

The background of the entire image is a lush tropical forest scene. In the center, a person's hand is shown holding a small plant seedling with its root ball of dark soil. The seedling has several bright green leaves. The hand is positioned at the bottom center, with fingers gently cupping the soil. Surrounding the central image are various tropical plants, including large green leaves and palm fronds, some of which are in the foreground, creating a sense of depth. The sky is visible in the background, showing soft clouds. The overall color palette is dominated by vibrant greens and earthy browns, with a touch of blue from the sky.

**alter
eco**

REGENERATION REPORT

2023

To Our Alter Eco Community,

As we reflect on the accomplishments and challenges of 2023, I am proud to share this Regeneration Report with you. At Alter Eco, our vision has always been clear: together we build a better way of doing business by creating the cleanest, greenest snacks on earth. This vision is not just a statement but a commitment that guides every decision we make and every product we create.

Regeneration is at the heart of this vision. It represents our unwavering dedication to restoring and revitalizing our planet through sustainable and ethical practices. In a world where environmental degradation and climate change pose significant threats, the importance of regeneration cannot be overstated. It is not enough to simply sustain; we must actively work to heal and rejuvenate the ecosystems that support us.

Throughout 2023, we have made significant strides in our regenerative initiatives. From sourcing our ingredients from biodiverse, organic farms to implementing zero-waste packaging solutions, we have consistently pushed the boundaries of what is possible. Our partnerships with farmers, communities, and environmental organizations have been instrumental in driving these efforts forward.

The journey of regeneration is ongoing and requires collective action. By choosing Alter Eco, you are not only supporting a brand but joining a movement towards a more sustainable and equitable future. Together, we can make a tangible difference, ensuring that the cleanest, greenest snacks on earth contribute to a thriving planet for generations to come. Thank you for your continued support and commitment to our shared vision.

Sincerely,



CEO, Alter Eco



A Note From Keith Bearden

CEO of
Alter Eco Foods





That's why every product we make contains ingredients sourced from farmer-owned co-ops practicing sustainable agriculture.

OUR MISSION

We shockingly delight and inspire the world with the cleanest, greenest snacks on earth!

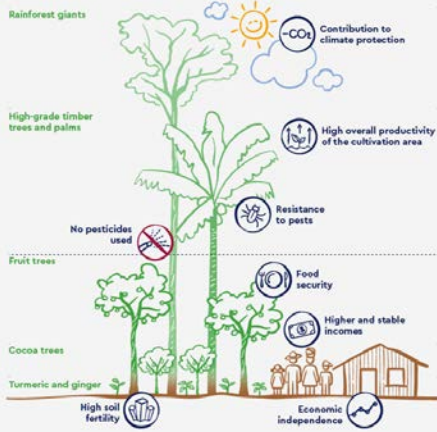
OUR PURPOSE

Chocolate should be grown in thriving ecosystems, mixed with clean ingredients, and wrapped in packaging that turns to compost, not landfill. From farm to shelf, our chocolate restores rather than depletes the planet.

CHOCOLATE WITH A CONSCIENCE.



Agroforestry - sustainability through mixed cultivation



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REGENERATIVE AGRICULTURE

Regenerative agriculture is crucial in the cocoa industry, particularly for a brand like Alter Eco, because it focuses on restoring and enhancing the natural ecosystem. By employing regenerative farming practices, Alter Eco ensures the health and vitality of the soil, which leads to higher quality cocoa beans. This approach not only boosts biodiversity and sequesters carbon, thereby combating climate change, but also supports the livelihoods of farmers by promoting sustainable and resilient farming systems. Ultimately, regenerative agriculture aligns with Alter Eco's commitment to environmental stewardship, social responsibility, and producing exceptional, ethically sourced chocolate.



