

SEKEM

Sustainability Report 2016





Dear Readers,

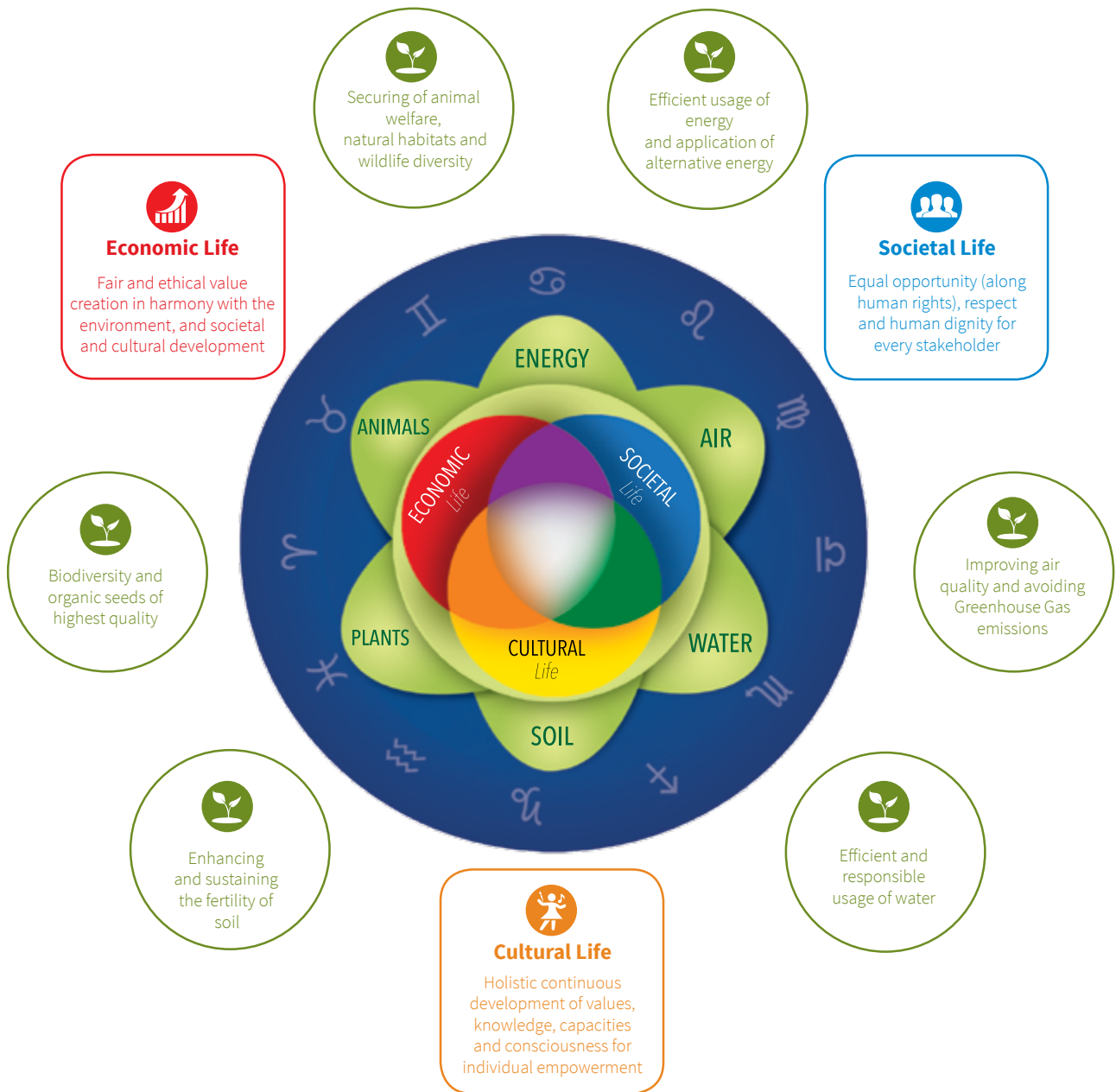
SEKEM is committed to sustainable development since 1977. This is a continuous development journey without final destination. However, this journey requires to have targets which can be measured and benchmarked in order to keep track of the developments and to always realign the day-to-day operations to the vision and purpose of the initiative.

The year 2016 has been difficult for Egypt and SEKEM. Three consecutive devaluations hit the economy hard and increased prices within the local market, also due to increased import costs. SEKEM and its subsidiaries have been impacted by these devaluations as well. Still, SEKEM was able to keep all its initiatives and activities active, including the schools, the program to empower women, or the constant projects in the fields of arts and culture. The Heliopolis University has enrolled more than 1000 students and started to plan its second phase, including the establishment of the faculty of sustainable agriculture and the faculty for physiotherapy. The House of Cultures is another important part of the second phase and shall become a place where cultural exchange shall be fostered through arts, music and events.

The past year has been difficult, yet, it has been wonderful as well. We strongly believe in sustainable development and a sustainable future for all of us, but are fully aware of the long way we all still have ahead of us. Still, we are enthusiastic and motivated to move on together with all our partners, friends and networks, who believe in us and who supported us tremendously during the past 40 years.

A handwritten signature in black ink, appearing to read 'Helmy Abouleish', with a long horizontal flourish extending to the right.

Cairo, 15th of July, 2017
Helmy Abouleish
Chief Executive Officer,
SEKEM Group



Our Vision

Sustainable development towards a future where every human being can unfold his or her individual potential; where mankind is living together in social forms reflecting human dignity; and where all economic activity is conducted in accordance with ecological and ethical principles.

About SEKEM

SEKEM is serving the community for 40 years – an enduring journey. It started in 1977 by revitalizing the Egyptian desert and building a sustainable community. With faith in human beings and nature we believe in a sustainable future for all of us and work passionately every day to contribute to this, our common goal.

The SEKEM Group of companies is a part of the SEKEM Initiative founded by Dr. Ibrahim Abouleish. It strives for Sustainable Development in four dimensions: Economy, Societal Life, Cultural Life and Ecology. After pioneering Organic and Biodynamic agriculture in Egypt, the SEKEM Group started to enlarge its activities by processing and producing Biodynamic products, textiles and phyto-pharmaceuticals in Egypt, the Arab World and on international markets.

With part of their profits the SEKEM companies co-finance the social and cultural activities of the SEKEM Development Foundation, which runs schools, the vocational training center, a medical center and an institution for children with special needs among others. In 2012, the Heliopolis University for Sustainable Development was opened under SEKEMs patronage and combines a holistic approach to teaching, research and practice. It is the first university in the Middle East declaring sustainable development as its overall goal.

While being worldwide connected, SEKEM considers the needs of the co-workers, community members and the environment at all times. SEKEM herewith gives more than 20,000 people a life and work perspective. SEKEMs “Economy of Love” fosters fair and ethical trading methods and promotes efficient solutions for our global challenges in regards to environment and society.

SEKEMs vision stands for individual human development and sustainable community building. With our ecological, societal, cultural, and economic activities we foster a future in which every human being can unfold his or her individual potentials; a future in which mankind is living together in social forms reflecting human dignity; and in which all economic activity is in line with ecological and ethical principles.

For actively combating desertification and soil erosion in Egypt for 40 years, the United Nations to Combat Desertification (UNCCD) awarded SEKEM and its community the “Land for Life Award 2015”. SEKEM has been widely praised as an “Egyptian organic pioneer” and has received the 2003 Right Livelihood Award (“Alternative Nobel Prize”) as a „Business Model for the 21th Century” and an “economy of love”.

SEKEMs Commitment to Sustainable Development

In December 2015, the United Nations published the Sustainable Development Goals (SDGs), whereby the sustainable development on the levels of economy, societal- and cultural life and ecology should be ensured until 2030. The SEKEM Initiative realized the importance of sustainable development already since 1977 and is working everyday to implement this development by a holistic approach, especially in Egypt.



The 17 Global Sustainable Development Goals



- SEKEM pays its 1,700 employees as well as its contracted farmers fair salaries and updated the minimum salary for all our workers in 2016.
- SEKEM offers a solidarity fund to its employees and supports people with low salaries – with a special bonus and a social fund providing financial assistance in family cases of illness, loss of lives, marriages or births.
- If SEKEM employees enrol their children in SEKEM School, they can get a reduction of the school fees according to their salaries.
- Moreover, SEKEM provides free courses for illiterate employees.



- SEKEM produces Organic and healthy food to fight malnutrition.
- For all its employees, SEKEM is subsidizing lunch, so that each worker gets at least one warm meal per day.
- 80% of SEKEMs reclaimed land produces food and raw materials for the local market. It helps solving the hunger problem, as Egypt remains highly dependent on food imports.



- SEKEMs Medical Center provides both services to SEKEM employees, students and surrounding 40,000 community members.
- SEKEM provides all employees with a state insurance and if desired, an additional private insurance.
- Mobile ambulances in villages as well as medical health awareness sessions at SEKEM raise awareness about hygiene, cleanness and maternity, for instance.
- SEKEM supports a government Hepatitis C treatment project.
- SEKEMs companies develop healthy foodstuff, phyto-pharmaceuticals as well as relevant health products, early diagnosis for relevant illnesses as well as BioDiagnostic© kits.
- SEKEMs agricultural does not create any pollution and herewith fosters healthy lifestyles.



- SEKEM follows the UNESCO definition of Education for Sustainable Development (ESD) which is about enabling us to constructively and creatively address present and future global challenges and create more sustainable and resilient societies.
- In the SEKEM School, the Vocational Training Center, the Kindergarten and the nursery SEKEM fosters combining traditional educational methods with innovative learning experiences.
- Under SEKEMs patronage the Heliopolis University for Sustainable Development was opened and combines a holistic approach to teaching, research and practice.
- SEKEM supports inclusive education with its education for children with special needs as well as the community children program.
- SEKEM strives for lifelong learning and offers regular trainings for adult education, such as the core program.



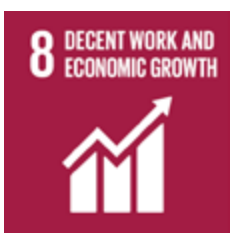
- SEKEM fosters gender equality in all its activities and developed and applies a Gender Strategy for a balanced society.
- SEKEM developed opportunities to empower female employees who have to balance between work and family life: flexible working hours, part time jobs, or working from home during the production peaks, for instance.
- Gender balance and equality for SEKEM means to both, strengthen females and males. Therefore, SEKEM offers a period of maternity leave to new mothers, as well as a paternity leave to new fathers.
- Additionally, SEKEM provides places for the newborns at SEKEMs Nursery or later at the SEKEM School, when their mother's return to work.



- SEKEM uses water efficiently and in a sustainable way – by cultivating water efficient plants, such as Jojoba.
- After treatment SEKEM reuses 100% of wastewater at its farms and applies efficient irrigation forms.
- SEKEM farms without the use of any toxic materials. Hence, no pollution leaks into the ground water.



