

SEKEM

Sustainability Report 2017





When I die, oh Lord,
I will return to You.
I sowed the seed in Your name,
and from You the harvest springs.
I lit this candle,
Oh Lord, preserve its light from
the darkness of the world.

Ibrahim Abouleish
1937 - 2017



Dear Readers, Friends and Partners!

The year 2017 has been a very special one for SEKEM. In spring, the whole SEKEM community and many wonderful friends from all over the world celebrated the 80th birthday of my father and SEKEM's founder Ibrahim Abouleish. We honored his life-work: the realization of a sustainable community in the Egyptian desert that serves the holistic development of people.

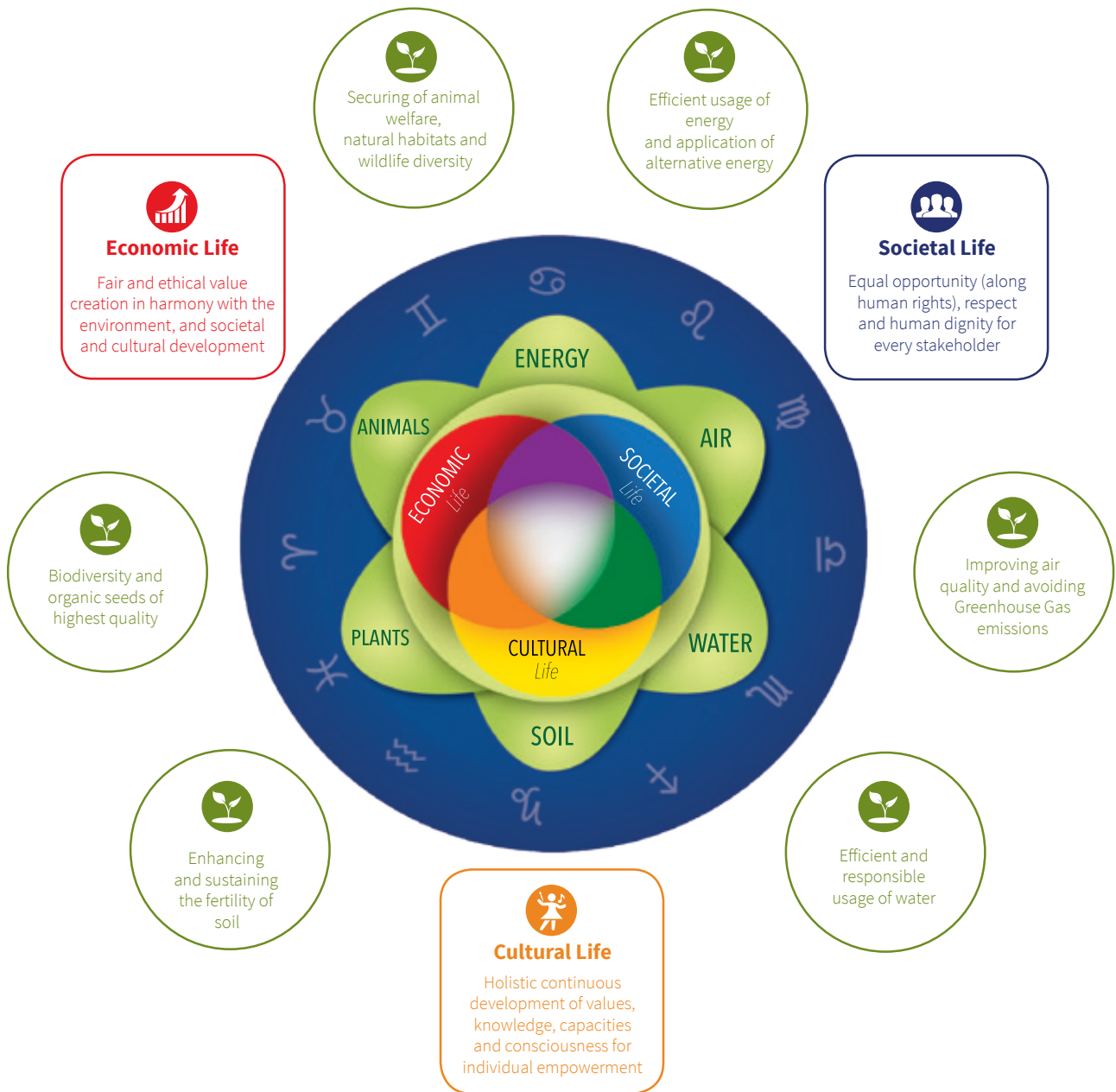
On the 15th of June, my father passed away. His farewell to the earthly life was certainly painful for all of us – but the gratitude for all he has done for and with us prevails our sorrow. We are full of trust and commitment to continue the path of development that he had started. His spirit is still alive in SEKEM and in every one of us. That became apparent in autumn when we celebrated the 40th anniversary of SEKEM Initiative. Again, all our co-workers, partners and friends came together and showed how the SEKEM vision is carried by them into the future.

