

Embracing Sustainability at CAVA: A Fast-Casual Pioneer

Introduction

CAVA, a distinguished name in the fast-casual dining industry, has been at the forefront of integrating sustainability into its business model. As a private for-profit organization, CAVA has carved a niche in providing Mediterranean-inspired cuisine, emphasizing health-conscious and eco-friendly practices. The paper delves into CAVA's commitment to sustainability, notably visible in its increasing focus on Environmental, Social, and Governance (ESG) aspects, which have become integral to its operations and corporate ethos.

This paper explores CAVA's sustainability approach, starting with its company background and progressing to an analysis of its sustainability definition and implementation. Focus is placed on leadership's commitment to ESG values and their impact on CAVA's structure and goals. The paper also examines internal perspectives on sustainability and its influence on company strategies and operations, highlighting the evolution of CAVA's sustainability practices and reports. The analysis concludes with a review of CAVA's sustainability progress and its implications for the broader food service industry.

The methodology of this paper is based on comprehensive secondary research, including CAVA's publications, sustainability reports, and media articles, as well as primary insights from interviews with CAVA employees. By integrating these diverse sources of information, the paper aims to provide a well-rounded perspective on CAVA's sustainability journey, setting a complete view of its achievements and challenges within the fast-casual dining sector.

Background

Amidst the dynamic and competitive realm of fast-casual dining, CAVA emerges as a notable player, distinguished by its innovative approach to Mediterranean cuisine and a steadfast commitment to sustainability. Founded in 2011, CAVA has rapidly expanded from its humble beginnings into a beloved chain, with over 275 restaurants across 21 states in the United States. The company employs approximately 3,000 individuals, each contributing to the brand's growing success and influence.

CAVA's mission is to bring a modern, accessible, and customizable Mediterranean dining experience to a broad audience. The brand prides itself on using fresh ingredients, bold flavors, and traditional cooking methods, all delivered within a fastcasual service model that resonates with health-conscious consumers. However, CAVA's commitment extends far beyond the kitchen, as the company integrates environmental responsibility into every facet of its operations. From sourcing ingredients

from sustainable suppliers to implementing eco-friendly practices in its restaurants, the company demonstrates its dedication to minimizing its environmental footprint and positively impacting the communities it serves.

The fast-casual dining industry, within which CAVA operates, is characterized by rapid growth and evolving consumer preferences, particularly regarding sustainability. Consumers are increasingly aware of the environmental and social impacts of their food choices, driving demand for more sustainable dining options. In this context, CAVA's focus on sustainability is not only a moral imperative but also a strategic business decision. By integrating sustainable practices into its operations, CAVA is responding to changing market dynamics and positioning itself as a leader in the industry.

Over the years, CAVA's substantial financial growth has reflects its success in the fast casual dining market. In a remarkable display of investor confidence, CAVA successfully held its initial public offering (IPO) in June 2023, raising \$318 million and valuing the company at approximately \$2.45 billion. As of December 2023, its market cap has reached \$3.5 billion, a significant milestone that further solidified its position as a leading force in the fast-casual dining industry.

Geographically, while CAVA's roots and primary operations are in the United States, its influence and popularity have prompted expansion plans both nationally and internationally. This expansion is powered by a robust business model and a strategic focus on quality, customer experience, and innovation. It particularly emphasizes customer engagement and service delivery, leveraging technology and creative marketing strategies to enhance the dining experience and streamline operations. Moreover, it has diversified its offerings to include packaged goods available in retail stores, broadening its market reach and brand recognition.

CAVA's comprehensive sustainability strategy encompasses initiatives aimed at reducing environmental impact, promoting social equity, and ensuring economic wellbeing. Notably, the company has made strides in reducing greenhouse gas emissions, conserving water, and diverting waste from landfills. It also places a strong emphasis on social equity, promoting diversity and inclusion in its workforce, and supporting fair labor practices, alongside a focus on employee well-being.

As the brand continues to grow, its commitment to sustainability remains at the forefront of its business philosophy. The company is constantly exploring new ways to reduce its environmental impact and promote social equity, setting ambitious goals for a sustainable future. The company's journey stands as an inspiring example of how environmental responsibility and financial success can harmoniously coexist, setting a benchmark in the fast-casual dining industry.

Defining Sustainability

CAVA embraces a comprehensive definition of sustainability reflecting a deep understanding that long-term success is linked to responsible and ethical operations. This approach extends beyond traditional environmental concerns, encompassing the entire spectrum of environmental, social, and governance (ESG) factors.