- SEKEM uses renewable energies – solar panels, solar water pumps and solar water heaters for the industrial production, for example.
- Also the Heliopolis University for Sustainable Development uses solar panels for research and teaching purposes as well as runs an agriculture photovoltaic module for the Aquaponics greenhouse - a desalination plant supplies the greenhouse which simultaneously and efficiently produces fish and vegetables at the same time.



- SEKEM values Organizational Health and Safety (OHAS) and is accredited in line of OHAS 18001.
- With the Vocational Training Center SEKEM gives young people a profound education and fights youth unemployment.
- SEKEMs social business model and “Economy of Love” guarantees a fair share for all.
- SEKEM strives to increase the living standards of its community members and hence provides a medical insurance, a life insurance as well as a pension insurance for its employees.



- SEKEMs companies are part of a closed, circular and sustainable supply chain. Herewith, SEKEM promotes Cradle to Cradle (C2C) as well as a zero waste management.
- To foster innovation, SEKEM supports research at the Heliopolis University for Sustainable Development in so far almost 90 ran research projects
- The Heliopolis University, as part of SEKEM, has an applied research network and collaborates and researches in various domains, social innovation and education.



- SEKEM provides education for all: for children from rural, semi-urban and urban areas; from underprivileged and privileged families; from professional and managerial parents; from technical and skilled laborers; from farmers and unskilled workers; and from native Egyptians and foreigners alike.
- With a program SEKEM also fosters, encourages and guides people with special needs to self-reliance, to help them achieve maximum independence and social integration as well as to engage them in the on-going business processes.
- SEKEM enrolled refugees at the SEKEM School as well as at the Heliopolis University for Sustainable Development.



- SEKEM believes that one of the key solutions for Egypt is to build living communities in the desert, by reclaiming desert land using biodynamic agricultural methods: Once the infrastructure is in place, the land is reclaimed and used for agricultural produce, a tremendous amount of jobs is created, families will have a constant income and hence will be able to serve themselves with health care and send their children to school.
- In addition, through the sustainable agricultural methods, the community will sequester carbon dioxide in the soil and trees, which is contributing to prevent climate change and generating additional value for society. In the shadow of the trees, animals will be fed, who contribute with their manure to the very important compost production, which will vitalize the soil.
- The Organic produce will be further processed by businesses, who are attracted to build up their factories surrounding the community, providing additional jobs.



- SEKEMs production and business activities strive for improving the quality of life: Biodynamic agriculture as well as Biodynamic, Fairtrade and Organic products, textiles and phyto-pharmaceuticals are oriented towards the highest possible ethical, ecological and social standards.
- SEKEM monitors and evaluates its material extraction and use with the Sustainability Flower. The flower represents a management, assessment and communication tool symbolizing the concept of sustainable development in its four dimensions: economic life, societal life, cultural life and ecology.
- SEKEM together with Heliopolis University for Sustainable Development conducted a comparative true cost accounting study comparing conventional and organic agricultural production systems showing higher added value from sustainable production methods that are part of SEKEMs core business model.



- SEKEMs Organic and Biodynamic agriculture makes farmers and land more resilient against natural disasters and hazards.
- Under SEKEMs patronage, the Heliopolis University for Sustainable Development and the Academy of Scientific Research and Technology set up a Carbon Footprint Center in 2014. The center is active in carbon assessment and climate change mitigation and adaptation projects such as planting trees for carbon sequestration and wind break systems at SEKEM farms.
- For creating fertile soils, three techniques help SEKEM: the application of compost produced at SEKEMs own premises, compost-tea and other organic fertilizers. The rotation of crops. The use of Biodynamic preparations.



- The acidification of ocean water is linked to the production of carbon dioxide emissions. Those are also produced through agricultural practices, such as livestock manure management. SEKEMs Biodynamic agriculture reduces and sequesters CO2 emissions as much as possible.
- SEKEM recycles 100% of the water, which can be reused and does not drain it into the ocean.



- SEKEM successfully fights desertification and land degradation and serves the community. In 2015, SEKEM was even awarded with the “Land for Life Award 2015” by the United Nations Convention on Combating Desertification (UNCCD) for this outstanding commitment.



- SEKEM is a co-founding member of World Future Council (WFC), a registered charitable organization which researches, identifies and spreads policy solutions that contribute to Sustainable Development. Dr. Ibrahim Abouleish, the SEKEM Founder, is one of the WFC councilors, and Helmy Abouleish, SEKEMs CEO, a Special Advisor to the WFC.
- Furthermore, SEKEM has a no tolerance policy towards bribery and corruption. This policy extends to all the company’s business dealings and transactions in all countries in which it or its subsidiaries and associates operate.



- Working with the private sector, United Nations organizations and others, SEKEM fosters and promotes a multi-stakeholder network and partnerships to enhance the global partnership for sustainable development.
- In 1996, SEKEM and a group of European trade partners founded the “International Association for Partnership in Ecology and Trade” (IAP) to mobilize and share knowledge, expertise as well as cooperation among farmers, manufacturers and distributors from the North and South, for instance.



“ Times are changing, the organic sector is expanding and we have to find the right position for SEKEM in this transforming environment by grabbing its potential for the future, which SEKEM absolutely owns.”

Elfrieke van Galen, Member of SEKEMs Board of Directors

SEKEMs Economic Life

The past three as well as the ongoing devaluation of the Egyptian Pound led to a weak overall economic development and resulted in a consumption decline in Egypt. Hence, SEKEM faced challenging times in 2016 and could not achieve all economic targets, like in the former post-revolution years. The majority of SEKEMs produced goods, 79 percent, were consistently sold in the local market. The initiative kept its strategic focus on financial recovery and debt relief in order to strengthen its resilience. Dealer networks, nationally and internationally, have been extended and new customers were acquired. In addition, SEKEM has begun to strengthen export activities, which helps to counteract the devaluation of the Egyptian Pound (EGP).

However, SEKEM could achieve improvements in terms of its economical dimension. SEKEM increased the minimum basic salary to 1'300 EGP and improved the ratio of the highest to the lowest annual full-time salary from 1:36 in 2015 to 1:31 in 2016, for instance. Furthermore, due to the positive operational performance, SEKEM was able to invest 10 percent of its annual profit into community development.

SEKEM raised the sales value of certifiable products, which have a Demeter certificate (from 43 percent in 2015 to 53 percent in 2016) as well as of products with an Organic certificate (from 56 percent in 2015 to 73 percent in 2016). The challenge to successfully certify the remaining 27 percent of possible organic sales is mainly driven by product quality from SEKEMs suppliers that fight with an immense pesticide pollution via water and air that cause residuals. Another reason is the mandatory transition period for conventional farms that want to become organically certified from which we are committed to take the produce during these three years of transition. Otherwise SEKEM would not be able to convince farmers to enter in an organic production system that usually comes with an initial drop in productivity. Of course, SEKEM is 100% committed not to use any chemical fertilizer or pesticides for its natural raw materials and striving for a fully certified organic product portfolio over the coming years.

Together with Heliopolis University's Carbon Footprint Center SEKEM continued with assessing its product portfolio and increased its share of sales of products with known product carbon footprint from 56 to 80 percent. The carbon footprints of SEKEM products are based on categories, such as herbal teas, organic baby garments, organic textile dolls, herbs and spices, juices etc. What is not included yet are product categories such as animal products, seeds etc. Furthermore, all product for ATOS Pharma, natural medicines and healthcare products are not applicable for carbon footprint calculation.

Target	2016	2015
1:35	1:31	1:36

Rate of highest to lowest annual full-time salary.

Target	2016	2015
10%	10%	10%

Share of net profit invested into community development.

Target	2016	2015
50%	53%	43%

Share of sales value of products that have a Demeter Certificate

Target	2016	2015
100%	73%	56%

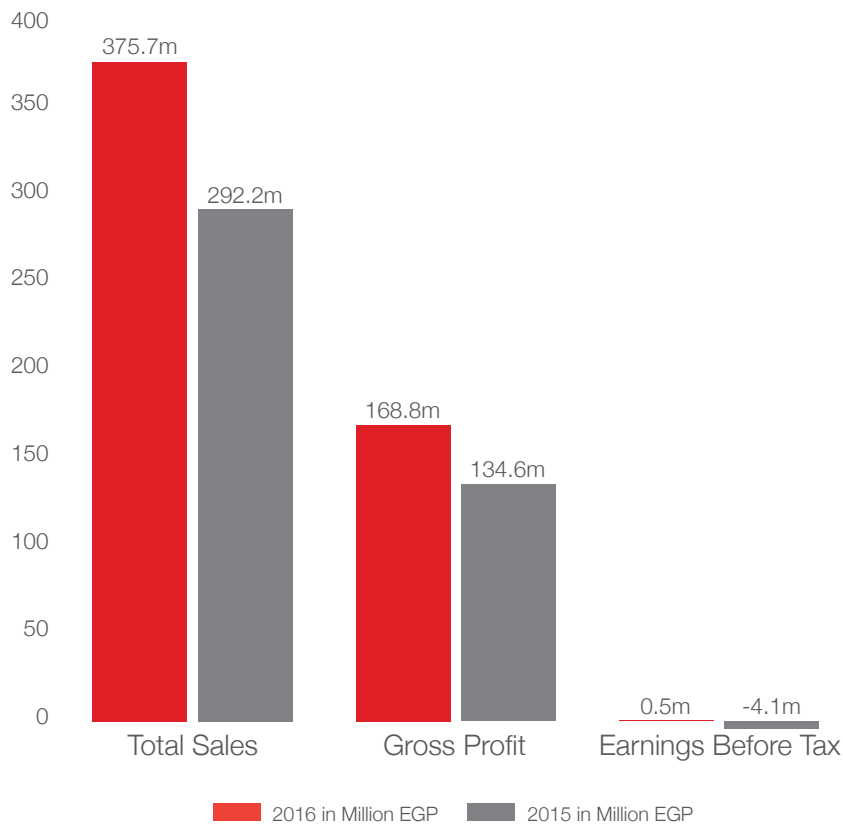
Share of sales value of products that have an Organic Certificate

Target	2016	2015
100%	80%	56%

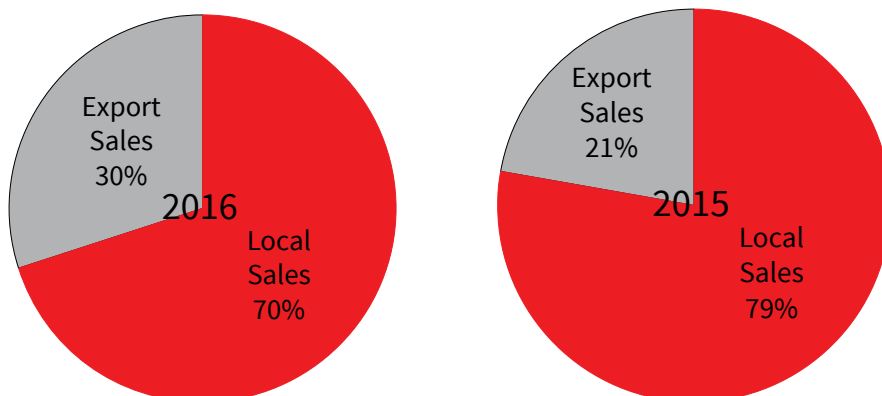
Share of sales value of products that with known carbon footprint.

