



SILVAN
INGREDIENT ECOSYSTEM

ANNUAL REPORT 2022

Connecting the world's
best brands with the
world's best ingredients

Silvan Ingredient Ecosystem | www.silvan.eco

INTRODUCTION

At Silvan we

- Connect the world's best brands with the world's best ingredients
- Enable brands, retailers and ingredient partners to grow their impact
- Support ingredient partners to enter new markets

How Silvan supports brands

Find Ingredients

Source the most sustainable and innovative ingredients to delight and empower your customers

Become a Co-Creator of Change

Facilitate capacity building with existing and new suppliers, whilst ensuring long term financial sustainability for all

Facilitate Sustainable Growth

Deepen your partnerships with ingredient providers to create an enhanced sustainability strategy

How Silvan supports ingredient partners

Operational Support

Finance, business modeling, marketing, certification and traceability

Fundraising

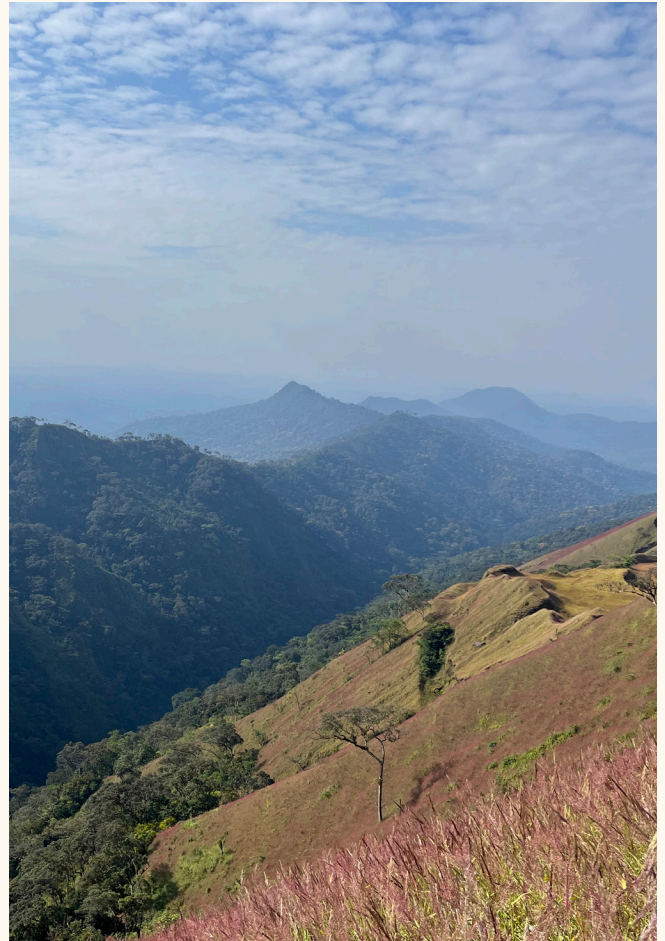
Bring in funding to scale operations: grants, loans and equity

Market Linkage

Find the brands that value your work

Network

Best practices that bring you to scale or create additional value



Silvan's Global Impact



Our approach is to target high impact supply chains, often those that are the most difficult to work in due to opacity or negative publicity.

We support the best and most sustainable ingredient producers to scale their operations and find new markets. Our work focuses on boosting capacity for ingredient producers to meet export scale with grant and investment financing, operational support, certification support, and facilitating off-take agreements with US/EU brands for ingredients.

Over the last year we have worked with 10 supply chain partners in 8 countries working across 15 supply chains. We have raised over \$5m in grant financing to date and partner closely with a portfolio of industry leading food and beauty brands to enable them to meet their impact goals through ingredient sourcing.

Grant funders we've worked with in the last year:



OUR WORK



Why we focus on supply chains and ingredient partnerships

- Ingredient purchases are the area of highest spend. More money = more potential impact.
- Directing dollars towards specific communities can drive growth in income, security and biodiversity.
- Ingredient partnerships enable greater security for farmers, incentivize others to partner and create unique brand value.
- Opportunity to engage with regenerative and organic agriculture and tackle Scope 3 emissions with embedded carbon offsets within your supply chain.

What makes ingredient partnerships work

Solid Core Economics

Partnerships should be based on ingredients which are core to the brand/retailer, are environmentally sustainable and where the ingredient grower has long term market viability

Clear Impact Goals

Both brand/retailer and ingredient partner should have a shared impact proposition

Strong Brand Alignment

Brands/retailers integrate the partnership into their brand proposition to increase the value of the partnership

2022 HIGHLIGHTS

Our work with Pacha and J-Palm Liberia

Silvan is proud to work with Pacha Soap Co and J-Palm Liberia to build and strengthen a direct sourcing partnership that is mutually beneficial. Pacha is a mission driven brand who believe everyone deserves access to products that are good for them, others, and the environment. J-Palm Liberia works to empower smallholder oil palm processors in rural communities by providing access to modern, more efficient processing technology.