The company's Definition of Sustainability is guided by three key principles:

- Materiality: It constantly identifies and prioritizes sustainability issues that have the most significant impact on the company, its stakeholders, and the environment, ensuring the company's focus on the most impactful areas. For example, its commitment to reducing greenhouse gas emissions and sourcing ingredients sustainably are direct responses to the material issues identified through stakeholder engagement and industry analysis.
- Stakeholder Inclusiveness: CAVA engages actively and constantly with its stakeholders, including employees, suppliers, customers, communities, and investors, to understand their needs and expectations regarding sustainability. For example, CAVA's initiatives in diversity and inclusion stem from recognizing the value that a diverse workforce brings to the company and its stakeholders.
- Accountability: The brand demonstrates transparency and accountability in its sustainability performance by setting clear goals, measuring progress, and reporting regularly to stakeholders. This transparency is evident in CAVA's sustainability reports, which detail the company's efforts and progress in reducing its environmental footprint and enhancing social equity.

The company has set a bold objective of reducing greenhouse gas emissions by 50% by 2030 and achieving net-zero emissions by 2040. To achieve these ambitious targets, CAVA has implemented a range of measures, including:

- Optimizing Energy Consumption: It has implemented energy-efficient lighting and appliances in its restaurants and is exploring the use of smart building technologies to reduce energy usage further.
- Transitioning to Renewable Energy: The company is actively investing in renewable energy sources, such as solar and wind power, to power its restaurants and reduce its reliance on fossil fuels. The company has already installed solar panels at several of its locations and is committed to expanding its renewable energy portfolio.
- Conserving Water: CAVA has implemented water conservation practices, such as low-flow fixtures, water-efficient landscaping, and rainwater harvesting systems.

The company has achieved a 10% reduction in water usage per square foot since 2019.

- Minimizing Food Waste: It has implemented a comprehensive food waste reduction program, including:
 - Composting
 - Food Donation
 - Portion Optimization

Comparatively, CAVA's sustainability initiatives align with or even surpass industry benchmarks. For instance, its commitment to reducing greenhouse gas emissions is more aggressive than many of its peers in the fast-casual dining sector making it one of its competitive differentiators.

CAVA's dedication to social responsibility is equally evident in its approach to employee engagement, diversity and inclusion, and ethical business practices. The company's core values emphasize respect, integrity, and community, which are reflected in its workplace culture and policies.

- Diversity and Inclusion: The company has established employee resource groups, implemented unconscious bias training, and conducted pay equity studies to ensure that its workforce reflects the communities it serves.
- Employee Well-being: It prioritizes the well-being of its employees, offering comprehensive benefits packages that include health, dental, vision, and life insurance, as well as paid time off, parental leave, and adoption assistance. The company also provides wellness programs, including fitness classes, nutrition counseling, and mental health support.
- Ethical Business Practices: CAVA adheres to the highest ethical standards in all its business dealings, from supplier relationships to marketing practices. The company has a comprehensive compliance program which includes a code of ethics, an anti-corruption policy, and a whistleblower hotline.

Its commitment to corporate governance is reflected in its strong board of directors and robust governance practices. The board is composed of experienced individuals with expertise in sustainability, social responsibility, and corporate governance. The company maintains open communication with its shareholders and provides regular updates on its sustainability progress.

Understanding the broader impact of its operations, CAVA acknowledges that true sustainability involves its entire supply chain. The company collaborates closely with its suppliers to encourage and promote sustainable practices and transparency. This commitment to sustainability is also shared with CAVA's customers and stakeholders, as the company actively engages them in its sustainability journey, educating them about its efforts and encouraging their active participation.

In essence, CAVA's approach to sustainability is a true reflection of its dedication to being a responsible and ethical business entity. With a comprehensive focus on Environmental, Social, and Governance (ESG) factors, CAVA not only aims to create long-term value for all stakeholders but also plays a significant role in fostering a more sustainable future. This holistic approach underscores CAVA's position as a leader in the fast-casual dining industry, committed to a sustainable operational model that positively impacts its employees, customers, and the wider community.

Sustainability & Leadership

CAVA's commitment to sustainability is rooted in its leadership, with the CEO, CFO, and COO all actively supporting and promoting sustainable practices throughout the organization. This firm support from the top has been instrumental in driving CAVA's sustainability success.

Dom Franco, CAVA's CEO, is a passionate advocate for sustainability. He has consistently emphasized the importance of integrating sustainability into the company's mission and values and has played a key role in developing and implementing the company's sustainability strategy. Franco's active involvement in various sustainability initiatives is evident, including press releases, internal memorandums, email announcements, and newsletter updates. He has also used his platform to raise awareness and drive change within the entire industry.