It was always my father's goal to address societal challenges holistically. Following his lead, we continued to formulate our vision and mission for 2057 in all four spheres of life. As my father accomplished a miracle in the desert within the past 40 years, we also wish to realize many more miracles inspired by his philosophy.

The intensive year 2017 was filled with determining turning-points in SEKEM. Besides our own transformation journey as an organization and community, the situation in Egypt is still challenging us. However, we are full of confidence looking into the future, as my father showed us how especially out of hard times and burdens, development opportunities arise.

A handwritten signature in black ink, which appears to read "Helmy Abouleish". The signature is fluid and cursive, with a long horizontal line extending to the right.

Cairo, 12th of August, 2018
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.

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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 SEKEM's 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. SEKEM's "Economy of Love" fosters fair and ethical trading methods and promotes efficient solutions for our global challenges in regards to environment and society. SEKEM's 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 21st Century" and an "economy of love". In 2017, the SEKEM Future Council together with SEKEM employees amplified this vision of SEKEM for 2057: SEKEM as an international Center of Excellence for holistic, sustainable, individual, organizational, and societal transformation in Egypt and the world.

Where we are and what we need

Still, Egypt, as many other countries in the world, is facing numerous challenges: climate change, food insecurity, water scarcity, desertification, unemployment, poverty, migration, education, health problems and many more. The interests of the private economic sector strongly dominate the political as well as civil sector. This leaves the country with a lot of undesirable social, ecological, and also cultural side-effects. What we need today as 40 years ago, is a more co-creative ecosystem model that is characterized by the rise of a fourth sector in which platforms are built and that holds the space for cross-sector innovation, engaging all kinds of stakeholders. We need social innovations. We believe that one of the key solutions for Egypt is to build intentional communities in the desert, rooted in Africa and the Middle East as well as the West, bridging cultures and reclaiming desert land using biodynamic agricultural methods and that are constantly developing. Communities such as SEKEM became one in the past 40 years. SEKEM itself is an example for a social innovation. It stands as a role model for realizing a great vision that has once been seen as not feasible.

Although SEKEM is partially a profit-making enterprise, the whole Initiative does not aim for financial profit maximisation, but is in fact a culture and society oriented organisation for economic, ecological, social and first



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and foremost human value-creation. Exactly this approach and the knowledge that it's mission will never be accomplished but a continuous development path enabled the realisation of it's vision. The SEKEM Vision that Ibrahim Abouleish created 40 years ago, is based on regaining the desert, greening it sustainably and thereby creating value for the community; as only from the green vivid soils, everything can begin and grow. Not only food is secured, but also jobs are created and hence a flourishing society starts to develop.

SEKEMs Impact In The Past *(Read More: <https://goo.gl/2ysT8p>)*

40 years of SEKEM's efforts in sustainable community building in the desert led to the following achievements:

| General Info | |
|---|-------------|
| Time frame | 1977 - 2017 |
| Time period in years | 40 |
| Total cultivated area land in ha | 2,100 |
| Investment | |
| Total accumulated investment | € 112 Mio |
| Total accumulated investment per community member | €13,998 |
| Total accumulated investment per hectare (in '000) | €53,324 |
| Impact/Result | |
| Total estimated number of trees planted | 600,000 |
| Total estimated tons of CO2e sequestered with trees and soil | 0.5 Gt |
| Accumulated calculated net present value from carbon sequestration | € 5 Mio |
| Total estimated number of direct jobs created | 2,000 |
| Accumulated calculated net present value from direct job creation | € 5 Mio |
| Total estimated number of affiliated community members | 8,000 |
| Accumulated calculated net present value from savings due to provision of local health & education infrastructure | € 14 Mio |
| Accumulated calculated net present value from local food production | € 74 Mio |
| Average estimated number of people supplied from productive area per year | 22,778 |
| Financial Assessment | |
| Total net present value (NPV) | € 69 Mio |
| Internal rate of return (IRR) | 47% |

Note: The total accumulated investment, total estimated number of planted trees, and total number of jobs created have been distributed evenly over the total amount of years.

Hence, our mission for the coming 40 years is build on the constant development of our own community while in the same time promoting other sustainable communities in the Egyptian desert. In order to create such a mission and to support social innovation and community building, a look ahead into the coming years, especially the expected challenges is needed. We see ourselves as a driver for the transformation that we need to see in our society in the future. We feel that organizations are at the driving seat for this transformation as they can take ownership of addressing societal problems while also awakening consciousness and developing people to implement the change. No top-down solution from governments, as we have seen in the past, can be the solution. Neither individual people alone can affect the change of deep transformation. Only a living organism, a community of people that are interconnected and working towards a common purpose can affect real change on the ground. We want to continue our journey and know that the most important thing is to continuously develop and be open for change while always staying connected to the core of our DNA: consciousness development.