SEKEM Consolidated Key Financial Figures

SEKEM and its subsidiaries were able to grow despite the challenges given in the environment, and achieved a consolidated growth of 29% in total sales, reaching EGP 375.7 million. The gross profit grew by 25%, reaching EGP 168.8 million. The devaluation of the Egyptian Pound in November 2016 has had a tremendous impact on SEKEMs consolidated earnings before tax and reduced them accordingly, to EGP 0.5m.



The share of products exported increased in 2016 to 30% versus 21% in 2015, reaching total consolidated export sales of EGP 87.44 million.



ISIS Organic

ISIS Organic could hold its position as one of the largest Organic food companies in the Middle East in 2016. The company supplies more than 60,000 customers in 16 different countries and counts more than 500 employees. ISIS Organic introduced new products, such as bottled water and green tea, and generated out of them sales of 64 million EGP, which represents 83 percent of the value of all newly introduced SEKEM products sold in 2016. Hence, ISIS Organic was the main driver in boosting SEKEMs share of sales revenues from new products from 12 to 20 percent.

Although the financial year 2016 was successful for ISIS Organic – 18% sales growth – the target couldn't be reached due to Egypt's economic situation. SEKEMs largest company extended in 2016 its export activities and invested in sales and marketing. Moreover, ISIS Organic decreased the number of customer complains by more than 40% and is therefore mainly contributing to the SEKEM Holding reducing the total number of customer complains by almost 30% in 2016 (136 complains in 2015 and 96 complains in 2016).

[Get to know Boshra Elwan, Quality Control Manager at ISIS Organic](#)

Target	2016	2015
	100	136

Total amount of customer complains & claims.

Target	2016	2015
20%	20%	12%

Share of sales value of new product development.

ATOS Pharma

<https://goo.gl/YgNiRG>

At the beginning of 2016, ATOS Pharma had been affected by the devaluation of the Egyptian pound as well, especially since most of its products are tied to state-regulated prices. Nevertheless, SEKEMs company for phytopharmaceuticals was able to generate EGP 49 million sales and a growth of 26%. This is can be ascribed to investments in a more efficient production as well as expanding the sales team. The newly developed and distributed product BioDiagnostics© showed success on the market and contributed to ATOS Pharma's revenue with EGP 1.46 million.

[Get to know Zarifa Kamal, Packaging Technician at ATOS Pharma](#)

Target	2016	2015
100%	100%	100%

Share of organic waste recycled

Target	2016	2015
1.3	1.5	1.6

Total weight of waste per 1,000 EGP sales in kg.

NatureTex

<https://goo.gl/Ug42UX>

As NatureTex, SEKEMs company for Organic textiles, exports 85% of its product the company can be considered as winner of the Egyptian Pound devaluation. Hence, the company could even exceed its targets for 2016. Besides, NatureTex generated new international customers as well as on the local market and developed innovations like quilted blankets and ball yarn, for instance. Hence, NatureTex raised EGP 4.6 million from new products.

[Get to know Walaa Mohamed, Quality Specialist at NatureTex](#)

<https://goo.gl/BfsNFK>

Target	2016	2015
50%	42%	43%

Share of non-organic waste recycled.

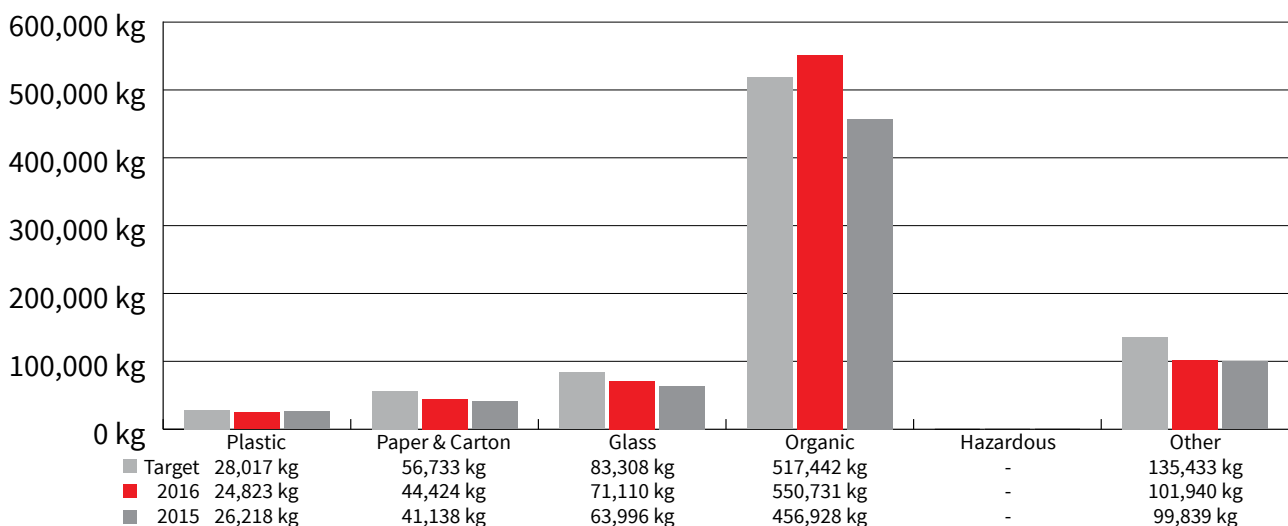
Lotus

The company Lotus is processing herbs and spices and was able to grow in 2016, although the local sales were impacted negatively by its sister company ISIS Organic, which is supplying Lotus with raw materials. At the same time, the devaluation of the Egyptian pound had a positive impact on the export sales of the company which reached almost 60%. There continued to be a high demand for the new and currently popular products Chia, Quinoa and Jojoba. In 2016, Lotus improved its raw material quality as well as the production process that lead to a higher product purity. This was a major driver for SEKEM improving its ratio of total weight of waste per thousand EGP sales from 2.5 in 2015 to 1.4 in 2016. SEKEMs total amount of waste went up from 688 to 793 tons during the last year with a share of 66% and 69% of organic waste respectively. While SEKEM is recycling all its organic waste, only 42% of the non-organic waste was recycled, which represents a major challenge to be increased.

Another huge challenge is the very low amount of recycled packaging material. Investigations showed that only Lotus uses some plastic, paper and carton as recycled input material. For all other companies the price and quality are main reasons to not use recycled packaging materials.

Keeping SEKEM Farm a Clean Place

Another huge problem of Egypt's environment is waste management. According to the World Bank, Egypt generated 89.03 million tons of solid waste in 2012. Only 60% is managed by formal and informal waste operations. The rest is just thrown on streets or at illegal dumpsites. Compared with the rest of the country, SEKEM Farm is a very clean place with adequate garbage disposals all around. SEKEM constantly works on its waste management, also in 2016; The total weight of waste per thousand EGP Sales could be reduced from 1.6 to 1.5 kg/1000 EGP.



Get to know Mohamed Abd El Zaher, SEKEM Waste Separation Manager

<https://goo.gl/GGDVSV>

SEKEM Agriculture

Also in 2016, SEKEM Agriculture did not initiate new investments but managed to bear costs independently. There was no further land reclaimed but the already fertile soil was attentively cultivated. All in all, SEKEM Agriculture can look back to a good year 2016, with a growth of 38% compared to the previous year, which can be ascribed to fact that SEKEMs deserts farms (in Minya, Wahat El-Bahareya and Sinai) were able to generate initial yields out of the perennial crops such as dates or olives.

Together for Food Security and Value Creation

“Our contracted farmers are a fundamental part of SEKEM. Therefore, we should stand together to build a living and learning community, a safe environment for us and the coming generations.” Helmy Abouleish, CEO SEKEM Initiative

In the winter season 2015/16 and in the summer season 2016, there were in average 127 contracted suppliers, potentially comprising 461 farmers in 16 governorates and 74% of the suppliers were located in Upper Egypt. Also the number of producers per contracted supplier entity in Upper Egypt continued to be higher than in the Nile Delta.

Get to know two of SEKEMs contracted farmers

<https://goo.gl/dati7e>



Region	Area	December 2015		December 2016	
		Contracted Farmers	Supplying Farmers	Contracted Farmers	Supplying Farmers
		Actual	Actual	Actual	Actual
Nile Delta	Behera	29	67	28	65
	Moderit Eltahrer	1	3	0	0
	Dakahlia	1	2	1	2
	Kafr El Sheekh	1	24	4	32
	Sharkia	7	10	6	9
	Ismailia	3	6	3	6
	Cairo	0	0	0	0
	Qaluibia	4	4	4	4
	Monofia	4	4	3	3
Upper Egypt	Giza	9	13	10	15
	Fayoum	16	244	16	244
	Beni Suef	5	5	5	5
	Minia	22	37	27	45
	Asuit	5	7	6	10
	Sohag	7	9	7	8
	Aswan	5	11	5	11
	Luxor	1	1	1	1
New Land	Sinai	1	1	1	1
Total	18	121	448	127	461

The table below shows that the number of contracted supplier entities below 10 feddan is relatively small (6%), whereas the number of suppliers between 25-50 feddan represents the most frequent size range (35%) - not to forget that below one contracted supplier a range of small scale farmers can be organized.

	2015	2016
	Actual	Actual
1 -10 Feddan	8	8
10 - 15 Feddan	20	21
15 - 25 Feddan	34	31
25 - 50 Feddan	36	44
50 - 75 Feddan	11	11
75 - 100 Feddan	2	2
100 + Feddan	10	10
Supplying Entities	121	127

Note: In Egypt, land holdings are fragmented. The overall average farm size is 2.05 feddan (0.86 ha). About 10% of farm households have more than 4 hectares (Eurostats 2013).

SEKEM started to put a special focus on this cooperation in order to strengthen community building and networking between the farmers by additional meetings and trainings. This shall strengthen food security, another challenge that Egypt is confronted with. SEKEMs contracted farmers supplied SEKEM in 2016 with several crops, for instance *herbs*, spices, *seeds*, fruits, vegetables or *dates*.