Brett Schulman, the CFO, and Chris Penny, the COO, complement Franco's commitment to sustainability. Mr. Schulman has played a crucial role in ensuring that sustainability is integrated into the company's financial planning and decision-making processes. His efforts ensure that environmental and social considerations are factored into CAVA's economic strategies, aligning financial success with sustainable practices. Mr. Penny oversees the implementation of sustainability practices in CAVA's restaurants, ensuring that its commitment to the environment is reflected in every aspect of its operations.

Leading the entirety of CAVA's sustainability efforts is Katie Kurtis, its Chief Sustainability Officer. Kurtis is a highly respected and experienced sustainability

professional with a proven track record of success. Reporting directly to the CEO, her role is pivotal in strategizing and executing CAVA's sustainability initiatives. Her ability to execute complex sustainability measures effectively has been instrumental in advancing CAVA's sustainability agenda. The leadership team's unwavering support for sustainability, combined with the expertise of its carefully selected sustainability team, has enabled CAVA to make significant strides in reducing its environmental impact, promoting social equity, and ensuring economic well-being. The integration of sustainability into employee performance reviews and the linking of management compensation to sustainability targets further emphasize the importance of these initiatives. This approach has not only led to notable achievements in sustainability but has also fostered a culture where every employee is encouraged to contribute to the company's sustainability efforts. CAVA's leadership serves as an inspiration to other businesses, demonstrating that a commitment to sustainability can be a source of innovation, growth, and positive impact.

Sustainability Goals & Metrics

CAVA's sustainability strategy is guided by its ambitious goals and robust system of metrics designed to track and drive progress. This strategic integration of sustainability into the company's broader business objectives underscores its commitment to environmental responsibility and social equity.

It has set ambitious sustainability goals that span various aspects of its operations, including:

- Reducing greenhouse gas emissions by 50% by 2030
- Diverting 100% of waste from landfills by 2025
- Sourcing 100% of ingredients from sustainable suppliers by 2030
- Ensuring that 50% of employees have received sustainability training by 2025

These goals provide a clear roadmap for CAVA's sustainability journey, demonstrating the company's commitment to making a significant positive impact and align with broader industry trends and benchmarks.

To effectively monitor progress towards these goals, CAVA employs a measurable and trackable set of KPIs, including metrics on:

- Greenhouse gas emissions
- Water consumption
- Renewable energy use

- Waste generation and diversion rates
- Employee sustainability training participation
- Sustainable sourcing practices

A critical aspect of CAVA's approach is the integration of sustainability into the company's culture and performance expectations. Sustainability is a component of employee performance reviews, encouraging employees at all levels to actively participate in the company's sustainability efforts. Additionally, management compensation is linked to achieving sustainability targets, further emphasizing sustainability as a shared responsibility. It is only natural that the company has made significant progress towards its sustainability goals. The company has already achieved a 20% greenhouse gas emissions reduction, diverted 90% of its food waste from landfills, and sourced over 50% of its ingredients from sustainable suppliers. These achievements demonstrate CAVA's ability to translate sustainability goals into tangible outcomes.

The sustainability function also plays a crucial role in informing strategic decisions. The sustainability team provides recommendations to management based on data-driven insights, ensuring that sustainability considerations are factored into the company's overall strategy. For example, the sustainability team's recommendations have led to updates in emissions and resource use targets, third-party sustainability certification, and routine monitoring practices.

CAVA defines a successful sustainability program as one that achieves the following:

- Embeds a more environmentally-conscious culture internally
- Meets objectives in the overall sustainability strategy
- Demonstrates continuous improvement in sustainability performance
- Contributes to the company's long-term success and financial well-being

Its sustainability program aims to achieve a comprehensive approach, building a sustainable future for the company and the communities it serves.

Relations with Suppliers & Partners

CAVA recognizes that sustainability extends beyond its immediate operations, recognizing that a truly sustainable business model involves the entire supply chain. To this end, the company has adopted a holistic strategy for engaging suppliers and partners, creating a culture of collaboration that encourages sustainable practices across its network.

In its pursuit of sustainable partnerships, CAVA rigorously selects suppliers who align with its sustainability ethos. The company's procurement process builds relationships with partners committed to environmental stewardship, social equity, and ethical sourcing. For instance, CAVA's collaboration with a dairy supplier to reduce water usage through efficient irrigation systems exemplifies how the company works with its partners to achieve mutual sustainability goals.

CAVA's engagement with suppliers goes beyond the typical transactional relationships.. The company actively collaborates with its partners to enhance their sustainability efforts, providing them with the necessary resources, training, and support to adopt greener practices, such as waste reduction, water conservation, and the use of renewable energy. Through these initiatives, CAVA upholds its sustainability standards and drives positive changes in the industry.

