

KnowTheChain 2023 Food & Beverage Benchmark

Additional Disclosure

Company Name: Monster Beverage Corporation

Date: March 2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

Monster should receive **75 points** (rather than 50 points) as The Company does include a requirement to cascade standards to the next tier of suppliers as follows:

- Monster's Human Rights Policy states *"Monster Energy expects its suppliers to uphold these principles, and encourages them to adopt similar policies within their own businesses."* (See the last sentence in the third paragraph).
- Monster's CA Transparency in Supply Chains Act & UK Modern Slavery Act Statement (the "Modern Slavery Statement") states: *"These verification and certification efforts are not limited to our direct (tier 1) suppliers. Where possible, we review the suppliers of our suppliers (tier 2), going further down the supply chain. The STRT facilitates this sub-tier approach by requiring our direct suppliers to scrutinize their own suppliers for evidence of proper processes for managing human trafficking and slavery risks. Suppliers are asked to certify whether they require their own suppliers to accept and comply with the direct suppliers' policies regarding forced labor and human trafficking, and whether that downstream supplier conducts its own verification activities to identify, assess, and manage risks specific to slavery and human trafficking in its own operations and supply chain."* (See the third paragraph under the heading *"Risk Assessment and Due Diligence Process Slavery and Trafficking Risk Template"*).
- Adherence to Monster's Supplier Code of Conduct (the "Code") is a contractual requirement for approximately three-quarters of Monster's suppliers. Monster is aiming to have 100% of its suppliers signed up to the Code as new suppliers are on boarded and as the existing supplier contracts come up for renewal. The Code requires the suppliers to *"work to best practices and exceed the requirements of the Code."*

- As set out in the [Modern Slavery Statement](#), Monster confirms that it uses a specialized third-party service provider to send suppliers a “Slavery and Trafficking Risk Template” (the “STRT”), which they are requested to complete and return. Housed by the Social Responsibility Alliance, the STRT is a data exchange template that seeks to measure suppliers’ vulnerability to modern slavery and human trafficking occurring in their own operations and/or in their supply chain.

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1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

- The Audit Committee of the Board of Directors of Monster Beverage Corporation has general oversight of ESG matters and receives quarterly updates on ESG considerations. According to the [Audit Committee Charter](#), the Audit Committee shall have oversight of “*the legal compliance and ethics programs as established by management and the Board*” and “*review and discuss with management key aspects of the Company’s environmental, social and governance (“ESG”) and sustainability strategies, including the Company’s initiatives, policies, practices and reporting related to ESG and sustainability.*”
- The Nominating and Corporate Governance Committee of the Board of Directors of Monster Beverage Corporation (the “Nominating and Corporate Governance Committee”) oversees the company’s policies related to human rights and modern slavery and annually reviews the company’s efforts on these issues.
- Managers from Quality Assurance, Procurement and Legal work as a team to implement Monster’s Human Rights Policy and initiatives, including oversight of the ongoing refinement of our Supplier Code of Conduct.

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and.

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

- See response to 2.1 above.

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

- As set out in the [Modern Slavery Statement](#) and confirmed in Section 1.1 of this form, Monster uses a third-party service provider to send suppliers the “STRT” which they are requested to complete and return.
- Audits are also a key part of the due diligence process. Monster conducts announced, adhoc audits of certain suppliers.
- If Monster identifies specific issues with suppliers, it will develop Corrective Action Plans tailored to individual suppliers, with each element of the plan designed to address specific issues which came to light during the risk assessment process. The implementation of the corrective action plans is preceded by training on the risks of slavery and trafficking and how to mitigate these for the affected suppliers. This encourages suppliers to approach their assigned corrective actions with a better understanding of modern slavery risks and why it is important that they take the actions assigned to them.
- In addition to STRT responses, Monster tracks and follows up on the progress made by each supplier on their Corrective Action Plan. In 2021, nearly 80% of suppliers engaged in their tailored Corrective Action Plans, of which about 60% have completed them.

4.2 details on forced labour risks identified in different tiers of its supply chains; and

- The Nominating and Corporate Governance Committee has oversight of corporate governance functions, which includes supply chain issues, human rights, and modern slavery. The committee annually reviews the company’s efforts on these issues.

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4.2 details on forced labour risks identified in different tiers of its supply chains; and

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

Monster often speaks to employees and stakeholders as part of any onsite audits carried out.

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

Note to KTC: Unfortunately the information required for Indicator 5 is information that will likely be difficult to publish given that the company outsources the majority of its bottling and manufacturing to third parties.

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

Adherence to supplier code of conduct

Monster has good and long standing relationships with its suppliers. Monster aims to conduct business ethically and requires its suppliers in the Code to do the same. It always aims to give reasonable notice for purchase orders, termination provisions and honor its contractual obligations.

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

As stated in Section 1.1 above, adherence to Monster's Supplier Code of Conduct is a contractual requirement for Monster's suppliers.

Paragraph 8 of the Supplier Code of Conduct requires suppliers to "[r]efrain from having employees pay recruitment or other fees to obtain or retain their employment," and states that "any such fees should be paid by the employer, not the employee." The Code also requires that suppliers "[m]ake employees aware of the terms and conditions of employment either orally or in writing".

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

See 7.1 response above.

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

See 7.1 response above.

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

As stated in Section 1.1 above, adherence to Monster's Supplier Code of Conduct is a contractual requirement for Monster's suppliers.

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8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

Monster offers training from a specialized third-party provider for certain suppliers on slavery and human trafficking. Notwithstanding the pandemic, the vast majority of contacted suppliers engaged with the process.

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

As stated in Section 1.1 above, adherence to Monster’s Supplier Code of Conduct is a contractual requirement for Monster’s suppliers.

Paragraph 6 of the Supplier Code of Conduct sets forth the following requirements for suppliers: *“Respect employees’ right to join, form, or not join a labor union without fear of reprisal, intimidation, or harassment. Where employees are represented by a legally recognized union, establish a constructive dialogue with their freely chosen representatives, and bargain in good faith with such representatives. Observe all applicable local and national laws on freedom of association and collective bargaining.”*

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

Monster’s hotline is available in its policies online and onsite.

Monster makes a number of mechanisms available for any individuals or groups to report, including:

- Writing to the Monster Beverage Corporation at the following address: Monster Beverage Corporation ATTN: Executive Vice President, Legal, 1 Monster Way, Corona, CA 92879
- Calling the anonymous Monster Beverage Corporation compliance hotline, accessible globally at (800) 506-4310 (U.S.) or (844) 815-4398 (international). The hotline is available 24 hours a day, 365 days a year.
- Submitting a report at [HTTPS://WWW.MYCOMPLIANCEREPORT.COM/](https://www.mycompliancereport.com/), utilizing the access code, “MEC.”

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes

Monster has published its modern slavery statement for the financial year ending 31 December 2021. This is available [here](#).

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes; Monster has published its disclosure under the California Transparency in Supply Chains Act for the financial year ending 31 December 2021. This is available [here](#).

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

In 2021, this requirement did not apply to Monster as Monster's Australian entity (Monster Energy Au Pty Ltd.) did not have annual consolidated revenue of at least AUD\$100 million. We will file for 2022, if required. Please update the assessment to "N/A".

High Risk Sourcing

Please indicate whether your company sources any of the below high-risk commodities. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

- Beans (green, soy, yellow)
- Brazil Nuts/Chestnuts
- Cattle
- Chile Peppers
- Cocoa - YES
- Coffee - YES
- Corn
- Fish
- Oil (palm)
- Peanuts
- Rice
- Sesame
- Shrimp
- Sugarcane - YES
- Tomatoes
- Wheat