“Farmers, consumers and SEKEM build a ‘community of fate’ - if things are going bad for one, then they are going bad for everyone - and vice versa.” Atia Sobhy, Director of the Egyptian Farmers Development Association (FDA) and Egyptian Bio-Dynamic Association (EBDA)

Get to know two of SEKEMs contracted farmers

<https://goo.gl/dati7e>

Inspired by the SEKEMs *Impact Evaluation Study* on its agricultural partners in 2015 conducted by the Centre for Development Innovation, Wageningen University and financed by Oikocredit, one of SEKEMs shareholders, SEKEM recognises the need for continuously evaluating its impact on its supplying farmers. While an economic impact via job creation and an income premium is evident, social and cultural impact is much more subtle and needs an extra investment into community development as elaborated further below under Cultural Life. A challenge remains the collection and assessment of meaningful indicators that have been developed together with our partners from this projects and Heliopolis University.

Great Success at International Fairs

SEKEMs crops were also the pathfinder for SEKEM attending the “Biofach”, the leading fair for the Organic sector in Europe. Here, SEKEM could show a great performance together with some partner organizations, such as the Biodynamic certifier Demeter as well as with the Organic companies Davert or Lebensbaum.

And it was *Lebensbaum who awarded SEKEM as „Supplier of Excellence“*. *SEKEM and Lebensbaum are cooperating since more than 25 years*. SEKEMs company Lotus provides Lebensbaum with biodynamical grown herbs and spices, especially camomile. The accolade shall underline and appreciate excellent performances. **“Lotus improved the quality in regards to camomile by comprehensive actions and an intensive commitment of all involved parties. The company is now working at an above average level and can function as a role model for others”**, Lebensbaum said.

Furthermore the date-hazelnut confectionery of Davert and SEKEM has been selected by Demeter as *one of the three best products of the year 2016*. 16 producers of Biodynamic products had been nominated for election. The products were initially selected by a jury by considering various aspects of Biodynamic quality: Extraction of raw materials, processing, features such as Biodynamic varieties, animal welfare, social aspects, nutritional benefits and packaging.

SEKEM even travelled to Japan to exhibit at the *International Food and Beverage Fair Foodex*. “Foodex is the perfect gateway to penetrate the Japanese and Far Eastern food market”, says SEKEM Export Manager, Sherif Mazar. “SEKEM successfully generated new leads from Japan, South Korea, Singapore and Iran and strengthened the company’s strong presence in the Japanese dried fruit market.” Among 12 leading Egyptian food companies, SEKEM took the chance to present the new Demeter-certified SEKEM brand.

Social Entrepreneurship

Besides keeping the daily business sustainable, SEKEM was active in promoting new ways in regards to its so-called “Economy of Love”. Hence, an *Entrepreneurship Centre for Social Impact* was founded at the Heliopolis University of Sustainable Development. The Social Entrepreneurship Center aims to be the engine for creating sustainable start-ups, which shall create growing financial profits and social impact in both local and global markets. It will provide sector-specific support to the next generation of entrepreneurs in order to receive the needed capabilities, which help them to compete and grow in today’s world.

“The role of the private sector is absolutely crucial for achieving the Sustainable Development Goals as it is determining for a transformation of society.” Maximilian Abouleish-Boes, SEKEMs Chief Sustainable Development Officer

Entrepreneurship in the age of the agenda 2030 for Sustainable Development has also been discussed in Berlin at an international debate. Among different representatives from politics to economy, SEKEM shared thoughts on challenges, possibilities and limits of non-governmental actors, such as the economy, science and civil society, in the course of the 17 Sustainability Goals of the United Nations (UN).

“As the pressures we face get bigger and bigger, businesses from all over the world have to rethink their supply chain, changing towards transparency, fair distribution, fair prices and fair treatment. Otherwise, they will not be able to remain competitive in future.” Helmy Abouleish, CEO SEKEM Initiative

Trying new Pathways: Crowdfunding

In line of rethinking and going new ways, *SEKEM started its first crowdfunding campaign* in the end of 2015. Within 30 days, raised more than 23,000 USD and thereby 117% of its crowdfunding target. With the funds, the *SEKEM Environmental Science Center (SESC)* as part of the SEKEM School is able to establish an alternative education lab to experiment with innovative curricula serving holistic education. SEKEM appreciates the SEKEM Friends and supporters who value SEKEMs holistic approach and helped to achieve this success.

“We urgently need a transformation of education in Egypt. We need a holistic educational system that encourages environmental and societal action, fosters creative thinking and strengthens the concept of learning outside the classroom”, Soraya Abouleish, SESC campaigner.

Shareholder Network

SEKEMs network of shareholders remained strong also in 2016. Together with its partners the SEKEM Initiative continued building up further resilience and strengthened a constant sustainable business practice.

“SEKEM plays a very special role for the GLS Bank. We are constantly working with SEKEM and went through good and challenging times together.” Marcus Fütterer, Member SEKEM Board of Directors





SEKEMs Societal Life

In March 2017, Egypt's population reached more than 94 Million. With a population growth rate above 2% the government has difficulties to provide infrastructures that satisfies basic human needs, such as access to adequate education and health services. SEKEM strives to foster a healthy development for Egypt's people since its establishment in 1977, by supporting its employees in various additional ways or by strengthening an exchange between cultures and knowledge.

Starting with the development of communities among SEKEMs contracted farmers via visits of international partners right through to empowering women, SEKEM aims to contribute to the progress of an advanced societal life, also in 2016.

“The SEKEM-model is unique and the people who are working in SEKEM seem to be quite happy.” Julius Georg Luy, German Ambassador in Cairo

Different high-profile guests visited SEKEM in 2016 in order to get to know the holistic initiative for sustainable development but also to contribute to a better understanding, in regards to political topics as well as to arts and culture.

High-profile Guests

The German Ambassador, Julius Georg Luy, and the Head of Development Cooperation at the German Embassy, Sebastian Lesch spent one day at the SEKEM Farm. They are among others responsible for the developmental cooperation with the German Development Cooperation (GIZ) which supports SEKEM in promoting gender equality or in different agricultural projects, for instance.

Also the Austrian Ambassador, Dr. Georg Stillfried visited SEKEM on the occasion of the yearly Spring Festival. His colleague, the Austrian Minister of Agriculture, Forestry, Environment and Water Management, Andr  Ruppachter followed him some weeks later. During a two-day working visit to Cairo, the SEKEM Initiative was presented to Ruppachter as “impressive company model” in the field of sustainable development. Akin to the motivation of the high-profile visits, also SEKEMs partners were driven to visit the initiative.

Common Understanding: Partner Visits in 2016

“SEKEM seems like an oasis in the Egyptian political, social and economic reality. It is like a lighthouse of a new time.” Wilfried Steen, Oikocredit-Member

SEKEMs longstanding financial supporter, the cooperative society Oikocredit, did the first of a series of planned study tours to Egypt. Nine Oikocredit members out of five countries spent one week in SEKEM in order to get to know the partner more closely, but also to promote the project afterwards in it's own network. How this is already bearing fruits, showed another Oikocredit activist who had been a guest in SEKEM the year before. Eberhard Proissl, voluntary member of the German Oikocredit Support Association Baden-W rttemberg, presented his impressions of the Egyptian initiative at various events in his home country.

In this context, he also emphasised on the meaning of the reinvented SEKEM News section and the general public relations work: “I read the SEKEM News with great interest and use the information for lectures and Facebook posts. They give an impressive picture of SEKEMs dynamic development”, Eberhard Proissl says. “I especially like the category ‘People in SEKEM’, which illustrates how the co-workers implement SEKEMs vision in their daily work.”

Constantly Developing Communication

As this redesigned communication approach showed great success, SEKEM continued in 2016 to develop its online appearance by *relaunching the SEKEM Website*. People can now directly read the SEKEM News connected to SEKEMs different activity fields – exclusively on the main online presence www.sekem.com.

Of course also SEKEM co-workers themselves presented current activities on various international events. For instance in Berlin, SEKEM attended the “*Conference on the Future of Learning – Global Goals Curriculum*”, where the question “how can we integrate the Goals for Sustainable Development into the education curriculums?” was discussed. The 17 Sustainability Goals of the United Nations were then again addressed in Berlin on the event “*Sustainable Fair Economic Activity – Entrepreneurship in the Age of the Agenda 2030*”.

“To reach the goals of social innovation and thereby, serve a particular community’s needs, we have to realize a specific society’s genius by going back to its roots, also enabling it to emerge by addressing its burning issues and drawing on its particular gifts.” Prof. Dr. Ronnie Lessem, TRANS4M

Also in 2016, 10 internal and 16 external events and conferences had been an important part in SEKEM to foster a stronger societal development. At the beginning of the year, a *Social Innovation Day* addressed the needs of the community and society in new, unconventional ways. Additionally, many other topics have been discussed during events in SEKEM, such as alternative energies, education, entrepreneurship or medical topics.



From a Community of “I’s” to a Community of “We”

As different the discussed topics were, as different were the many different great efforts with which the different European SEKEM Friends Associations supported SEKEM continuously in 2016. For example, the SEKEM Friends Germany organized a very successful *SEKEM Day in Stuttgart* under the slogan „creating out of nothingness“. SEKEM Austria contributed to an event on *Education for Sustainable Development* and shows great commitment to *supporting refugees* in the spirit of the SEKEM vision. The SEKEM Friends Association Netherlands put their focus in 2016 to the Heliopolis University by *supporting the Core Program* or a *cooperation with the Dutch Zyud University*. And the Scandinavian SEKEM Friends organized a *trip for Dr. Ibrahim Abouleish through Scandinavian countries* that included among others a visit at the Biodynamic Association and the Business for Peace Summit in Oslo.

Target	2016	2015
20	26	24

Number of events on Sustainable Development where SEKEM participated.

Target	2016	2015
300	288	343

Number of publications about SEKEM in renowned media channels.

Target	2016	2015
13	13	13

Number of active memberships in relevant organizations.

Target	2016	2015
21%	14%	13%

Share of females in SEKEMs managerial positions.

Gender Equality Still in Focus

“I am not concerned about losing my job when I have a child. SEKEM supports young mothers with different facilities”, says *Walaa Mohamed*, co-worker at SEKEMs company NatureTex. The empowerment of women that had been officially formulated in 2015 in SEKEMs Gender Strategy for a Balanced Society, had also been focused in 2016. Several activities in order to raise awareness took place in all SEKEM institutions. Besides the so-called Social Meetings in the companies, there have been *trainings with a special emphasis on gender equality* for SEKEM co-workers.

“I can see how SEKEM believes in empowering women economically and socially to create a secure future, which I really wish my children to be born in.” Walaa Mohamed, SEKEM Co-Worker

The share of females remained almost the same compared to last year at 22% with a total of 295 female employees. Due to local traditions of women staying at home after marriage we are very happy with almost 25% women but we are not satisfied. Atos Pharma has with 49 (34%) and Naturetex with 77 (36%) women among the workforce the highest share of females within SEKEM group of companies. In total 19 women work in managerial positions, which represent a total share of females in managerial positions of 14% - a slight improvement compared to last year.

As started in 2015, another very successful *Girls’ Day* had been organized at the SEKEM School in cooperation with the Vocational Training Center. As gender equality is not only about empowering women, but in the same time encouraging boys to take over professions that are mainly

Target	2016	2015
25%	22%	23%

Share of females in SEKEMs total workforce.