Consciousness development at the core

We believe that we are at the edge of a new time age. We clearly see, that our societies are in need of a deep transformation of economic as well as political systems. Free-market capitalism has surely put the ecosystem of the earth to its limits and, despite all its wealth creation, does not provide a fulfilling life in dignity for the majority of people.

For SEKEM social innovation and transformation are fundamentally linked to consciousness development: Awareness on the development of individual consciousness levels and soul qualities, in the sense of Albert Einstein words: “No problem can be solved from the same level of consciousness that created it”.

Over the past 40 years, SEKEM has become a living example for what is possible when a community is driven by a strong vision and the integration and consideration of consciousness levels. Keeping this awareness and supporting people in their inner development towards a awareness that is going beyond personal interest to a deeper understanding of themselves, their community and the wider universe, has been always the core of SEKEMs vision and will continue to be for the coming 40 years.



SEKEMs Vision, Mission & Values for the next 40 years

In order to attain its vision SEKEM wants to continuously contribute to the following four pillars:

Human Development

| Egypt Vision 2057 (adventus) | SEKEM Mission 2057 (futurum; what we do to achieve the Egypt Vision) | SEKEM Goals 2027 (futurum; what we achieved to contribute to the Egypt Vision) |
|---|---|--|
| An educational model to unfold individual potential is inaugurated (orphanage included). | SEKEM continuously develops, enhances and spreads its concept to unfold individual potential. | SEKEM and HU developed a new educational concept and disseminated it in Egypt (including teacher and parent's education, orphanage). |
| A University model for potential unfolding, holistic research and social innovation is inaugurated. | SEKEM continuously develops, enhances and spreads the University model for potential unfolding, holistic research and social innovation. | SEKEM and HU developed a new university model and disseminated it in Egypt. |
| A holistic research model with natural as well as spiritual science aspects is established and combined with consciousness development. | SEKEM continuously develops, enhances and spreads a holistic research model. | SEKEM and HU developed a new research model and disseminated it in Egypt. |
| Integrative medicine and therapy is established, which includes elements of complementary and evidence based medicine. | SEKEM continuously develops, enhances and spreads the concept of integrative medicine and therapy, which includes elements of complementary medicine. | SEKEM and HU developed the concept of integrative medicine and therapy and disseminated it in Egypt. |
| National and international arts and cultures are alive in the Egyptian population. | SEKEM continuously develops, enhances and spreads the offer of culture and arts in cooperation with other cultural institutions. | SEKEM and HU established the Space of Culture, and spread the idea in the whole of Egypt. |

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Ecology

| Egypt Vision 2057 (adventus) | SEKEM Mission 2057 (futurum; what we do to achieve the Egypt Vision) | SEKEM Goals 2027 (futurum; what we achieved to contribute to the Egypt Vision) |
|---|---|--|
| <p>Biodynamic, sustainable and organic agriculture are the mainstream agricultural methods in Egypt.</p> | <p>SEKEM continuously develops and optimizes the agriculture model of the future.</p> | <p>SEKEM and HU developed the agriculture model of the future, which will be disseminated in Egypt (including seeds and biodynamic preparations).</p> |
| <p>A sustainable and self-sustaining water management system is established.</p> | <p>SEKEM continuously develops, optimizes and spreads its sustainable and self-sustaining water management system.</p> | <p>SEKEM and HU optimized their own water consumption and developed a new sustainable waste water recycling system and water desalination models from salt/brackish water and an innovative water recovery system from the air, and disseminate it in Egypt.</p> |
| <p>A sustainable energy concept based on renewable energies and optimized consumption is applied.</p> | <p>SEKEM continuously develops, optimizes and spreads a sustainable energy concept.</p> | <p>SEKEM and HU established and disseminated a sustainable energy management system which became a role model for the energy and power industry in Egypt.</p> |
| <p>Biodiversity has stabilized in Egypt and gains resilience.</p> | <p>SEKEM continuously develops its efforts for biodiversity optimization.</p> | <p>SEKEM and HU established and disseminated concepts for biodiversity optimization.</p> |
| <p>Egypt is actively involved in climate mitigation.</p> | <p>SEKEM continuously develops, enhances and spreads concepts for climate change mitigation and adaptation to climate change.</p> | <p>SEKEM is a role model as a climate positive community and disseminated this concept together with HU in Egypt.</p> |
| <p>Egypt is a national role model in reducing waste production and in optimization of waste management.</p> | <p>SEKEM continuously develops, enhances and spreads sustainable waste management systems.</p> | <p>SEKEM is a wastefree community and disseminated the zero waste management concept in Egypt together with HU.</p> |

