Renzo Camones
Professor Clark Hansen
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Assignment #2: AMDP Investment Proposal Memo

TO: Clark Hansen, CEO, Anima Mundi Development Partners
FROM: Renzo Camones, Research & Development
DATE: March 2, 2025
SUBJECT: Investment Opportunity: Alter Eco LCC.

As part of AMDP's Research and Development team, I identify investment opportunities that balance environmental responsibility with profitability. I highly recommend investing in Alter Eco, an eco-conscious brand offering premium, ethically sourced chocolate and granola. The company's competitive edge lies in its commitment to full-circle sustainability, focusing on regenerative agriculture and a strong financial outlook. I will evaluate Alter Eco based on AMDP's standards, the company's overview, its sustainability claims, and third-party insights on its long-term viability.

AMDP Standards

1. **Triple Bottom Line:** Companies must balance and prioritize three key factors:
   a. **Profit**: The financial return an organization generates to shareholders (Miller).
   b. **People:** Commitment to creating value for all stakeholders impacted by business decisions, including customers, employees, and the community (Miller).
   c. **Planet**: The company's environmental impact across its business decisions and outside the organization (Miller).
2. **Corporate Social Responsibility:** A business model that ensures a company stays socially responsible to itself, its stakeholders, and the public (Fernando).
3. **Social Enterprise:** A social enterprise is a civic-driven business that earns profit while addressing unmet needs and solving social or environmental issues (Fernando).
4. **Carbon Footprint:** This measures the total greenhouse gas emissions produced by an entity's economic activity, including operations, supply chain, and product/service.
   a. It is calculated by summing the greenhouse gases emitted at each stage of the operational process and throughout the product's lifecycle (U. Michigan).
   b. Reducing the carbon footprint is essential for combating climate change, improving health, enhancing energy security, and promoting economic growth (Climate Trade).

Alter Eco: Company Overview

In 2005, activists Mathieu Senard and Edouard Rollet founded Alter Eco to create delicious, sustainable foods that promote fair trade and tackle environmental issues in the cacao industry (Trek One Capital). With a step-up valuation of 2.56x, the company has nearly tripled its value (Pitchbook). For example, a $1 million investment would now be worth $2.56 million, demonstrating significant growth in its market value. With a team of 49 full-time employees (Pitchbook), Alter Eco has expanded its reach from the U.S. to Canada, New Zealand, and Australia (Hanacek). The company's products are now available in around 6,000 to 7,000 retail locations, including major stores like Whole Foods Market, Kroger, Publix, and Safeway (Watrous). This contributed to Alter Eco's $18.1 million revenue in 2025 (CrunchBase). Recognizing its strong growth potential, CrunchBase has awarded Alter Eco a growth prediction score of 95 out of 100, labeling it as "very likely" to continue thriving (CrunchBase).

Key Milestones:

- **2009:** Certified B Corporation
  - Alter Eco becomes a Certified B Corporation, reinforcing its commitment to balancing purpose and profit, using business as a force for good (Alter Eco).
- **2010:** Carbon Neutrality
  - It offsets 100% of its emissions by partnering with Pur Projet to plant and protect trees in Central and South America (Alter Eco).
- **2013:** Innovation in Sustainability
  - Alter Eco pioneers the first commercially compostable candy wrapper in its chocolate truffle line (Alter Eco).
- **2020:** Sustainability Commitment
  - The company published its first "Sustainability & Regeneration Report," committing to restoring ecosystems and reducing waste (GSG).

Alter Eco Claims: Sustainable Agriculture

The company outlines three steps to becoming more sustainable in agriculture.

1. **Identify the problem**: Monoculture practices account for 24% of global greenhouse gas emissions in agriculture (Alter Eco).
2. **Identify the consequence**: Not transitioning from monoculture to agroforestry in 60 years means healthy soil could disappear (Alter Eco).
3. **Switching** to agroforestry could capture over 2.5 gigatons of CO_2. This is like taking all the emissions from global air travel for nearly 3 years out of the atmosphere (Alter Eco). This method absorbs carbon, improves soil health, and boosts biodiversity.

The company also runs **The Alter Eco Foundation**, which supports regenerative agriculture—farming that restores soil health and biodiversity—in Ecuador and Peru. Alter Eco focuses on three key goals:

1. **Transition**: Helps farmers transition to regenerative agriculture and supports organizations Earthworm through grants (GSG).
2. **Empower**: Create and promote demand for farmers' secondary (leftover) crops to ensure additional income (Alter Eco).
3. **Educate**: Teach regenerative agriculture and make it available for public use (Alter Eco).

Alter Eco Claims: Carbon Neutrality & Footprint (Peru Case Study)

Since 2008, Alter Eco has planted over 27,000 trees with its Peruvian cacao farmers, integrating this practice into the chocolate supply chain (Alter Eco). This initiative has helped farmers grow healthier crops on more fertile soil. Many refer to the trees as their "retirement fund" because of the extra income they gain from harvesting goods like fruit or timber (Alter Eco).

With 20% of the Amazon rainforest biome gone, Alter Eco has also partnered with the Pur Project to support reforestation in the Peruvian Amazon. As part of this commitment, Alter Eco runs an annual promotion: planting one tree in the Peruvian Amazon for every gift box sold each December (Alter Eco). These efforts contributed to Alter Eco earning the Climate Neutral Certified label– "...the world's most trusted and recognized climate label" (Change Climate).

Expert Opinion: B-Lab

B-Lab, a nonprofit that evaluates a company's impact on governance, workers, customers, the environment, and the community, "awarded Alter Eco LLC a B Corp Certification score of 145.4" (B-Lab). With scores ranging from 1 (poor) to 200 (best), this places Alter Eco among the top performers. For context, the median score for ordinary businesses is 50.9—94.5 points lower than Alter Eco's. With a minimum score of 80 required for certification, Alter Eco nearly doubles the threshold, proving its commitment to business ethics. Aligned with AMDP's sustainability focus, Alter Eco's top scores lie in Environment (52.7) and Community (45.2), totaling 97.9 points (B-Lab). These two components alone would be enough to reach the 80-point threshold for B Corp certification.

Expert Opinion: The Good Shopping Guide

The Good Shopping Guide evaluates brands based on their ethical impact on the environment, people, and animals. With a perfect rating of 100, Alter Eco ranks among its top-rated ethical brands and is listed in the Top 200 Ethical Businesses (GSG). For context, the average Ethical Accreditation benchmark is 70 (GSG). The organization praises Alter Eco's leadership in the chocolate industry, stating it "...[encourages] other companies in the chocolate sector to follow Alter Eco's example and adopt more ethical policies and practices (GSG)." The company easily met all ethical criteria, and the organization "...was pleased to see evidence of a clear and thorough Environmental Report, Organic products, and charitable Brand ethics" (GSG).

Recommendation

Alter Eco demonstrates a strong commitment to sustainability through its awards, certifications, and core values. The company aligns with AMDP's standards, creating a positive impact on stakeholders while maintaining profitability. With a vision to establish regenerative agriculture as the economic norm, Alter Eco has built a resilient business model with long-term potential. Although higher production costs pose a challenge, the growing demand for ethical, eco-friendly products presents valuable market opportunities. Investing in Alter Eco allows AMDP to support a sustainability leader and capitalize on the expanding conscious consumer market. I highly recommend this investment.

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