Target	2016	2015
5%	7%	9%

SEKEMs total employee turnover per year.

Target	2016	2015
1,386	1,341	1,280

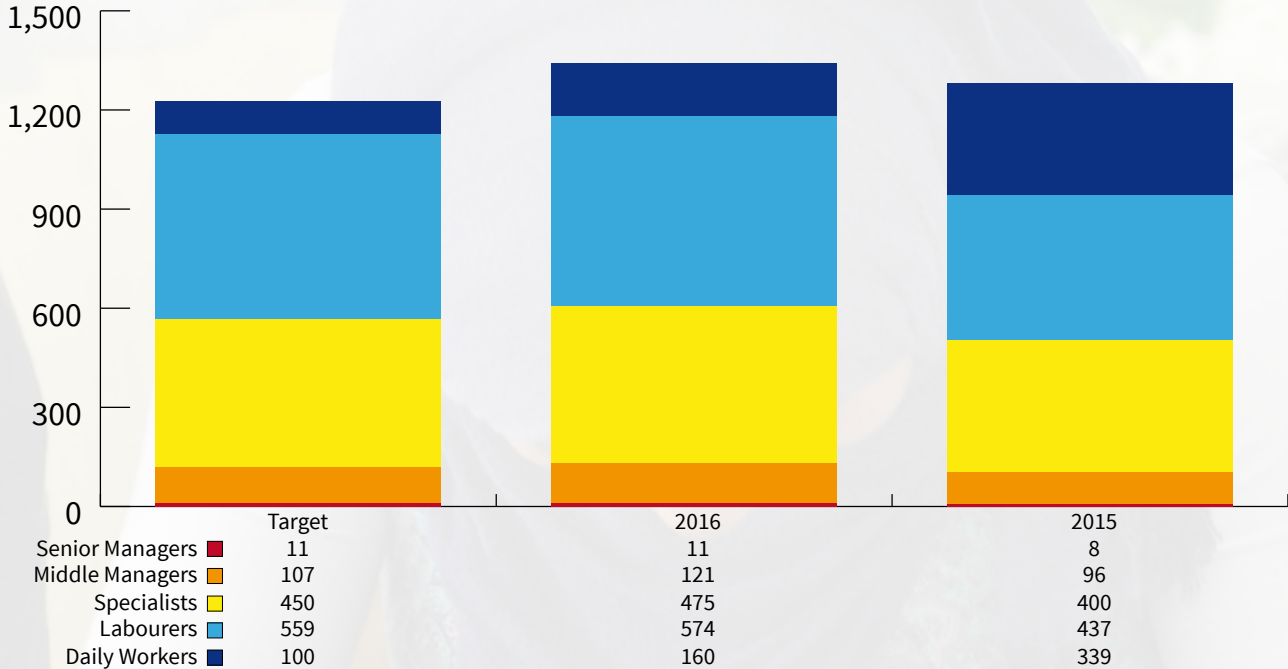
SEKEMs total number of employees.

carried out by women, in 2016 also male SEKEM students were engaged in the Girls' Day's activities. Accordingly, boys made internships in SEKEMs Kindergarten and the School for Children with Special Needs.

And later on in 2016, SEKEM School and Heliopolis University integrated *Gender Equality* Sessions to their curriculum that shall foster the fact that the topic becomes a natural part in the development of girls and boys in SEKEM as well as in Egypt.

Employee Numbers

End of 2016, all SEKEM companies employed 1,341 people, 61 more than last year. In total, SEKEM has 11 senior managers (no change), 124 middle managers (+4), 475 specialists (+75) and 574 (+137) labourers. SEKEM exercised great effort to reduce its number of daily labors from 410 in 2015 to 160 in 2016. Daily workers are not part of the formal workforce and hence do not get access to the same benefits. An important step is to help daily workers to get legal papers and transition them into a long-term relationship with one of SEKEMs subsidiaries. Our aim is to reduce daily workers to zero at least for the industrial operations.







“I am convinced that any economic model that thinks it could work without cultural aspects is doing a big mistake. Creativity breeds success. At the same time, arts also bring appreciation and respect.”

Hannes Jaenicke, Actor

SEKEMs Cultural Life

The German actor Hannes Jaenicke quickly unraveled SEKEMs holistic approach to sustainable development, when he visited the initiative in 2016; SEKEMs Cultural Life is a crucial pillar for its entire understanding of sustainable development. That is why both SEKEMs cultural institutions and companies hosted various cultural activities for the employees and among SEKEM farmers.

Target	2016	2015
27,909	15,694	24,562

Total training hours provided to all SEKEM employees.

Training for Further Development

In the end of January snowballs were fluttering in SEKEM. Snowballs in the desert? Yes – within its Farmer-to-Farmer Program, USAID provided a training course to SEKEMs co-workers, who are working in one of the food processing companies. International trainers and an ambitious Egyptian team were imparting the participants the important topic of food safety. During the training the serious topic was approached through fun and games. Participants wrote their questions on a white paper, crumpled it and threw it through the room. The ones who caught the “snowball” had to answer the questions. “The participants are full of life and really willing to learn. It’s wonderful to see how they are smiling all the time – that’s the best condition to learn”, says one of the Trainers.

Target	2016	2015
20	12	19

Average training Hours per Employee

In 2016, 15694 Training hours have been provided to all SEKEM employees (36% less than last year). The total decrease is due to fluctuations in the Human Resources and Development team and different priorities. SEKEM at its core is about human development and we are ready to spend more resources into capacity building but we need to develop the right approach. We are convinced that the conventional approach of HR management that was developed in the West does not necessarily cater for our needs and local culture. Also we see that consciousness development and awareness about different human development stages is far too much neglected in the world-view of most HR managers. The development of an own integral human development approach is therefore a big priority for us and our relative emphasis on cultural and arts capacity building will be maintained.

Cultural Activities for All

SEKEMs contracted farmers, employees and their families also attended the SEKEM festivals, which showed a diverse artistic program on stage of SEKEMs Roman theater. In March, just one day after the 79th birthday of SEKEM founder Dr. Ibrahim Abouleish, SEKEM held its annual Spring Festival. In honour of this occasion, Gamal Mohamed, a young man, who knows SEKEM almost since he was born, congratulated Dr. Ibrahim Abouleish with a self-written poem. Gamal is a wonderful example for

Target	2016	2015
38	38	38

Number of babies in SEKEMs Nursery.

Target	2016	2015
52	47	54

Number of children in SEKEMs Kindergarten.

Target	2016	2015
312	303	312

Number of pupils enrolled in SEKEMs School.

Target	2016	2015
-	229	212

Number of SEKEM School graduates since 1998.

Target	2016	2015
36	34	32

Number of students in SEKEMs Special Education Program.

individual development, fostered through SEKEMs cultural institutions; he visited the nursery, the kindergarten and the school, and now he is going to study at the Heliopolis University.

SEKEM celebrated the second festival in autumn and herewith 39 years of sustainable development. The co-workers of SEKEMs companies performed on stage and presented short skits written by themselves, showing the challenges they face in their daily work life and how they contribute to overcome them. Also, SEKEMs pupils and students enjoyed the festive celebration as well as SEKEMs holistic learning approach in general.

“I am working here for 27 years, and till now I am still learning something new every day.” Gamal El-Sayyed, Director SEKEM School

The rapidly increasing number of children at SEKEMs nursery shows that the different offers provided by SEKEM enjoy great popularity. Supported by ambitious friends, SEKEMs childcare institutions are improving their quality of education and children’s development. The Kindergarten was able to reduce the number of children for its two groups. Also the nursery with its three groups and six teachers could improve their quality by reducing slightly the number of babies. There is much more demand from our working mothers and from the surrounding community but quality must come first. The SEKEM special education program has five groups and 6 teachers, which is a unique set-up in Egypt. Since the end of the year, SEKEM children can enjoy a new playground in the middle of the nature of the SEKEM Farm, for instance.

Also, the SEKEM School continued its universal human development notion in 2016. The operations have been kept stable. Also here the intention is to raise quality not quantity and to diversify the group of children more in terms of living place and socio-economic and cultural background. Besides the weekly school celebrations where pupils present their artistic skills on stage, there have been various additional cultural activities throughout the year, which aim to strengthen the children’s individual potential. For example, during the long summer vacations there was a choir offered to SEKEM pupils and staff, different educational trips or handicraft courses.

Get to know SEKEM teacher Esraa Hegab

<https://goo.gl/uGUXCu>

“I appreciate that everything in SEKEM is connected somehow and arts play an essential role.” Hanem Mahmoud, teacher at SEKEM Vocational Training Center

The pupils at SEKEMs Vocational Training Center benefit from these cultural learning offers, too. In total the VTC offers 7 vocations with each 3 years of curricula including language and maths. The 21 classes are

managed by 18 teachers. In general the demand for the dual education system is increasing strongly but SEKEM recognizes the importance to carefully select the intake of students and a lot of qualification challenges remain. The first female manager of the electric engineering department, *Hanem Mahmoud* revealed how she and her students performed a play about sustainability and security in regards to electricity during the school celebration.

“I was impressed by the way how SEKEM School is approaching Education for Sustainable Development with its students.” Dr. Azza Khalil, representative of the Cultural and Foreign Relations department from the Egyptian Ministry of Education

Furthermore, SEKEMs efforts in spreading a holistic approach to education brought further steps. Within the context of the project Education for Sustainable Development (ESD) in Egyptian public schools that started already in 2011, the Heliopolis University organized a five days-workshop for teachers and trainers from the governmental education sector. According to an agreement between the Heliopolis University’s Center of Excellence and the Egyptian Ministry for Education, 150 UNESCO affiliated schools shall integrate ESD within their curricula in the near future.

Target	2016	2015
	226	238

Number of students enrolled in SEKEMs Vocational Training Centre.

Target	2016	2015
	-	814

Number of graduates of SEKEMs Vocational Training Centre since 2000.



First Graduates of Heliopolis University

Target	2016	2015
-	1,075	806

Total number of students in Heliopolis University.

In 2016, the first students of the Heliopolis University for Sustainable Development graduated. The Business Department students spent their final semester with analyzing the market for products of SEKEMs company ISIS Organic. The students thought of innovative and practical ideas and solutions to address the current challenges which the economic situation in Egypt is facing. All nine students could successfully pass their final graduation exam.

“Freedom in learning and being aware of the current challenges has been always the core guideline at SEKEM School and HU.” Afdal Farid, former SEKEM school student and one of the first graduates of Heliopolis University

Target	2016	2015
17	19	16

Total number of funded research projects running in the reporting period.

In total, at Heliopolis University 1075 students were registered, an increase of 269 students or 33 percent. Besides, the Heliopolis University promoted different cooperation’s with other international universities. The aim was to advance their common vision of holistic interdisciplinary science that fosters a sustainable future. Among others, *several teachers from the Dutch Zuyd University* visited the Heliopolis University to give classes and plan a deeper collaboration for the future. Their travel costs were funded by the SEKEM Friends Association Netherlands.

