.86% from the offering price, with total market capitalization reaching \$5.954 billion. The IPO raised approximately \$411 million, of which approximately \$144.8 million will be used to expand stores in China and overseas.

For the first quarter ending March 31, 2025, both CHAGEE’s GMV (Gross Merchandise Volume) and net revenue achieved year-to-year growth of over 35%. Specifically, the total quarterly GMV reached 8.23 billion yuan, up 38% year-over-year; the total quarterly net revenue was 3.39 billion yuan, growing by 35.4% year-over-year. While the GMV and net revenue grew steadily, CHAGEE’s net profit in the first quarter was 677 million yuan, a year-over-year increase of 13.8%; the net profit margin was 20%, basically flat, with a full-year net profit margin of 20.3% in 2024. In terms of user growth, CHAGEE added approximately 15 million new members in the first quarter. As of March 31, the number of registered members on its mini-program reached 192.4 million, a year-over-year increase of 109.6%; the number of active users in the quarter was 44.9 million.

CHAGEE chose to list on the U.S. stock market instead of the Hong Kong stock market. Compared with the difficulties of listing in Hong Kong, listing in the U.S. is relatively easier. Currently, the company’s valuation corresponds to a PE of approximately 15 times for 2025, which is lower than that of comparable companies such as Starbucks (28 times) and NAIXUE, leaving room for subsequent valuation improvement. In addition, although mandatory ESG disclosure requirements in the U.S. stock market have not been fully implemented, institutional investors’ attention to ESG is gradually increasing, providing opportunities for companies to gain capital market recognition through voluntary ESG disclosure.

#### 3.2 Analysis of CHAGEE's ESG Information Disclosure Content

CHAGEE proactively included a chapter on “environment, social and governance” in its prospectus, outlining key ESG points across three dimensions:

1. Environmental Dimension: A company is committed to implementing sustainable development strategies to minimize its environmental impact. Specific measures include carefully selecting recyclable packaging materials such as cups, straws, and cup sleeves and launching multiple sustainable development initiatives and activities to encourage consumers to use reusable alternatives (e.g., biodegradable straws). Additionally, the company invests in energy-efficient tea-making equipment, optimizes lighting systems, and promotes energy-saving practices throughout its entire business chain to reduce energy consumption.

2. Social Dimension: The company advocates for healthy lifestyles and actively promotes transparency in ingredient and product nutrition information. In August 2023, it took the lead in China’s freshly brewed tea industry by disclosing the caloric and nutritional information of six products via the official “CHAGEE”

WeChat public account. By entering the product name on the mini-program or public account, consumers can easily access detailed product information sheets—including calorie values, nutritional components, and taste characteristics.

3. Corporate Governance Dimension: While the prospectus does not elaborate on the ESG governance structure, the company emphasizes the concept of integrating corporate social responsibility into all key aspects of business operations, reflecting its philosophy and actions in upholding diversity and common interests. It also engages in charitable causes, actively supports public welfare initiatives, and fulfills corporate social responsibility. In December 2023, it opened its first featured “Silent Tea House” in Hangzhou, where employees are mainly hearing-impaired individuals, providing them with a new way to integrate into society. As of March 2025, the company has opened 10 “Silent Tea Houses” across China.

### 3.3 Characteristics of CHAGEE’s ESG Information Disclosure

CHAGEE’s ESG information disclosure has the following characteristics:

1. Proactivity: Despite the absence of mandatory ESG disclosure requirements in the U.S. stock market, CHAGEE voluntarily discloses ESG information, demonstrating the company’s focus on sustainable development issues and responsiveness to market demands.

2. Selectivity: The disclosed content focuses on positive information, such as environmental achievements and public welfare efforts, while providing insufficient disclosure on negative incidents (e.g., food safety issues and employee management risks).

3. Qualitativeness: Disclosure is primarily qualitative, with relatively insufficient quantitative data—such as the lack of specific emission targets and energy consumption figures—which reduces the comparability and verifiability of the information.

