

MONSTER BEVERAGE CORPORATION

Monster Beverage Corporation are a US-based umbrella company for a variety of drinks, the majority of which are carbonated energy drinks. They control 28% of the US market^[1] and 14% globally^[2]. Their primary competitors are Redbull, who is also their main competitors for advertising in the extreme sports sector.

There are two critical factors to consider when assessing corporate sustainability, Human and ecological. It is assumed that all companies act to maximise financial gain therefore completing the 'triple bottom line' sustainability framework^[3].

HUMAN

Over recent years Monster has faced serious scrutiny over a variety of humanitarian issues.

In 2012, monster energy drinks were linked with five deaths including that of a 12-year-old girl who drank 2 cans in 24 hours^[4].

The 2012 annual report argued that the company complied with all legal requirements and denied all wrongdoing^[5]. This demonstrated Monster were at a sustainability level three as outlined by Dunphy et al. "The emphasis is on compliance with legal requirements in industrial relations and safety."^[6]

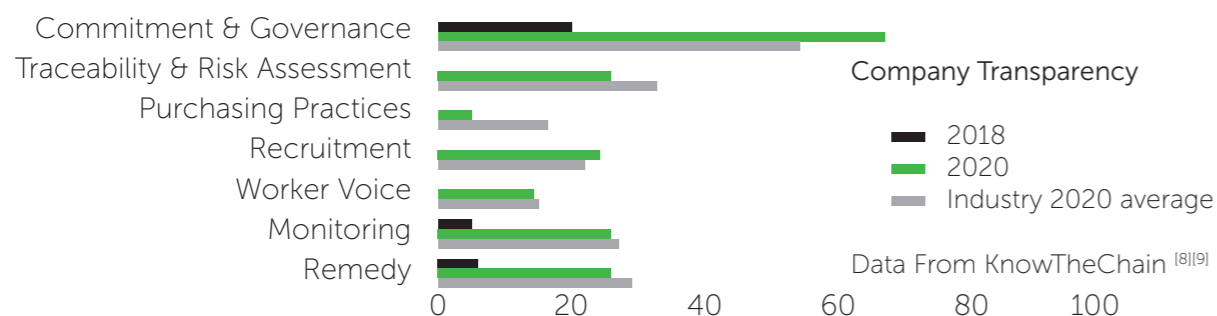
In 2018 Monster were accused of supporting international slavery due to lack of clarity regarding their supply chain for sugar cane^[7]. At the 2018 AGM the Monster's CEO outlined that the company were resisting pressure to commit company resources to the gathering of data with regards to human trafficking and slavery^[7].

Shareholders overruled this decision, leading to the surveying of 80% of suppliers as well as a supplier training program^[7].

"Technical and supervisory training augmented with interpersonal skills training. Community projects and HR value-adding strategies are pursued only when a cost-benefit to the company is obvious."

The data gathering with regards to the Monster supply chain represents a movement from level 3 to level 4 as they demonstrated a commitment to achieve supply chain transparency to avoid serious media ridicule which could lead to a drop in sales. This stage transition is supported by the data shown below.

In 2020 Monster were sued for lack of diversity^[10]. This demonstrates that they have not yet developed to level five which would involve innovative strategy or structural redesign to avoid social discrimination. Of which they are still guilty.



ECOLOGY

● Current
● Recommended

Eco-Efficiency	●	Environmental Cost Leadership
Beyond Compliance Leadership	●	Eco-Branding

Monster Annual reports^{[5][11]} refers to how global warming could affect the business but makes no reference to how they could help prevent it or recognise that the company may be in any way responsible due to their carbon emissions.

Monster beverage corps current position is loosely focused eco-efficiency. On their website they claim to have optimised their headquarters, saving 200,000 gallons of water per annum^[12]. This is however a tiny proportion of annual water usage and the company were rated the worst at water management in the industry by some margin^[13]. Monster claim to be targeting electrical efficiency^[12], but this also only applies to company headquarters, a fraction of the overall system.

Monster run an annual event to promote the recyclability of their products. Entry to the annual 'Monster Energy NASCAR Free Friday' is granted with an empty Monster Energy can which Monster Beverage Corporation recycle. This is a thinly veiled attempt to promote the sport, which itself has been accused of significant environmental issues^[14], and the brand, rather than any serious attempt to be sustainable.

The lack of openness in annual reports, low-level attempts at eco-efficiency and NASCAR related eco branding show that Monster are also in level four for ecology. They are not completely ignoring the legal environmental issue as is synonymous with level three^[6], nor are they involved in 'proactive environmental statutes' as would be expected from level 5.

RECOMMENDATIONS

There are two possible paths for sustainable development of Monster Beverage Corporation. Their primary competitors, Red Bull, have chosen to focus on eco-efficiency. Claiming emissions savings of 11,000 tons of CO2/annum and 16 million less lorry kilometers/ annum^[15]. Alternatively, they could adopt a 'Beyond compliance leadership' approach similar to Coca-Cola, who have the highest 'environmental, social and corporate governance' (ESG) score in the beverage industry^[16]. Coca-Cola focuses on a broad range of issues from including carbon capture^[17], water usage^[18] and company diversity, championing both gender and racial equality^[19].

It is recommended that monster beverage consider both of these approaches as they have different time scales and effects on the company. Eco-efficiency, as well as developing brand image, will lead to a reduction in overheads. Alterations to the supply chain and company operations will require initial input capital. However, it has been shown that over a medium/ long time frame the company will experience a financial benefit from the increased efficiency of their operations^[20]. It is recommended that Monster expand its eco-efficient practices to include their entire supply chain rather than just their headquarters.

It is also considered critical for long term success, that Monster Beverage Corp adopt a 'Beyond compliance leadership' approach, similar to that of Coca-Cola. Due to the issues outlined above, primarily links to slavery and race discrimination, Monster currently have an extremely low ESG score^[21]. This poses a serious long term problem for Monster as ESG is becoming an industry standard for investors^[22] and ESG investing now makes up 25% of professionally managed stocks in the US^[23].

In order to increase their ESG, Monster should focus on the following:

- It is recommended that Monster higher external consultancy to help tackle the embedded inequalities in their corporate governance structure. This would aid the company in removing both direct and indirect prejudice. Key areas that should be targeted are recruitment, pay, promotions and training^[24]. Steps should also be taken to make the governance framework more transparent as this will increase trust from external parties leading to increased ESG score^[25].
- Given the links that have been made between the company and slavery^[7], Monster could use this as a platform from which to launch a social justice campaign against modern slavery. They could develop programs that give back to the communities that supply the sugar cane for their products and ensuring they only source their sugar from ethical plantations. This would demonstrate a commitment to the UN sustainability goals^[26] which would provide a valid marketing campaign.

The combination of these three steps, increased eco-efficiency, tackling internal prejudice and commitment to battle modern slavery, would go a long way to increasing the sustainable practice of Monster. All three methods will require financial expenditure but will benefit the company's public image, which is much needed. These steps will also help increase the company's ESG score which will allow them to remain attractive to investors as the financial sector becomes more concerned with these issues^[22].

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