Serving the Community by Research

Target	2016	2015
-	44,205	40,417

Total Number of Medical Centre Visits.

As SEKEM believes that there is no progress without a scientific basis, the initiative is committed to research. In 2016 mainly the Heliopolis University has been working on different research project. In total Heliopolis University together with SEKEM and other partners were involved in 19 funded projects - 3 more than last year, which shows the particular strength of this innovation ecosystem. One example for its high standard of research are the studies on sustainable medical products such as a device for testing the infection of Helicobacter pylori bacterium, a pregnancy test, a drug screening test or a test device for the diagnosis of Hepatitis C virus conducted by the *Biomedical Research Department*. According to the latest World Health Organization (WHO) report, Egypt has still one of the highest prevalence of Hepatitis C in the world.

“SEKEM has inspired me from the first moment. So beautiful and clean. That alone heals already.” Alaa Miklid, Doctor at SEKEM Medical Center

To combat this disease, SEKEMs Medical Center participated in a very important campaign for whole Egypt in 2016: “Egypt free of Hepatitis C by 2020”. In March the Medical Center was selected to be the focal

point of the area for treating Hepatitis C patients coming from the surrounding villages. By the end of the year, more than 1800 patients have been successfully cured and more than 44,000 patient visits have been recorded - an increase of almost 10 percent compared to last year.

“We want to show that through the synergies of Biodynamic Agriculture and living communities, optimal conditions for the being and development of people are created.” Helmy Abouleish, CEO SEKEM

Sustainable Farming Is the Foundation of a Sustainable Society

“We, the SEKEM contracted farmers, know already for a long time, for example, which benefits compost has compared to conventional fertilizer. The challenge is to spread this knowledge among more and more people. We have to raise awareness about the fact that healthy, fertile soil is more profitable in the long-run than the fast production for quick money, for instance.” Ahmed Abu Hamed, Contracted Farmer of SEKEM

As mentioned under Economic Life SEKEMs farmers are a crucial part of SEKEMs value creation ecosystem and hence have been specially taken care of in 2016. Additionally to the regular meetings and training sessions that take place all over Egypt where the different biodynamic farmers are located, *new monthly meetings* have been implemented. Within the framework of integrating the contracted farmers more into SEKEMs holistic approach, these meeting shall give the farmers deeper insights to all topics related to their work but also to the *development of communities*. SEKEM wishes to achieve positive social and cultural impacts for the communities of their farmers including women and youth. Therefore, SEKEM developed a strategy for holistic farmer development and identified specific interventions.



Strengthening Education for Adults in Fayoum villages

To cope with the challenges identified through the assessment visits and meetings with women, SEKEM opened classes for women nearer to their houses. Female teachers were selected who would be able to continue for long time to start adult education, which is different in goals, content, methodology, teaching and learning skills, as well as monitoring process. Teachers were trained by professional trainer from the Adult Education Association (governmental entity) on different ways to deal with teenagers and adults starting from age 16 +, in addition to other skills like communication. An additional service offered to the target group is to support them in issuing new identification cards so that they can join the final exam.

Increasing the Awareness of Farmers towards Animal Health

In the context of increasing SEKEM farmers' awareness on animal health, SEKEM, in cooperation with the Farmers Development Association (FDA), organized three veterinary convoys in Behira in August 2016, under the supervision of Alexandria University's Veterinary Medicine Faculty. During this program, SEKEM targeted 53 farmers in three villages (Mokhtar, Hager and Kom Aziza) and treated 600 cattle and buffalo, in addition to around 380 sheep.

Empowering Women Economically and Raising their Entrepreneurial Skills

Women's economic empowerment is a prerequisite for sustainable development and pro-poor growth. Achieving women's economic empowerment requires sound public policies, a holistic approach and long-term commitment and gender-specific perspectives must be integrated at the design stage of policy and programming. Financed by the Hand-in-Hand program (initiated by Rapunzel, one of SEKEMs long-term partners) the aim was to develop 50 women in Fayoum by providing them trainings on small food industries production, selling and marketing their products.

Enhancing Pre-School Education

Public education in Egypt is for free. But this is fool's gold. It is not uncommon that there are up to 70 students per class. Teachers are underpaid, which forces them to take up a second job and due to the big classes, children have to take extra lessons to pass. The public school buildings and surroundings are often in bad conditions. Proper cleanliness and hygiene is missing. The curricula are often targeting monotonous learning instead of fostering deeper understanding or encouraging independent thinking. To counteract this crisis one cannot start early enough and SEKEM supports nurseries in the farmers' communities to provide adequate pre-school experience for babies and young kids. The aim is to strengthen their ability to understand, communicate and learn with different intelligences. SEKEM is not intending to open new nurseries but to develop existing pre-school based on the applied practice from SEKEM nursery, kindergarten, and school. Currently, SEKEM is active in this field at 2 nurseries in Kafr El Sheekh governorate. Furthermore, 2 nurseries in Fayoum and Sharkia are under assessment and formal preparation. In Kafr El Sheikh around 120 kids are benefiting from this support; in Fayoum around 70 -100; in Sharkia the number of beneficiaries is still under evaluation.





// “Without intact nature, there is no intact society.
Nature is our livelihood.”

Dr. Michael Succow, Alternative Nobel Prize Laureate

SEKEMs Ecology

A healthy ecology is not only the fundament of SEKEMs activities but of all life. Since 1977, SEKEM reclaimed 1,628 Feddan (approx. 684 hectares) desert land by using Biodynamic agricultural methods. In 2016, this number didn't change but the initiative could manage to keep its land fertile which is already challenging in a desert country like Egypt. On top of that all the 477 supplying farmers of SEKEM registered under the EBDA operate on 4,441 feddan (approx. 1,866 ha), which means that they maintain a soil fertility-friendly crop rotation over the course of three years.

“There is more life in one handful of Biodynamic soil than there are people on this earth.” Johannes Valentien, Agricultural Co-worker in SEKEM

Target	2016	2015
1,628	1,628	1,628

Amount in Feddan of desert land reclaimed.

Animals as part of the family

Next to cultivating land, sustainable ecology means much more. Hence, SEKEM keeps several animals, which are of high importance for a healthy farm circle. In 2016, SEKEM had 22 bulls and 130 dairy cows. This year the fodder for the cows has been changed with less concentrated feed and much more clover and silage fodder. This reduced the productivity of the milk cows from ca. 23 to 20 litres per day but overall made the livestock more profitable. SEKEM continued to have laying hens and increased its number from 17,500 to 19,240. The number of sheep was reduced from 554 to 463 which represents a normal yearly fluctuation. Also affected by seasonal fluctuation and natural population decrease over winter were the bees that counted 35 hives in the end of 2016 as opposed to 54 hives the year before. All cows and bulls, sheep, and bees are kept according to Demeter standard. Only the chicken are kept according to organic standard. Our intention is to upgrade chicken to Demeter standard as well but this needs investments and management capacity, which does not reflect our priority at the moment.

Target	2016	2015
100%	75%	75%

Share of Animals that are kept according to Demeter Standards. *All three animals categories (cows/ bulls, sheep, bees) are kept according to Demeter standards. Chicken are kept according to organic standards.*

	SEKEM Animals		
	Target	2016	2015
Total Number of Bulls	22	29	22
Total Number of Dairy Cows	130	135	130
Total Number of Laying Hens	25,820	19,240	17,500
Total Number of Sheep	600	463	554
Total Number of Bee Hives	25	35	54
Total Number of Pigeons	1,500	1,500	1,550
Endangered Birds	11	11	11

Target	2016	2015
	10	12

Relative amount of electricity consumption per thousand EGP Sales (in kwh/1,000 EGP).

Target	2016	2015
	4,184	4,439

Total amount of electricity used (in MWh).

Target	2016	2015
	2,820	3,780

Total amount of CO₂ Emissions (in tCO₂-e).

Target	2016	2015
	7	10

Relative amount of of emissions per 1,000 EGP sales (in kgCO₂-e).

The Black Gold of the Farmers

Animal manure is used for making compost for the cultivation of land as a main fertilizer. In 2016, SEKEM produced 2250 tons compared to 1,114 tons last year. But the animal's dung is not only used for Organic compost but also for producing Biodynamic preparations. In 2016, SEKEM organized the first *Day of Biodynamic Preparations* which co-workers, farmers and pupils attended. Biodynamic preparations are used to vitalize the soil and strengthen both the growth and quality of the plants. They are one main feature of Biodynamic agriculture and are a basic requirement for the Demeter-certification.

Combating Desertification

As SEKEM received the Land for Life Award by the United Nations in 2015 for its efforts in combating desertification, the initiative took the opportunity to raise awareness on the topic by showing how SEKEM is committed to create land for living – not only via *ecological activities* but also by sustainable *economical*, *societal* and *cultural* efforts. In four comprehensive stories, SEKEM described the challenges that Egypt is facing through the ongoing desertification and how SEKEM approaches them.

[Start reading on how SEKEM combats desertification](https://goo.gl/h800sy)

<https://goo.gl/h800sy>

Active Climate Protection

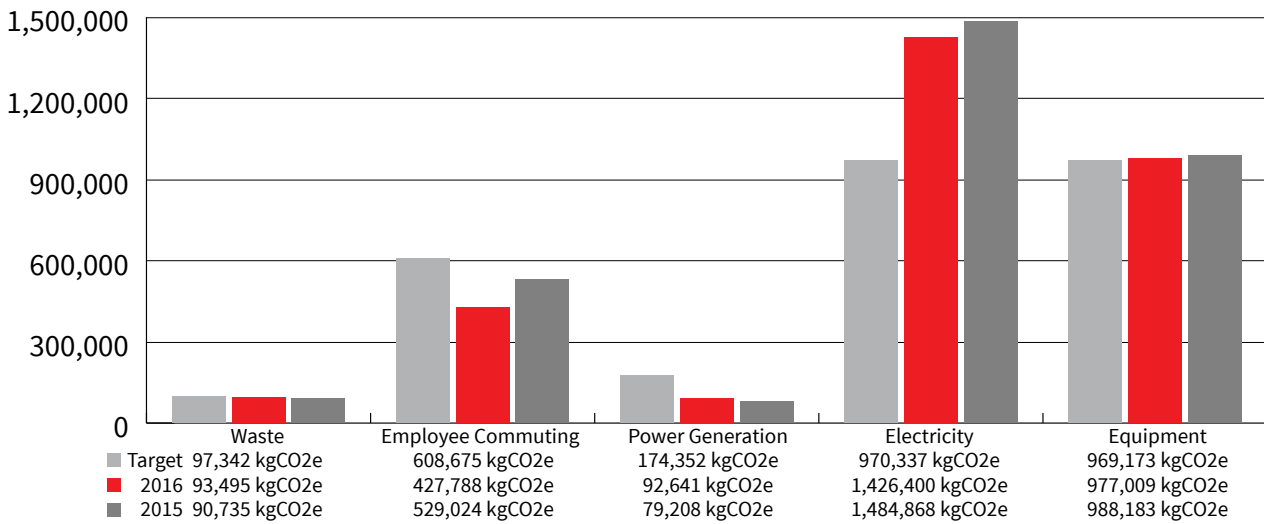
When protecting Egypt's ecological system, trees play an essential role. SEKEM cooperates with international companies and organizations for active climate protection. In 2016, for instance, the German pliers company *KNIPLEX started to plant 25,700 new trees* on one of SEKEMs desert farms. Also the *SEKEM Friends Association Austria went into the desert and put seedlings of casuarina trees into the soil*, which are known for their fast growth especially in desert climate and bind 3.5 tons of CO₂ already within the first 30 years – which means an annual average of 0.12 tons per tree.