## 4. Evaluation of the Effectiveness of CHAGEE’s ESG Information Disclosure

### 4.1 Evaluation of Information Disclosure Quality

In terms of content, CHAGEE’s ESG disclosure covers key issues relevant to the new tea beverage industry, such as packaging environmental protection and transparency of product nutritional information. However, the depth and level of quantification in the disclosure are insufficient. For example, the lack of specific environmental data (e.g., carbon emissions, water consumption) and social data (e.g., employee turnover rate, training hours) undermines the usefulness of information for decision-making. Furthermore, CHAGEE primarily discloses positive information, with inadequate disclosure of negative information and risks. For example, during the 2025 “3·15” period, food safety issues were exposed at several new tea beverage companies, but CHAGEE’s prospectus did not sufficiently disclose such risks. CHAGEE’s ESG disclosure lacks historical data comparison and industry benchmarks, making it difficult for investors to assess the improvement of its ESG performance and its relative industry standing. Compared with new tea beverage companies listed in Hong Kong (such as NAIKUE and Cha Ba Dao), which must adhere to more unified disclosure standards, CHAGEE’s ESG disclosure demonstrates insufficient standardization.

A comparison of revenue and profit among major new tea beverage brands in the first half of 2025 is shown in the table below. We observe that while CHAGEE’s revenue ranked second, it experienced a situation of “revenue growth without corresponding profit growth,” with a significant year-to-year decrease in net profit. CHAGEE chose not to participate in price wars on food delivery platforms, which, however, led to the diversion of some of its customer base. Simultaneously, its heavy reliance on the signature product “Boya Juexian” poses challenges, as it faces competition from imitations and potential consumer fatigue. The company is actively expanding into overseas markets, but the substantial short-term investments required are impacting its profitability. Consequently, its operational capabilities face challenges, necessitating a greater focus on strategic choices and balancing interests.

Table 2: Comparison of ESG Information Disclosure among New Tea Beverage Enterprises

The Name of Firm	Listing Location	Characteristics of ESG Disclosure		Main Challenges
CHAGEE	American stock	Actively disclose ESG information; focus		The mandatory ESG disclosure

	market	on four dimensions: corporate social responsibility, energy consumption and packaging material environmental protection, product nutritional information transparency, and public welfare and charity.	requirements for the US stock market are still not clear.
NAIXUE	Hong Kong Stocks	An ESG report has been released; however, the annual carbon emissions have not been disclosed. It is believed that gas emissions are not an important aspect for the company's operations.	Food safety issues, workplace management issues
Mixue Ice Cream&Tea	Hong Kong Stocks	The prospectus discloses ESG information; The "safety point system" has been implemented	Food safety issues occur frequently; the management of franchise stores is challenging. An ESG report has been released.
Cha Panda	Hong Kong Stocks	Food safety issues occur frequently; the management of franchise stores is challenging. An ESG report has been released.	The performance in the first half of the year declined.
Auntea Jenny	Hong Kong Stocks (in the application)	A report on ESG has been published; biodegradable materials have been used; the pioneering "Silent Store" public welfare project for assisting the disabled has been launched.	IPO application documents are invalid

## 4.2 Market Response and Investor Recognition

CHAGEE's stock price surged 15.86% on its first day of trading on the U.S. stock market, indicating market approval of its overall business model, which includes its ESG strategy. However, owing to the lack of quantification and verification of ESG information, investors find it difficult to isolate and assess the specific impact of ESG factors on stock prices.

Institutional investors maintain a cautiously optimistic stance toward CHAGEE's ESG disclosure. On the one hand, they affirm their initiative in voluntarily disclosing ESG information, viewing it as providing a more comprehensive dimension for evaluation. On the other hand, they noted that the disclosed content needs to be more quantitative and systematic to facilitate more accurate ESG risk assessment and valuation analysis.

## 4.3 Analysis of Influencing Factors

The effectiveness of CHAGEE's ESG information disclosure is influenced by multiple factors:

1. Regulatory environment: Significant uncertainty exists in U.S. ESG disclosure policies. The SEC's "Final Rule," the first nationwide ESG disclosure requirement for all listed companies in the U.S., has been suspended. In contrast, California's new climate disclosure rules are proceeding smoothly. This contrast highlights the starkly different approaches to ESG across regions and political parties.