Economic Value Creation

| Egypt Vision 2057 (adventus) | SEKEM Mission 2057 (futurum; what we do to achieve the Egypt Vision) | SEKEM Goals 2027 (futurum; what we achieved to contribute to the Egypt Vision) |
|--|--|---|
| <p>Egypt's companies are part of a circular economy.</p> | <p>SEKEM continuously develops, enhances and spreads concepts of circular economy.</p> | <p>SEKEM implemented circular economy in all activities and disseminated the concept together with HU all over Egypt.</p> |
| <p>Egypt's companies start implementing the "Economy of Love" including transparent prices and "True Cost Accounting".</p> | <p>SEKEM continuously develops, enhances and spreads the concept of "Economy of Love"</p> | <p>In cooperation with economic partners, IAP members and HU, SEKEM formed the concept of "Economy of Love", implemented it in all its activities and disseminated it in Egypt.</p> |
| <p>An ethical banking system is introduced in Egypt.</p> | <p>SEKEM continuously develops the ethical banking system.</p> | <p>In cooperation with economic partners and HU, SEKEM established and optimized a model of ethical banking and money sources, implemented the system in its activities and disseminated it in Egypt.</p> |
| <p>Egypt has a wide offer of biodynamically grown food and sustainable products for all customers' needs and social ranks.</p> | <p>SEKEM continuously develops, enhances and spreads its portfolio of biodynamic food and sustainable products .</p> | <p>In cooperation with national and international partners and HU, SEKEM supplies a whole range of foodstuff, medication, cosmetics and textiles in Egypt.</p> |
| <p>Egypt has a comprehensive offer of trading models, that transparently connect consumers and producers</p> | <p>SEKEM continuously develops, enhances and spreads sustainable trading models.</p> | <p>With EcoVillage, SEKEM has developed new concepts of retail, catering, food service and hotel management, and disseminated it in Egypt together with HU.</p> |

Societal Life

| Egypt Vision 2057 (adventus) | SEKEM Mission 2057 (futurum; what we do to achieve the Egypt Vision) | SEKEM Goals 2027 (futurum; what we achieved to contribute to the Egypt Vision) |
|---|--|--|
| <p>Egypt has went through a major social transformation - also influenced by SEKEM and HU - through which more people feel aware and motivated to participate in shaping Egypt's future and feel responsible for Egypt.</p> | <p>SEKEM continuously develops, enhances and spreads models of sustainable community development, based on individual consciousness development.</p> | <p>SEKEM developed the SEKEMsophia governance model for community, organisational and human development, and disseminated it in Egypt together with HU.</p> |
| <p>Egypt has developed modern forms of its executive, judiciary and legislative governance systems, that support citizens in their development.</p> | <p>SEKEM continuously develops, enhances and spreads concepts for a sustainable community life.</p> | <p>In cooperation with HU, SEKEM founded the SEKEMsophia consultancy firm, which promotes community development in Egypt and worldwide (pilot projects are Minia, Sinai, Wahat). SEKEM has also developed a new way of combining different generations in a community.</p> |



// I believe that in future the meaning of money and banking has to change. If the focus is on people’s development, money must have a different role than being piled up with individuals.”

Helmy Abouleish, CEO, SEKEM Holding

SEKEMs Economic Life

In 1977 Ibrahim Abouleish founded SEKEM with the vision that all economic activity is conducted in accordance with ecological and ethical principles. This lies at the core of all SEKEM companies and according to that approach success is measured. In regard to current and future developments such as a complexity, population growth or the consideration of external costs, also our economic mission will be adapted.

| Target | 2017 | 2016 |
|--------|------|------|
| 1:30 | 1:28 | 1:31 |

Rate of highest to lowest annual full-time salary.

Facing Economic Challenges

The economic situation in Egypt in 2017 continued to be affected by the devaluation of the Egyptian currency in November 2016 and the resulting consequences for local market. The inflation in the country reached 33% in the middle of the year 2017 while the real income of the majority of Egyptians has shrunk and thus purchasing power has fallen strongly. This had of course impacts on local businesses, which had to deal with sales losses, in addition to the currency-related losses from the previous year. Imported products became suddenly more expensive, which in turn opened up the possibility to manufacture and sell substitute products locally. In the second half of the year, the situation began to recover somewhat, the inflation rate dropped to 23.54% and an initiative to support small and medium-sized enterprises was launched, allowing these companies to receive local debt at around 12% interest rate instead of the 23%.

| Target | 2017 | 2016 |
|--------|------|------|
| 10% | 10% | 10% |

Share of net profit invested into community development.