Also the *Carbon Footprint Center (CFC)* that was founded by the Heliopolis University, addresses burning issues of the country with several studies. It supports for example other enterprises by analyzing their environmental performance in regards to greenhouse gas emissions, thus assessing its impact on climate change. The CFC was also coordinating the study "*The Future of Agriculture in Egypt*" which compares the costs of Organic and conventional agriculture by applying the "Full Cost Accounting" methodology. The research concludes that

although Organic agriculture has slightly higher direct input costs of production, it enables a reduction of the environmental and health damage costs, and therefore, results in better cost effectiveness and profitability in the long-term for the society as a whole. The total carbon footprint of SEKEM was 3,017,332 tCO₂e as opposed to 3,237,623 t for last year.

Target	2016	2015
67	90	87

Total amount of water usage for company & personal use (in '000 m³).



Focus on Alternative Energies

Egypt has perfect conditions for solar energies, which help, among others, to reduce the emission of dangerous greenhouse gases. Since many years SEKEM maintains ongoing small scale renewable energy projects. In 2016, SEKEM went on with implementing several new solar projects. In October, SEKEM and the Heliopolis University organized a huge event on the occasion of *installing the first solar thermal power plant of its kind in Egypt*, for instance. The solar system is a part of the European Union funded-project “Small Scale Thermal Solar District Units for Mediterranean Communities” and contributes to a comparative study on the best solar energy techniques for several countries. At the same time, it shall supply SEKEMs Medical Center with energy and scale down the general electricity consumption.

“A well-founded knowledge is important to build a strong and resilient solar energy sector in Egypt.” Sara Rashad, Co-worker at Heliopolis University

Together with its Austrian partner company and in cooperation with the Austrian Development Agency (ADA), SEKEM Energy held the conference titled *“Paving Ways Together for Solar Thermal Energy in Egypt”* in 2016. The participants discussed solar thermal energy projects. Also, the certified “Train the Trainer Program”, which was offered by SEKEM

Target	2016	2015
165	239	297

Relative amount of water usage for company & personal use (in liters/1,000 EGP).

Target	2016	2015
2,126	2,405	1,524

Total amount of water usage for agricultural use (in '000 m³).

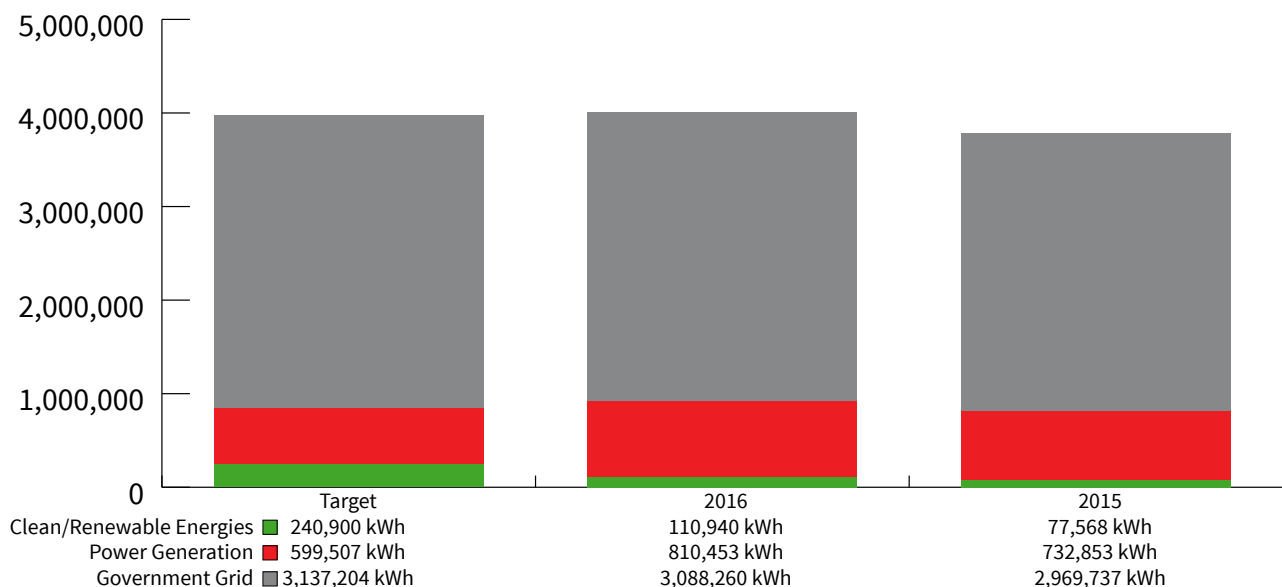
Target	2016	2015
100%	100%	100%

Share of water recycled and reused.

Energy to the Engineering Department staff at Heliopolis University, was presented. One outcome of the conference was the idea of establishing a Solar Thermal Federation Egypt (STFE). Energy to the Engineering Department staff at Heliopolis University, was presented. One outcome of the conference was the idea of establishing a Solar Thermal Federation Egypt (STFE).

... But Renewable Energy Consumption Still Remains Marginal

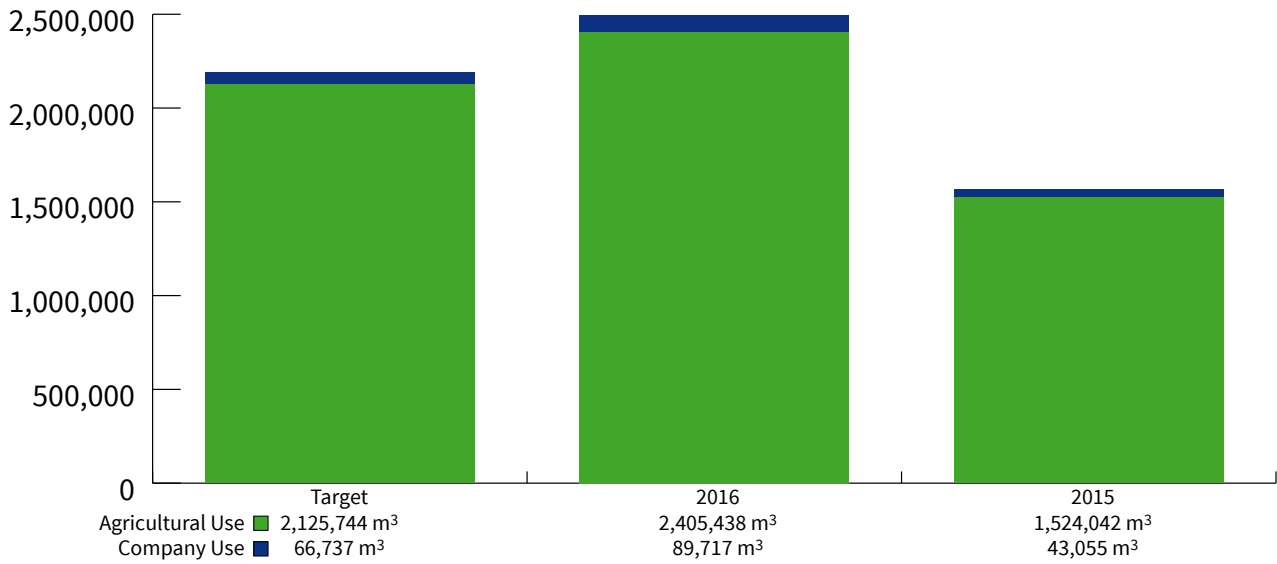
Despite its favourable sun radiation Egypt remains a difficult place for renewable energy due to the high energy subsidies. The price of one litre diesel (around 15-20 EUR cents) is still too low to allow for investments into renewable energy sources, such as photovoltaic systems. This is also the main reason why SEKEM in its off-grid location at the desert farms nearby Wahat El Bahreya, Sinai and Minya still relies heavily on diesel generators for power generation for irrigation. But having already 2 solar power systems at the *Wahat El Bahareya Farm*, SEKEMs management is confident that PV solar pumping is the solution for the future and the remaining challenge for going “green” remains just an adequate financing. In the graph below one can see that most of SEKEMs energy demand is covered by the government grid (77 percent).



The New Oil and the Foundation of Life

“Water is central to the well-being of people and the planet,” Ban Ki-moon, Secretary-General of the United Nations from January 2007 to December 2016

All of SEKEMs agricultural activities would not be possible without water. SEKEM is cautiously analyzing and monitoring its water consumption. By 2025, United Nations projects 2.7 billion people will face severe water shortages. The scarcity of natural water resources is also main ecological problem Egypt and its neighbours are presently facing. Although Egypt is already living in water scarcity, the country will suffer the second most, after Bangladesh, from sea level rising due to its low Nile-Delta region.



While some of the SEKEM Farms use Nile water, others use groundwater – according to the area where they are located. In 2016, SEKEM decreased the usage of groundwater for agricultural use by about 16%. SEKEM inspects the well water levels to only withdraw sustainable water amounts, for instance. In general, SEKEM reuses 100% of the water which can be reused.





SEKEM Sustainability Report – 2016

INDICATORS

Evaluation of SEKEMs performance in 2016
through the balance score card

Target Evaluation

In the current review process of the Sustainability Flower, which forms the basis of the assessment framework, some performance aspects have been added or removed based on stakeholder request or decision by management.

In the year 2016, we set ourselves 80 targets out of which we achieved 39%. Another 33% of our targets have been almost achieved.