2. Corporate strategy: CHAGEE positions ESG as part of its brand differentiation strategy, using ESG disclosure to enhance its brand image and market competitiveness. Its global expansion strategy, marked by the planned opening of its first North American store in Los Angeles, California, also pushes the company to pay greater attention to ESG issues to meet international market expectations.

3. Industry Characteristics: The new tea beverage industry relies heavily on consumer trust and brand reputation. ESG issues such as food safety and packaging sustainability directly impact corporate operations and financial performance, motivating companies to manage reputational risk through ESG disclosure.

4. Resources and Capabilities: Effective ESG information disclosure requires supporting management systems and data collection capabilities. As a rapidly expanding company, CHAGEE's ESG management system development may lag behind its business growth, constraining the quality and depth of its ESG disclosures.

## 5. Research Conclusions and Recommendations

### 5.1 Research Conclusions

This study, using the case of CHAGEE's U.S. listing, analyzes the effectiveness of ESG information disclosure in the new tea beverage industry. The main conclusions are as follows: CHAGEE's voluntary disclosure of ESG information in the absence of mandatory U.S. requirements demonstrates the company's commitment to sustainable development issues and its pioneering role in the industry. Its disclosure covers the three dimensions of environment, social, and governance, particularly addressing material topics such as packaging environmental protection and transparency of product nutritional information, thereby responding to market and stakeholder concerns. Second, CHAGEE's ESG disclosure has significant limitations, including insufficient quantitative data, inadequate disclosure of negative risks, and a lack of third-party verification. These shortcomings reduce the comparability, balance, and credibility of the information, limiting its usefulness for decision-making. Moreover, ESG disclosure across the new tea beverage industry appears highly uneven. Companies listed in Hong Kong show relatively more standardized disclosure due to regulatory mandates, yet problems persist, such as Nayuki's failure to disclose annual carbon emissions data. The effectiveness of ESG disclosure is influenced by multiple factors, including regulatory policies, corporate strategy, industry characteristics, and resource capabilities. Improving the effectiveness of ESG disclosure requires the joint efforts of companies, regulators, and investors.

### 5.2 Practical Recommendations

Based on the above findings, the following recommendations are proposed:

**Regulatory bodies:** Develop specialized ESG disclosure guidelines for the new tea beverage industry to provide targeted guidance; advocate for and progressively implement mandatory ESG disclosure to increase the overall standard within the sector; and strengthen oversight of disclosures.

**Investors** can enhance their ability to identify and assess ESG information, focus on material ESG factors, actively engage with companies through communication, encourage them to improve both ESG disclosure and practices, and integrate ESG considerations into investment decisions to incentivize corporate sustainable development.

### 5.3 Research Limitations and Future Directions

This study, which explores the effectiveness of ESG disclosure in the new tea beverage industry via CHAGEE's U.S. listing, has limitations. Unlike Hong Kong-listed peers (NAIXUE, Mixue, Cha Panda), which are subject to mandatory ESG disclosure, CHAGEE faces no such U.S. requirements—limiting the case's representativeness of industry-wide ESG issues and the generalizability of the findings. Additionally, CHAGEE's April 2025 NASDAQ listing provides insufficient longitudinal data for comparison, and a lack of unified quantitative indicators for ESG effectiveness adds challenges.

Future research could address these gaps. More cases may be included: Hong Kong-listed firms (NAIXUE, Mixue, Cha Panda, Goodme), A-share/U.S.-listed players, and leading nonlisted brands—to fully capture industry ESG disclosure status, problems and variations. Leveraging the industry's digital traits to explore digital transformation-ESG integration is another direction. Using questionnaires, interviews and experiments, studies could investigate stakeholders' (investors, consumers, employees, etc.) ESG concerns, expectations and trust—guiding firms in increasing disclosure relevance.

In short, future research should expand samples for comparison, use quantitative methods to test the impact of ESG disclosure on corporate value, conduct longitudinal studies on ESG evolution, and focus on the utility of ESG information for decision-making.

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