

Stewardship

Alter Eco settles for nothing less than 'full circle sustainability'

By Bill Giebler

When honoring a company with a Stewardship award, the exercise, it seems, is to look for a portfolio of good deeds woven in and around their business practices. A look at CPG company **Alter Eco** presents the opposite inquiry: how has this company built a business out of their stewardship ideals?

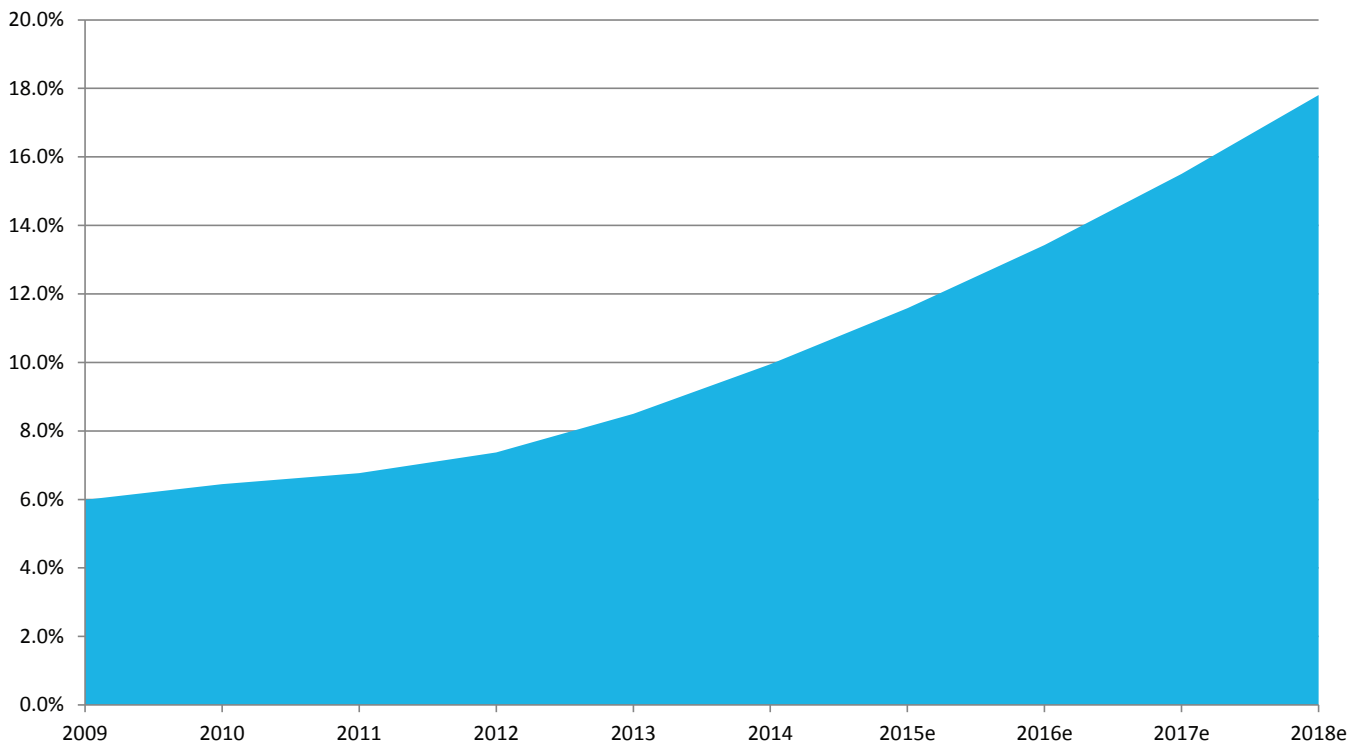
Alter Eco was founded in 1998 in France and launched their current U.S. structure in 2003. They began with a fair trade-centric approach, says co-founder and co-CEO,

Mathieu Senard, finding fair trade certified products—coffee and tea first, then sugar and rice—and marketing them. Only later did they realize the need to be more market focused, identifying product demand and then finding fair trade producer co-ops for the supply. In their brand re-focusing, they dropped coffee and tea, added chocolate and supported rice with quinoa, thus reining in an earlier breadth that was “nothing short of insane,” says Senard, to create a current catalog of goods still spanning key