Impact for Pacha Soap

- Long term off-take agreement for a core ingredient with better than market pricing
- Impact outcomes that are sustainably linked to the core product mix and have inspired deeper retailer partnerships
- Reduction in Scope 3 carbon footprint and role in supporting regenerative agriculture
- Key supply chain security

Impact for J-Palm Liberia

- Long term revenue stream from dollarized export market
- Grant money raised to scale the business and create certification niches
- Ability to scale the impact proposition of the business to rural Liberians
- National and international recognition for the business including mention in the Liberian President's State of the Union Address



BUILDING A PARTNERSHIP FOR SUSTAINABLE FRANKINCENSE

Silvan has been working to build collaborative partnerships across the industry to drive transformative change in the Frankincense supply chain. By coming together, we create more value by enabling transparency, support for sustainable practices and livelihoods.

The Partnership



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Dayaxa Frankincense Export Company works directly with frankincense and myrrh-harvesting communities in Somaliland to provide premium resins and essential oils that benefit our communities socially, economically, and ecologically.

Fairsource Botanicals builds regenerative supply chains for wild plant products that actively benefit all of the plants and people involved in them, supporting biodiversity conservation, and sustainable social development for rural communities.

Issues in the boswellia carteri supply chain

Untraceable payments

- Demand growth – 10x in 30 years
- If higher prices are paid – these are not getting past middlemen
- Harvesters unable to set sustainable prices, and these low prices drive unsustainable harvesting practice

Limited supply and environmental risk

- Greater population reliant on income from trees than before
- Over-harvesting of trees was already an issue in the late 1980s before demand boom
- Increasing public concern about over-harvesting and trees becoming endangered

Conflict and human rights abuses

- Some areas of frankincense in Puntland (Somalia) are affected by ISIS and Al-Qaida affiliated Al-Shabaab
- Resin from Somaliland is not affected by these groups
- Without traceability of resin or payments, there is no way to know if purchasing is supporting any of these groups

CITES

- CITES is currently investigating Boswellia and considering listing one or more species
- Trade suspensions in Somalia mean there would be significant disruptions to the frankincense supply
- The desire to list is driven by concern that the industry can't control harvesting or ensure sustainability on its own

Opacity in the supply chain

- High levels of opacity benefit middlemen at the expense of harvesters and trees
- This creates liabilities for brands by making it impossible to prove good practices
- Tracing supply to village level and confirming good sourcing practices is inaccurately described as unrealistic within the frankincense supply chain

How Silvan is working with the partnership to address the challenges

Transparency - Traceable resins

- Foster village level relationships
- Map full resin journey from tree to oil

Transparency - Proven payments

- Track financial payments to farm level using digital payments
- Economic empowerment for harvesting communities

Transparency - Sustainability and conservation

- Harvesting sites producing your resin can be monitored for sustainable harvesting
- We collaborate with Universities and NGO partners to strengthen sustainability

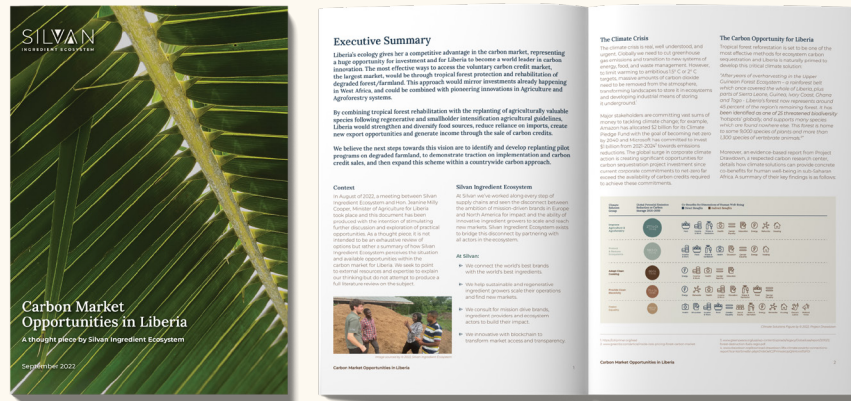
The partnership is proud to offer the first blockchain tracked frankincense to the market in 2023.



CONSIDERING CARBON MARKET OPPORTUNITIES IN LIBERIA

Following a meeting with Hon. Jeanine Milly Cooper, Minister of Agriculture for Liberia in August 2022 Silvan was pleased to produce a thought piece on the opportunity of the carbon market for Liberia. The document can be accessed on our website here.

Silvan continues to see great promise in layering carbon credits into agricultural supply chains and has ongoing projects in this area with a number of partners.



SOME OF OUR FAVORITE PHOTOS FROM A YEAR IN THE FIELD