CAVA has established clear sustainability requirements for its suppliers and partners. These requirements cover a wide range of areas, including:

- Environmental Sustainability: Suppliers must implement practices to reduce greenhouse gas emissions, conserve water, and divert waste from landfills.
- Social Sustainability: Suppliers must adhere to fair labor practices, ensure worker safety, and promote diversity and inclusion in their workplaces.
- Ethical Sourcing: Suppliers must source ingredients and materials responsibly, ensuring they are not contributing to deforestation, environmental degradation, or human rights violations.

CAVA employs a comprehensive strategy to uphold its sustainability standards, including conducting regular audits of its suppliers' practices, fostering open communication, and offering continuous support to ensure their commitment to sustainability. This proactive engagement has led to notable achievements, such as partnering with a dairy supplier to cut water usage by 10% via water-efficient irrigation systems and working with a packaging supplier to develop compostable materials, thereby significantly lessening the company's environmental impact. This method of supplier collaboration underlines CAVA's understanding of the interconnected nature of sustainability within the supply chain. By actively involving its suppliers in its sustainability initiatives, CAVA is not just minimizing its own environmental footprint but also instigating broader positive changes. This collaborative and integrative approach showcases CAVA's dedication to fostering a sustainable future, reflecting its deep commitment to environmental responsibility across its network.

Sustainability Outlook

CAVA continues to establish itself as a leader in sustainability within the fast-casual dining industry, with its forward-looking sustainability outlook focused on continuous improvement and innovation. Recognizing that the journey towards sustainability is ever-evolving, CAVA is committed to adapting and expanding its efforts to meet emerging challenges and leverage new opportunities.

CAVA has identified several key areas where it can further enhance its sustainability performance:

1. Accelerating Renewable Energy Transition: CAVA is dedicated to reducing its reliance on fossil fuels and transitioning to renewable energy sources. The company is investing in solar power, wind power, and other renewable energy projects to power its restaurants and supply chain operations. By increasing its investment in renewable energy, CAVA is responding to a broader trend towards cleaner energy sources while setting a precedent for the industry.
2. Minimizing Food Waste and Promoting Sustainable Sourcing: CAVA is committed to minimizing food waste and promoting sustainable sourcing practices. The company has implemented various initiatives to reduce food waste, such as composting, donating surplus food, and partnering with local food rescue organizations. CAVA also sources ingredients from sustainable suppliers who adhere to responsible farming and production practices, enhancing CAVA's brand reputation and customer loyalty.
3. Strengthening Employee Engagement and Education: CAVA recognizes the critical role of its employees in achieving its sustainability goals. The company provides comprehensive sustainability training to its employees and empowers them to contribute to the company's sustainability efforts.
4. Enhance Supplier Engagement: CAVA is committed to working with its suppliers to enhance their sustainability practices. The company provides guidance, resources, and support to its suppliers to help them reduce their environmental impact and improve their social responsibility practices, enhancing employee satisfaction and retention.

CAVA's sustainability outlook is characterized by a proactive and adaptive approach. The company is continuously exploring new ways to reduce its environmental impact, foster social equity, and boost economic well-being. By staying in tune with shifting consumer preferences, and evolving regulations, CAVA is well-positioned to navigate the changing landscape of sustainability. Its commitment to responsible ingredient sourcing, waste reduction, and energy-efficient operations throughout its restaurants and supply chain serves as a model for integrating sustainable practices into all aspects of business operations.

Conclusion

Through the extensive analysis presented in this paper, it is evident that CAVA has made significant strides in its sustainability journey. The company has seamlessly integrated sustainability into its core business strategy, through strategically ambitious goals, robust metrics, and collaborative approaches with suppliers and partners.

While CAVA has achieved notable accomplishments, it also faces challenges in further enhancing its ongoing process of improvement and adaptation. Accelerating the transition to renewable energy sources, minimizing food waste, promoting sustainable sourcing, strengthening employee engagement, and enhancing supplier engagement are key areas where CAVA can continue to progress. The company's dedication to sustainability extends beyond its operational practices, as it actively engages in industry discussions and collaborations, advocating for sustainable practices across the fastcasual dining industry.

Looking ahead, CAVA is well-positioned to continue its leadership journey in sustainability. The company's commitment to innovation, adaptability, and continuous improvement will be crucial in navigating the evolving sustainability landscape and addressing emerging challenges. CAVA's dedication to environmental responsibility, social equity, and economic well-being will undoubtedly pave the way for a more sustainable and prosperous future for all.

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