NBJ Takeaways

- » Fair trade came first, then marketing focus
- » “Full circle sustainability” means looking at all aspects of doing business
- » Developing the world’s first compostable plastic pouch a matter of “responsibility”

NATURAL AND ORGANIC SNACKS MARKETSHARE OF THE TOTAL SNACKS CATEGORY, 2009-2018E



Source: Nutrition Business Journal (\$mil., consumer sales)

categories. “The particularity of Alter Eco is the very large sourcing network of cooperatives,” he says, “so having several categories gives that width to the brand.”

organic certification. “We really feel they go hand in hand,” Senard says. “Support the farmers, support the environment.”

Still they felt they were falling short

Eco’s “full circle sustainability” ideal.

“Can we call ourselves sustainable when we move containers from Bolivia, from the Philippines, all around the world and when we’re on planes to sell the products?” he asks. Unhappy with the answer to this question, the company implemented what they call “carbon *in*setting.” That is, planting carbon-thirsty trees *within* their supply chain alongside the crops they depend on. Last year they planted 7,000 trees to offset 100% of their emissions.

“They have taken huge steps to pioneer at huge expense and huge risk and have done it in a totally radical way—not just on behalf of themselves but on behalf of the industry,”

Lara Jackle Dickinson, OSC2

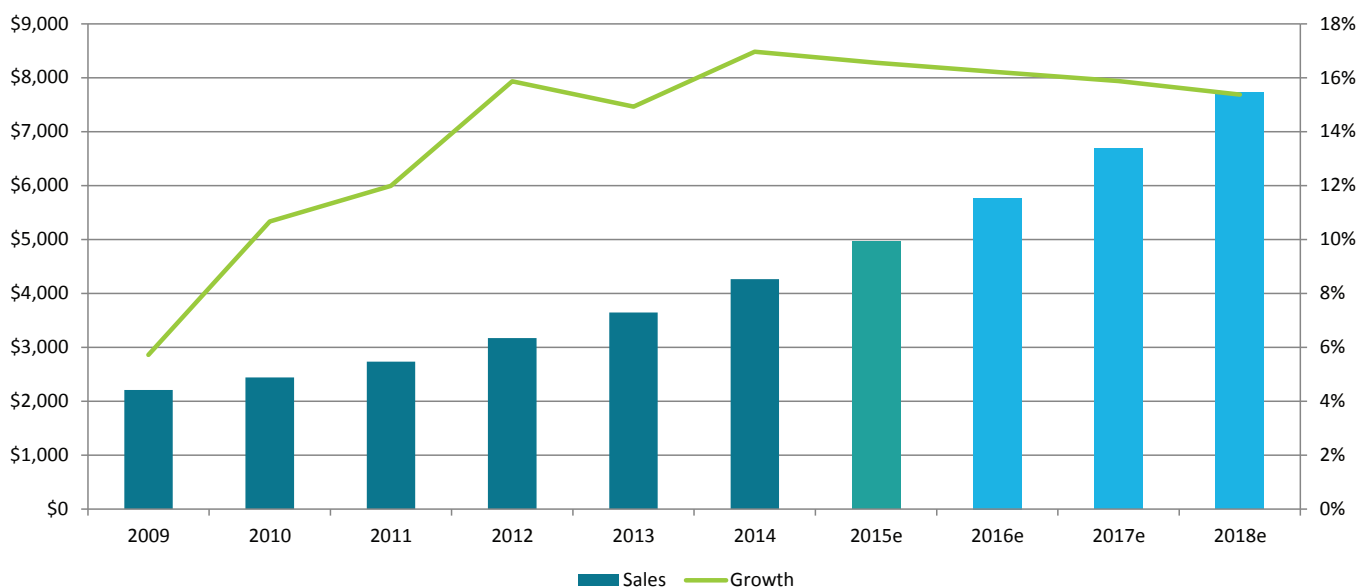
But being 100% fair trade wasn’t enough for Alter Eco. Their next effort was to go 100% organic—even as that meant setting up a fund to help their producers gain or-

of true sustainability as a business. “For us it’s not just business, it’s showing that business can regenerate, rather than extract,” says Senard, introducing Alter