THE CLEANEST, GREENEST SNACKS ON EARTH

2023 RESULTS

REGENERATION FROM SOIL TO SHELF

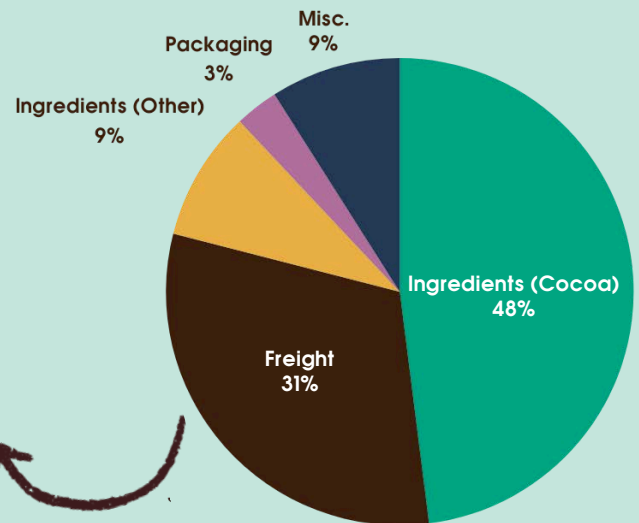
1

CLIMATE
NEUTRAL

Step 1: Measure

2023 Emissions

3,837
tons of
CO₂e



From 2022 to 2023, Alter Eco successfully reduced its emissions by 33%, thanks to a shift towards our new granola line and a strategic shift to partnering with vendors who actively measure and reduce their own emissions. This environmentally conscious approach not only lowered our carbon footprint but also resonated with consumers, resulting in an 11% decrease in cacao-centered business. This shift occurred as more people chose Alter Eco - the cleanest, greened snack on earth - a product that contributes positively to the planet through sustainable practices and initiatives.

Rising cocoa prices will likely increase Alter Eco's footprint as they seek alternative suppliers and sustainable methods to maintain their commitment to eco-friendly practices. As we move forward in our sustainable practices it is essential not to underestimate our footprint in order to fully grasp the efforts required to minimize it.

Step 2: Reduce

We aim to use our measurements to identify opportunities to reduce our environmental footprint wherever possible. We have done that through the following ways:

Vendor Selection and Partnership:

One of Alter Eco's fundamental commitments is to select vendors that share our high standards and are dedicated to increasing their sustainability efforts.

- **Chocolate Manufacturer:** Our chocolate manufacturer in Switzerland exemplifies these values by being recognized as the most sustainable Swiss chocolate and snack manufacturer, using 95% renewable energy and ensuring that 100% of their cocoa butter and beans are Fair Trade. Since 2011, they have planted the equivalent of 427,069 CO₂e.

Our chocolate manufacturer does not work with intermediary companies to buy cocoa. Instead, they work directly with farmers, supporting their land and providing a positive impact not only on the soil but also socially, as farmers benefit directly from any transactions.

- **Granola Manufacturer:** We are also working closely with our granola manufacturer to source the best ingredients available. We have been partnering with a regenerative oat farm to incorporate regenerative oats into our granola. In 2024, with the launch of our new Almond Granola, we are able to secure 100% of the chopped almonds from regenerative farms as well. Almond farming has been known to use a significant amount of water, particularly in California, and we are happy to help mitigate this issue while providing a product that everyone loves.

Our granola manufacturer is in Canada, only a few hours away from our new warehouse, significantly reducing emissions from transportation. This proximity not only enhances our operational efficiency but also aligns with our sustainability goals.

- **Sustainable Packaging:** We have always strived to be ahead of the curve by seeking more sustainable options for food packaging, which can be very challenging. Our introduction of backyard compostable truffle wrappers was a significant achievement.

We continue to aim for minimal plastic use in our pouches until a better solution is found, demonstrating our ongoing commitment to reducing our environmental footprint.



Transitioning to regenerative agriculture

- We have transitioned 573 farmers to regenerative agriculture practices to date, focusing on improving soil health, increasing biodiversity, and enhancing ecosystem resilience. Despite losing some farmers in Ecuador due to challenges in managing multiple sub-organizations and the impact of cacao price increases, we have strengthened the integrity of our regenerative work. By concentrating on fewer organizations, we have been able to increase the quality of support and help farmers improve their volume and control over their farming practices.
- 1,490 cacao acres transitioned to date.
- Currently, 75% of our cacao comes from regenerative agriculture systems, marking a 21% increase from previous years. This shift not only ensures a sustainable supply of high-quality cacao but also contributes to the long-term health of farming communities and the environment.