SEKEM Group had been able to achieve its objectives and reached, even in this challenging situation satisfying results, such as EGP 476.45m net sales, representing growth of over 25%. However, for the coming years, the financial reorganization of SEKEM remains in the foreground. In this context, SEKEM could take some steps to extend part of the long-term liabilities during the year 2017 and, secondly, started to work with its long-term partners on a long-term financial strategy. This will enable SEKEM to find a solution in the near future, which should strengthen the initiative both in terms of debt reduction and in regard to the cash flow.

| Target | 2017 | 2016 |
|--------|------|------|
| 60% | 61% | 53% |

Share of sales value of products that have a Demeter Certificate

Besides, sourcing and producing Organic raw material is becoming more challenging than ever, due to the constantly rising level of water and air pollution. Hence, disseminating the Biodynamic practices as necessary alternative among the farmers remains to be one of the key missions for SEKEM. Sourcing from new, less polluted lands can be also a major undertaking, however it requires investments accordingly.

| Target | 2017 | 2016 |
|--------|------|------|
| 82% | 65% | 73% |

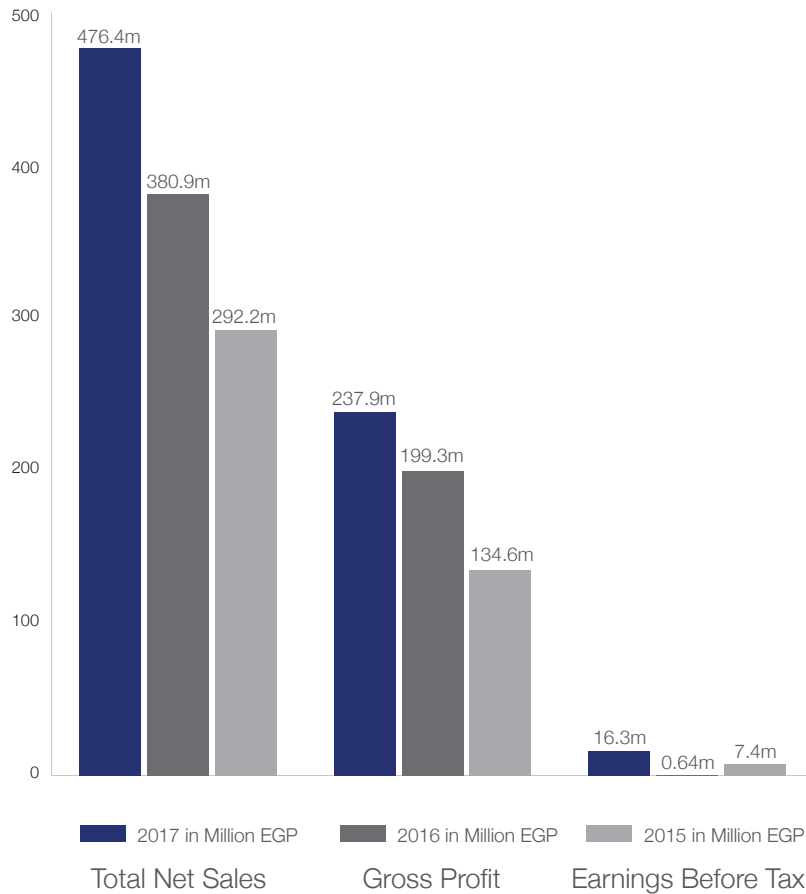
Share of sales value of products that have an Organic Certificate

| Target | 2017 | 2016 |
|--------|------|------|
| 100% | 84% | 80% |

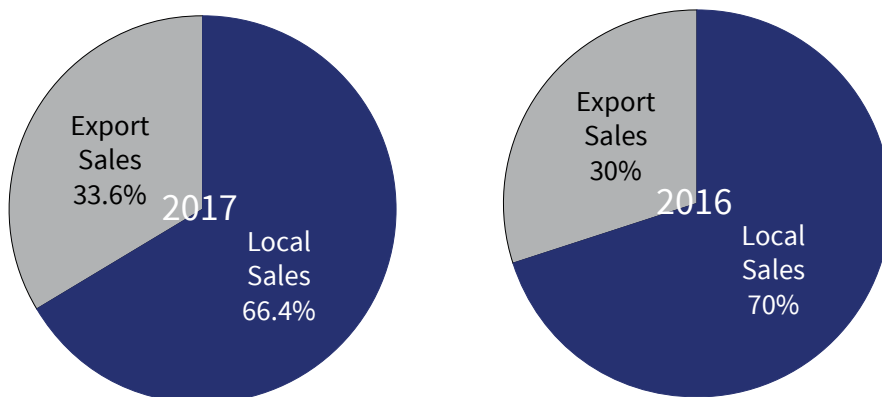
Share of sales value of products that with known carbon footprint.