	ECONOMY	SOCIETAL Life	CULTURAL Life	ECOLOGY
	1	0	0	0
	1	2	2	0
	2	6	3	6
	9	7	1	9
	9	5	8	9















ECONOMY




Report Indicators - 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Economic Value Creation	Total Net Revenue	million EGP	403,352	375,659	292,200		Due to the rather reluctant market behavior, SEKEM was not able to achieve its anticipated target.
Economic Value Creation	Gross Profit	million EGP	195,991	168,585	134,600		
Economic Value Creation	EBITDA	million EGP	103,452	103,652	71,391		
Economic Value Creation	Net Profit before Tax	million EGP	37,201	481	-4,152		The main reason behind the relatively low net profit is the devaluation of the Egyptian Pound as of Nov. 3, 2016
Economic Value Creation	Export Sales	%	25	30	21		
Economic Value Creation	Local Sales	%	75	70	79		
Economic Value Distribution	Ratio of highest to lowest annual full-time salary	ratio	1:35	1:31	1:36		Main reason was basic salary increase from EGP 1100 to EGP 1350 per month
Economic Value Distribution	Total amount of internal Investments	million EGP	10	10	36		Investments kept to a minimum due to focus on debt reduction
Economic Value Distribution	Majority Shareholder Share	%	61.5	62.8	61.5		Profit share of Abouleish family of 2015 remained in the company
Economic Value Distribution	Share of Net Profit invested into Community Development	%	10	10	10		Profit share invested into activities of SEKEM Development Foundation

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Product Portfolio	Share of sales value of organic products (including Demeter)	%	100	73	56		Only organically certifiable product portfolio considered, excluding products like water and pharmaceuticals. Challenge remains in controlling residuals from environmental pollution around certified farms
Product Portfolio	Share of sales value of products that have a Demeter certificate	%	50	53	43		
Product Portfolio	Share of sales revenues of products with known product carbon footprint	%	100	80	56		The carbon footprints of SEKEM products are based on categories, such as herbal teas, organic baby garments, organic textile dolls, herbs and spices, juices etc.
Innovation	Share of total sales invested into company research and development	%	0.75	0.6	0.7		
Innovation	Share of sales revenues from new products and services	%	20%	20%	12%		Revenues come products introduced during the last three years, e.g. from water, green tea with ginger (ISIS Organic), new garments (NatureTex), biagnostics (ATOS Pharma)
Operations	Total weight of waste	tons	821	793	688		Mainly caused by organic waste increase in Lotus and glass waste increase in ISIS Organic
Operations	Share of organic waste	%	63	69	66		
Operations	Total weight of waste per sales	kg/EGP 1000	1.3	1.5	1.6		
Operations	Share of organic waste recycled	%	100	100	100		All organic waste goes to compost production
Operations	Share of non-organic waste recycled	%	75	42	43		

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Operations	Share of recycled packaging material input	%					No reliable data available
Responsibility to customer and consumer	Total number of customer complains and claims	number	100	96	136		
Partnership	Share of contracted agricultural lead suppliers with membership in the EBDA	%	85	80	81		

SEKEM Consolidated Balance Sheet (in '000 EGP)					
	2016	2015		2016	2015
CURRENT ASSETS			NON-CURRENT LIABILITIES		
Cash and Bank Balances	13.061	11.245	Term Loans	242.372	124.335
Other Assets	88.779	82.388	Shareholders Current Account	28	28
Trade and Notes Receivables	144.611	105.878	Shareholders Loan	302.088	132.180
Trade Inventories	157.347	134.177	Deferred Tax	9.471	13.371
Biological Assets Inventory	1.884	1.775	Total Non-Current Liabilities	553.960	269.915
Total Current Assets	405.685	335.465	EQUITY		
CURRENT LIABILITIES			Share Capital	204.749	204.749
Trade and Notes Payable	50.579	34.008	Legal Reserve	10.897	9.794
Banks Overdrafts	307.778	214.834	Capital Reserve	48.059	48.059
Provisions	8.093	4.905	Retained Earnings	(204.430)	44.532
Other Liabilities	83.106	42.038	Total Equity Attributable to Equity Holders of the Parent Company	59.275	307.136
Current Portion of Long-Term Loans	112.680	43.250	Non-Controlling Interest	4.755	10.931
Current Portion of Shareholder Loans	11.256	8.820	Total Equity	64.031	318.067
Total Current Liabilities	573.495	347.857			
Working Capital	(167.810)	(12.401)			
NON-CURRENT ASSETS					
Fixed Assets and Projects Under Construction	710.083	524.577			
Biological Assets	2.495	2.574			
Goodwill	53.867	53.867			
Investments Available for Sale	19.347	19.347			
Advances for Purchase of Fixed Assets	8.000	8.000			
Total Non-Current Assets	785.801	600.374			
			<p>The figures represent the audited financial figures as of year end 2016 and 2015 respectively.</p> <p>* The Profit decreased due to the currency devaluation as of November 3rd, 2016.</p>		

SEKEM Sustainability Report – 2016



SOCIETAL Life

Report Indicators - 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Workforce Composition	Number of Senior Managers	number	12	11	11		
Workforce Composition	Number of Middle Managers	number	196	124	120		
Workforce Composition	Number of Specialists	number	450	475	400		
Workforce Composition	Number of Laborers	number	549	574	437		
Workforce Composition	Number of Daily Workers	number	100	160	410		The amount of daily workers is mostly related to seasonal farming operations
Workforce Composition	Total Number of employees	number	1386	1341	1280		
Workforce Composition	Share of young employees (below the age of 36)	%	66	64	66		
Workforce Diversity	Share of females in total workforce (excl. Daily Workers)	%	25	22	23		
Workforce Diversity	Share of females in managerial positions	%	20	14	13		

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Workforce Diversity	Share of employees with disabilities	%	5	2	1		
Loyalty and Motivation	Employee turnover	%	5	7	9		
Loyalty and Motivation	Total number of part time workers	number	111	62	71		
Loyalty and Motivation	Share of workforce that works part time	%	8	5	6		
Loyalty and Motivation	Estimated share of non-monetary benefits of overall salaries	%	10	9	8		
Advocacy for Sustainable Development	Number of events concerning SD where SEKEM representatives played an active role	number	20	26	24		
Advocacy for Sustainable Development	Number of awards related to sustainable development received	number	-	-	2		
Advocacy for Sustainable Development	Number of articles in renowned publications on SEKEM and sustainable development per year	number	300	288	343		
Advocacy for Sustainable Development	Number of active membership in organizations relevant for sustainable development	number	13	13	13		
Health and Safety	Number of employee visits at the Medical Center	number	6705	5663	6606		

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Health and Safety	Number of other visits at the Medical Center	number	39845	38542	33811		
Health and Safety	Total Number of Medical Center visits	number	-	44205	40417		
Health and Safety	Share of employees with private health insurance	%	38	26	38		Change of insurance provider made people to chose drop-out. Governmental health assurance is mandatory for all employees.
Health and Safety	Total number of working days lost due to sick leave etc.	number	2772	2320	1931		
Health and Safety	Absentee rate	%	1.4	1.8	1.5		
Health and Safety	Total number of work related injuries	number	0	5	1		
Health and Safety	Number of fatal injuries	number	0	0	0		

SEKEM Sustainability Report – 2016









CULTURAL Life

Report Indicators – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Training and Capacity Building	Total Vocational training hours provided	Number	6790	4566	5606		
Training and Capacity Building	Total Soft Skills training hours provided	Number	5836	2890	5913		
Training and Capacity Building	Total Quality Management Systems training hours provided	Number	3378	1361	4077		
Training and Capacity Building	Total Cultural/ Arts training hours provided	Number	11825	6797	8894		
Training and Capacity Building	Total Equal Opportunity training hours provided	Number	80	80	72		
Education	Number of students in SEKEM School	Number	300	303	312		Decrease related to intended quality improvements
Education	Number of children in SEKEM Kindergarten	Number	45	47	54		Decrease related to intended quality improvements
Education	Number of students in Vocational Training Center	Number	200	203	238		Decrease related to intended quality improvements

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Education	Number of students in SEKEM Special Education	Number	35	34	32		
Education	Number of babies in SEKEM Nursery	Number	38	38	38		
Education	Number of students in Heliopolis University	Number	1000	1075	806		
Education	Total number of SEKEM School graduates since 1998	Number	0	229	212		
Education	Total number of VTC graduates since 2000	Number	0	898	814		
Education	Students Graduated from SEKEMs Vocational Training Center	Number	120	64	78		
Education	Value share of student scholarships at HU from total tuition fees	%	20	14	n/a		In 2016, 40 student got different amount of scholarships
Education	Total number of Community School children since 1987	Number	0	1492	1531		
Education	Number of students in professional training for eurythmy	Number	10	8	6		
Research and Development	Total number of funded research projects running in the reporting period	Number	17	19	16		

SEKEM Sustainability Report – 2016












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






Report Indicators – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Land Use	Size of total land reclaimed	feddan	1628	1628	1628		
Compost	Total amount of compost produced	tons	2323	2250	1114		
Seeds	Share of seeds used by SLR from own production / savings	%	85	80	80		
Seeds	Number of seed varieties in own seed bank	Number	283	330	283		
Seeds	Share of used seeds that are organic and untreated	%	100	100	100		
Animal Husbandry	Total number of Bulls	Number	22	29	22		
Animal Husbandry	Total number of Dairy Cows	Number	130	135	130		
Animal Husbandry	Total number of Laying hens	Number	25820	19240	17500		
Animal Husbandry	Total number of Sheep	Number	600	463	554		

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Animal Husbandry	Total number of Bees population in hives	Number	50	35	54		
Animal Husbandry	Total number of Pigeons	Number	1500	1500	1550		
Animal Husbandry	Number of seldom birds found space at SEKEM farms	Number	11	11	11		
Animal Husbandry	Share of animals that are kept according to Demeter standards	%	100	75	75		All three animal categories (cows/bulls, sheep, bees) are kept according to Demeter standard. Only chicken are kept according to organic standard.
Energy	Total amount of gasoline consumption	Liters	713,113	730,739	699,311		
Energy	Total amount of gasoline consumption for equipment	Liters	426,299	426,229	420,827		
Energy	Total amount of gasoline consumption for power generation	Liters	286,814	304,510	278,484		
Energy	Total electricity consumption (grid, diesel and renewable)	MWh	4,184	4,439	3,780		
Energy	Relative amount of electricity consumption per thousand EGP Sales	KWh / 1,000 EGP	10	12	13		
Emissions	Total amount of emissions	t Co2e	2,820	3,780	3,238		

SEKEM Sustainability Report – 2016

Aspect	Indicator	Unit	Target	2016	2015	Evaluation	Comment
Emissions	Relative amount of emissions per thousand EGP Sales	kg Co2e / 1,000 EGP	7	10	11		
Water	Total amount of water usage for company and personal use	m3	66,737	89,717	86,869		
Water	Total amount of water usage for agricultural use	m3	2,125,744	2,405,438	1,524,042		
Water	Share of water usage for agricultural use from ground water source	%	76	81	48		
Water	Relative amount of water usage for company and personal use	Litre /1,000 EGP	165	239	297		
Water	Share of water recycled and reused	%	100	100	100		
Water	Amount of significant spills in liters or other impact on water	Liters	0	0	0		

SEKEM

Issuer/Publisher

SEKEM Holding for Investment Company S.A.E.

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Printing

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Publication Date

15th of July, 2017

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