Moving to a centralized warehouse and changing up transportation

- At the end of 2023, we successfully relocated our warehouse from the West Coast to the Midwest in Ohio. This centralization enables us to combine our retail and e-commerce sales into a single facility, reducing freight and streamlining our operations. The strategic location in the Midwest positions us closer to an East Coast port, facilitating the use of rail transport for our containers from Switzerland. As a result, our containers are now on the road for only 10 miles, drastically reducing our road freight emissions. We have also made substantial progress in reducing our air freight usage, which is known to produce 40 times more CO2 than ocean freight. We are pleased to report that in 2023, we only used air freight twice, significantly lowering our carbon emissions associated with international shipping. This reduction is a major step forward in our commitment to environmental stewardship.



Step 3: Offset & Inset

Offsetting compensates for emissions by funding external projects, while inseting reduces emissions within a company's own operations and supply chain.

IN 2023, WE SUPPORTED

8 projects

We are proud to be a Climate Neutral certified company. This year, we partnered with Patch to offset and inset our carbon emissions through a variety of meaningful projects. Our focus areas included reforestation, land management, and regenerative agriculture projects. Additionally, we participated in a project in Ohio, where our warehouse is now located. These initiatives not only offset our carbon footprint but also contribute positively to local and global ecosystems.

OUR PROJECTS WE SUPPORTED

Cordillera Azul REDD+

Evergreen REDD+ Forest Protection

Envira Amazonia REDD+ Forest Protection

Unitor REDD+ Forest Protection

Katingan REDD+ Forest Protection

Ohio 18 Reserves Improved Forest Management

Northeastern Argentina Regenerative Grazing

Indo-Gangetic Plains Regenerative Agriculture

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INVESTING IN FARMERS

There's no food without the people that grow it.
It's important to us that our farmer partners are paid fairly and have access to training and resources to be set up for success



OUR CO-OPS

- 1 Cocoa
UNOCACE & FORTALEZA CO-OPS
Guayaquil & Calceta, Ecuador
- 2 Cocoa & Cocoa Butter
COOPROAGRO & CONACADO CO-OPS
Dominican Republic
- 3 Cocoa & Cocoa Butter
ACOPAGRO CO-OP
Alto Huayabamba, Peru
- 4 Raw Cane Sugar
MANDUVIRÁ CO-OP
Arroyos y Esteros, Paraguay
- 5 Coconut Oil
FTAK
Kerala, India
- 6 Vanilla Beans
MANANARA CO-OP
Madagascar
- 7 Regenerative Agroforestry Project
UNOCACE CO-OP
Guayaquil, Ecuador
- 8 Carbon Insetting Reforestation Project
ACOPAGRO CO-OP
Alto Huayabamba, Peru



IN 2023, WE DIVERTED

14.7 million

WRAPPERS FROM LANDFILL

3
REDUCING
WASTE

Our truffle wrappers were transitioned from Industrial to Backyard compostable in 2021.



IN 2023, WE SAVED

12,238 pounds

OF VIRGIN PLASTIC FROM ENTERING OUR SUPPLY CHAIN



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LOOKING FORWARD

In the upcoming year, Alter Eco is committed to driving positive change and sustainability through several key initiatives:

1. **Increasing the Percentage of Regenerative Ingredients:** We will continue to enhance our product formulations by increasing the percentage of regenerative ingredients. This commitment to regenerative agriculture not only ensures healthier products but also supports ecosystems, soil health, and biodiversity.
2. **Reducing Carbon Footprint:** By optimizing our supply chain and logistics, we aim to significantly reduce our carbon footprint. This involves streamlining transportation, improving efficiency, and sourcing materials closer to production sites to minimize emissions.
3. **Improving Packaging and Reducing Waste:** We are dedicated to ongoing improvements in our packaging technologies. We continue to aim for minimal plastic use in our pouches until a better solution is found, demonstrating our ongoing commitment to reducing our environmental footprint. But in the meantime, the plastic we use in our granola packaging is "post consumer recycled plastic", preventing new virgin plastics from entering the ecosystem.
4. **Supporting Education in Agroforestry and Regenerative Agriculture:** We will continue to support and fund resources in education programs for local growers. These collaborations will provide valuable resources and knowledge to support agroforestry and regenerative agriculture practices, fostering a more sustainable and resilient agricultural community.

Through these initiatives, Alter Eco continues to lead the way in sustainable practices, making a lasting positive impact on the environment and the communities we serve.





THANK YOU!



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Thank you for supporting Alter Eco as we strive to revolutionize our approach to eating, farming, and business practices. Together, we aim to inspire a holistic and sustainable way of living and encourage others to join us on this journey.



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