SEKEM Consolidated Key Financials

SEKEM and its subsidiaries were able to grow despite the challenges given in the environment, and achieved a consolidated growth of 25% in net sales, reaching EGP 476.4 million. Gross Profit grew by 19%, reaching EGP 237.9 million, and earnings before tax (EBT) reached EGP 16.3 million.



The share of products exported increased in 2017 to 34% versus 30% in 2016, reaching total consolidated export sales of EGP 160.2 million.



ISIS Organic

ISIS Organic generates its sales mainly from the domestic market, which faces economic challenges that negatively affect the population's purchasing power and consumer preferences for high quality and organic products. Therefore, the company could not fully achieve its goals - however a growth compared to the previous year is recorded. The strategy to increase the export share of ISIS Organic resulted in doubling the export turnover. The brand "SEKEM" has been redesigned and launched both in the local and export markets.

"More than 70% of our reclaimed land produces food and raw materials for the local market. And this is not a coincidence. It helps solving the hunger problem, as Egypt remains highly dependent on food imports"

Helmy Abouleish - <https://goo.gl/i46KNx>

| Target | 2017 | 2016 |
|--------|------|------|
| 80 | 68 | 96 |

Total amount of customer complaints & claims.

| Target | 2017 | 2016 |
|--------|------|------|
| 20% | 11% | 20% |

Share of sales value of new product development.

Lotus

Lotus is one of those companies that benefited from the currency devaluation at the end of 2017. This is due to the export share, which is about 50% of the total sales. Additionally, the company had already purchased the raw materials for 2017 in 2016, based on its earlier production plan - at the same time, the increased inflation rate resulted in rising the company's overhead expenses. Hence, for instance, raw materials were acquired at prices before the currency devaluation and sold in processed form at prices that were adjusted to the devaluation. On the other hand, Lotus had been impacted by the lower sales of its sister company ISIS Organic, as it is the main purchaser of Lotus' products. Besides, sourcing organic and biodynamic raw materials is very challenging for the company, due to the rising pollution. Representatives from both companies, ISIS Organic with the new SEKEM brand, and Lotus, as distributor of raw ingredients, attended the world's biggest fair for organic products in Germany, the Biofach 2017.

SEKEM at the leading trade fair for the organic industry - <https://goo.gl/hwcw16>

| Target | 2017 | 2016 |
|--------|------|------|
| 100% | 100% | 100% |

Share of organic waste recycled

| Target | 2017 | 2016 |
|--------|------|------|
| 1.1 | 1.0 | 1.5 |

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

ATOS Pharma

For SEKEM's phytopharmaceutical company, ATOS Pharma, the devaluation of the Egyptian Pound and the authorities' long decision-making process to adjust prices for pharmaceutical products to the economic conditions made it challenging to generate sales in the first half of 2017. However, ATOS Pharma had been able to grow slightly and started to expand the product portfolio that is not regulated by the Ministry of Health. For instance, a probiotic preparation that had been developed in 2017 by the Biomedical Research Department at Heliopolis University is planned to be introduced to the Egyptian pharmaceutical market by ATOS Pharma.

SEKEM Will Introduce Egypt's First Probiotic Supplement - <https://goo.gl/hgd7bT>

| Target | 2017 | 2016 |
|--------|------|------|
| 64% | 74% | 42% |

Share of non-organic waste recycled.

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NatureTex

The export-oriented textile company NatureTex could benefit from the currency devaluation and accordingly increased its sales in 2017 - although the sales growth is not in line with the growth in volumes. Increasing customer service and customer acquisition within the company brought a positive impact and will continue to be a priority in 2018. In 2017, NatureTex has started to produce crochet thread and knitting yarn. Besides, the company opened the Outlet “Organic & More” in Cairo, offering high quality organic certified children’s wear for discount prices.

Opening of New NatureTex-Outlet - <https://goo.gl/f28EZf>

One of NaturTex’s long standing partners, the german company Alnatura with its brand People Wear Organic (PWO) received the Special Mention Award in the category “Industry Excellence in Branding Fashion” by the German Brand Award 2017 in June. PWO has convinced the jury by its modern design and “the closed brand presence of product, packaging, POS, Website and Social Media.” Thereby, the customer experiences the brand as “emotional, innovative and transparent in the same time.” People Wear Organic is a longstanding partner of NatureTex, SEKEMs Company for Organic cotton textiles and garments as well as one of Alnatura’s brands. Since 1993, NatureTex produces for People Wear Organic GOTS-certified clothing for kids and women.

“We see the Special Mention of German Brand Award as an incentive to continue building our principles and values-DNA as foundation for a successful and sustainable brand management, and to always launch products that are geared to the needs of our customers.”