Wrapped up

The circle wouldn’t be full, though, until they addressed packaging. Lara Jackle Dickinson is a co-founder and director at non-profit consultancy **OSC2**. In her career, she has worked with dozens of natural products companies, and through OSC2 she has brought together Alter Eco, **Numi Tea** and over 20 other companies to form a compostable packaging sustainability coalition. Having worked with a spectrum of

NATURAL AND ORGANIC SNACKS SALES AND GROWTH, 2009-2018E



Source: Nutrition Business Journal (\$mil., consumer sales)

companies, she identifies packaging as a big Achilles heel in an industry doing its best to be mission-driven. “Flexible plastic is lightweight and has benefits, but the downside is that it is comprised of multiple [otherwise] recyclable layers,” says Dickinson. “Which makes the whole structure unrecyclable.” These companies, she says, “have ethical food in basically unsustainable packaging. It doesn’t match their values.”

Several years in the making, Alter Eco has changed that dynamic by launching the first-ever fully backyard compostable flexible pouch. “It’s a work in progress,” says Senard after years of patience-demanding product development, admitting that, for instance, the window isn’t as clear as it is with petroleum-based plastics. “Maybe we’re a little crazy,” he says. “We still decided to launch it because we really believe it’s our responsibility.”

Compostable packaging has its drawbacks. The vast majority of U.S. consumers neither compost at home nor have access to curbside programs. A truly recyclable flexible plastic package on the other hand (like one soon to be launched by **Seventh Generation**) may have greater short-term throughput from shelf back to shelf. Senard admits, too, that the eucalyptus used—though Forest Stewardship Council (FSC) certified sustainable—is very water intensive. Of another key ingredient, non-GMO corn, he says: “Should we use grains to make packaging? I don’t think so.”

“We believe it is the duty of business—which is the strongest force on the planet right now—to really tackle the issues. That’s what we’re trying to do,”

Mathieu Senard, Alter Eco

It’s imperfect, but Alter Eco is taking the long view. “I really see it as a first step,” says Senard. “To create the demand, to show everybody it’s possible, to create a whole industry about this.” All of which will

happen in parallel to the further development of municipal compost programs. “We cannot look at packaging as a short-lived item, that’s why we went with compostable,” says Senard. “A recycled package ending up in the ocean won’t recycle, but a compostable one will compost.”

Dickinson identifies scale and technology as the barriers to developing compostable packaging, “But scale is the bigger hurdle,” she says. “The technology even five years ago was 99% of the way there, but no one big enough was pushing the packaging industry to ask for a solution. Then we asked the question, ‘what if we got the scale?’” That question attracted 25 business leaders to a discussion three years ago at **Natural Products Expo West** that helped

lead to the packaging Alter Eco is releasing today. “They truly have a mission more than just profit, but they’re also smart people,” says Dickinson. Inviting other companies into the exploration was necessary to make



the packaging work for them, she continues, “so it comes from a place of altruism but also insight and intelligence.”

In the end, Dickinson calls Alter Eco “absolute leaders.” “They have taken huge steps to pioneer at huge expense and huge risk and have done it in a totally radi-

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cal way—not just on behalf of themselves but on behalf of the industry.”

Locked down

“We’re almost there in terms of full circle sustainability,” says Senard. “Almost” begins to sound like humility, however. With 100 percent fair trade and organic sourcing plus 100 percent carbon offsetting and now *nearly* sustainable packaging, there’s little left for them to take on. In light of this, Alter Eco has taken an additional step to lock these efforts in place. In 2013 the company became a public benefit corporation, which Senard describes as “kind of the legal arm of B-Corp.” What that means, he continues, “is that all the elements of our mission are written in the bylaws and articles of incorporation of the company, which protects the mission long term.” Even if the company is sold, he says. “It really protects the shareholders.”

For a company founded on sustainability, it’s not surprising they find these efforts an imperative, not an adjunct. “When you look at the state of the world today, we really have to act fast,” says Senard. “We believe it is the duty of business—which is the strongest force on the planet right now—to really tackle the issues. That’s what we’re trying to do.”