Nicole Pälicke, from the NatureTex partner People Wear Organic - <https://goo.gl/eUuNbH>

Truly Economics of Love

On the occasion of SEKEM’s 40th anniversary, Helmy Abouleish delivered a look-back into the history of SEKEM’s business relationships with it’s long-standing financial partners. “Today, much more than a purely formal relationship connects us with our long-term financial partners. There are grown stories, friendships, relationships – to my father, of course, to me and many others in SEKEM.” Also in 2017, SEKEMs financial partners and shareholders had been of immense meaning as they backed up the initiative especially in regards to debt reduction that is challenging SEKEM since the revolutionary years. Hence, for instance Bruno Wenn, Chairman of the German Investment and Development Corporation (DEG) and Dr. Marco Hollekamp, Vice President for international financing, came to SEKEM in 2017. Their visit contributed in consolidating the economic relationship between SEKEM and the DEG which goes back more than 30 years. Likewise, representatives from SEKEM’s shareholder, the GLS Bank, Oikocredit and Triodos Bank, payed a call to SEKEM during 2017, which had not only shown in great direct support but also underlined their willingness and commitment to further stand behind the initiative, regardless how challenging times are.

DEG and SEKEM: Looking together into the future - <https://goo.gl/3ZSGCX>

Shaping an Associative Economy

Regardless the economic challenges, or better for this very reason, SEKEM is investing into shaping an alternative and more holistic economic approach, which is based on an associative economy. Therefor, SEKEM attended the Economy Council of the Section for Agriculture at the Goetheanum and the Demeter Association, which focused on the topic “Associative Economics for the Organic Market” and aimed to develop a “Charter for Associative Economics for the Organic Market”. The charter tries to promote an economic-social society based on a transparent, responsible and purposeful cooperation between all members of the value creation.

Developing a Charter for Associative Economy - <https://goo.gl/ST3SDh>





“ We are very grateful that we have so many friends in Europe who support us with such a great commitment. And it seems to me, as if there were even some more joining us in the past days.”

Helmy Abouleish, CEO, SEKEM Holding

SEKEMs Societal Life

With the support of our network of friends and partners we could start looking 40 years ahead. And in 2017, we were able to summarize our goals and start working on our mission for realizing the vision 2057.

SEKEMSophia: The Phoenix Out of the Ashes

The passing away of SEKEM Founder Ibrahim Abouleish does of course show impacts especially in SEKEM's societal and social structure. Ibrahim Abouleish was a very charismatic and strong leader, who kept the spiritual world and the earthly reality in harmonic balance. Of course it is not possible to replace such a great character whose impact can be seen and felt in every little detail of SEKEM. Hence, in July some SEKEM community members came together to draw a picture of how to create a resilient and agile governance structure for the future of SEKEM as a complex living ecosystem. The aim was to gain clarity on who is doing what and to break down the responsibilities in form of roles and circles and to fit this in the overall institutional, legal framework that also reflects actual decision making power distribution. This was the starting point of a process that SEKEM named SEKEMsophia and that aims to find a new, innovative still sustainable and holistic governance for the SEKEM Initiative. It includes a transformation that is as much about honoring the past with its successful pioneering spirit of Ibrahim Abouleish, as well as inviting the future with what wants to emerge with a new generation.

SEKEMsophia: Circles Instead of Trees - <https://goo.gl/aFA2JV>

For a Balanced Society: Gender Equality Still Core Topic

In 2017, SEKEM could keep its track in fostering societal life through various aspects. Promoting gender equality is still one core topic and integrated in different ways in all SEKEM institutions. At Heliopolis University for Sustainable Development, for instance, a new series of courses started in 2017. As part of the Core Program, a workshop under the title "Future of Gender Equality" included lectures about Egyptian feminists, unconscious bias, and stereotypes that contribute to the daily discrimination that women face. The aim of these classes is to bring awareness to gender equality to a more comprehensible level - an essential part for building a sustainable community, which Heliopolis University is striving for.

Future of Gender Equality: An Initiative by Heliopolis University - <https://goo.gl/6pirgE>

"I wish SEKEMs concept of equality would spread all over Egypt. Because then, everyone would understand that we all deserve equal chances in life and hence no one would be excluded."

Badr Zakaria, House Keeper at SEKEM Head Office - <https://goo.gl/jDiaMD>

Besides, SEKEM presented its commitment to gender equality in events for instance in Cairo. Basmah Metwally, SEKEMs Gender Diversity Officer, emphasized on the meaning of equal opportunities in SEKEM during a conference on the topic "Investing in Women – Private Sector Solutions".

Investing in Women is more than CSR - <https://goo.gl/xQSuLN>

In association with SEKEM's growing activities in regards to supporting female co-workers, the total amount of female workforce increased in 2017 by +3%. Thanks to improved working conditions SEKEM can adapt more and more to their needs.

Reliable Network Woven by Strong Connections

As 2017 had been a very special year for SEKEM community, partners and friends played an essential role. We shared our joy and grief with reliable friends and our partners gave us a safe foundation during the challenges caused among others by the financial crisis in Egypt.

SEKEM's long standing business partnership with the Lebensbaum Foundation founded by Ulrich Walter, enabled Heliopolis University for Sustainable Development with a generous donation to open the Space of Culture after the passing away of Dr. Ibrahim Abouleish (read more under Cultural Life).

Also, the relationship between SEKEM and its longstanding partner Rapunzel has surpassed business. Rapunzel supported two of SEKEM's projects with its Hand in Hand (HIH) fund. HIH provided training sessions for 50 women - wives and daughter of SEKEM's contracted farmers - teaching them small scale food and cosmetic productions that make use of the plants around their area. Such skills create job opportunities, and enable women to be independent of their husbands. Also thanks to Rapunzel, students of Heliopolis University planted trees around the university. The trees will grow with names attached of the promising future leaders.

Hand in Hand Trainings for a sustainable community - <https://goo.gl/Cntb61>

And for sure, SEKEM's financial partners did huge efforts to strengthen SEKEM during the economic crisis in Egypt (more under "Economic Life"). One of SEKEM's shareholders, the cooperative society Oikocredit, even organised another SEKEM study tour in 2017 for its members. We could welcome 12 guests from our Dutch investment partner and introduce them to the initiative and all the activities they are investing in. With common values and engagements towards a sustainable future, the partnership between SEKEM and Oikocredit is a very precious one, and it is certain that the connection will grow deeper with every study tour that is planned to take place on a yearly basis and offers a very important direct contact and exchange between people.

SEKEM Partner Visits 2017: Oikocredit - <https://goo.gl/Hv7hqx>

On the Move in the World: Making New Friends

In different countries, in the framework of various events, SEKEM could present its concerns, share experiences and learn from others in 2017. Noha Hussein, SEKEM's Public Relations Specialist, attended for instance an event about the 17 SDGs (Sustainable Development Goals) in Cairo. SEKEM is working on all of the recently published goals by the United Nations already since the beginning even though they were called different in 1977. Various representatives of the Egyptian private sector discussed the SDGs aligning them to their present and future business activities. The event marked a successful start for cooperation and awareness in Egypt's private sector.

Making it Explicit: Embedding the SDGs Into the Core Business - <https://goo.gl/TmUK5s>

In 2017, SEKEM representatives participated in 36 events concerning sustainable development. SEKEM's CEO Helmy Abouleish was welcomed by many old and new friends during the year 2017. He travelled several times across Europe and presented SEKEM's current development at events in Germany, the Netherlands, Belgium, Switzerland or Austria. His trips included among others meetings with Weleda, the GLS Bank, Triodos Bank, Oikocredit, the European SEKEM Friends Associations and many more. Helmy Abouleish was thereby able to visit many of SEKEM's friends and partners who have made sustainable development in Egypt throughout the last 40 years possible.

A Series of SEKEM Lecturers Abroad - <https://goo.gl/Ci5i89>

SEKEM Sustainability Report – 2017

In Egypt, ISIS Organic, SEKEMs biggest company and BeFit, the leading fitness entity in Egypt, organized the event “Grow Healthy” at the Metropolitan School in Cairo. Attended by 50 of the students’ parents, the workshop tackled the challenge of especially the young generation towards food and offered insights on how to subject their kids to nutritious food by developing for them healthy, yet tasty recipes.

Growing Healthy Kids: SEKEM solves the Equation - <https://goo.gl/Z1LMA9>

“SEKEM community inspired me a lot. I have many questions and need to gain more knowledge in order to apply it at my own farm and cultural center in Aswan.”

Abdel Khalek El Betary, workshop participant

SEKEMs Chief Sustainable Development Officer, Maximilian Abouleish-Boes, and his team organized a five-day workshop on building a sustainable economic and life model. 20 young participants from various Egyptian organizations and institutions attended in order to get to know SEKEM’s experience. Three days at SEKEM’s main farm in Belbeis and another two days at the Al-Bahariyya oasis were included to see the differences and developments between the two places. The trips were accompanied by meetings and presentations of SEKEM founder Dr. Ibrahim Abouleish and SEKEM’s CEO Helmy Abouleish.

SEKEM Model Sets a Precedent - <https://goo.gl/5jqS8m>

Telling of SEKEM’s Holistic Activities

In order to inform all friends and supporters as comprehensive as possible, SEKEM tries to constantly develop the communication channels. After relaunching the English SEKEM Website in 2016, we now offer a German version as well. People can read about SEKEM’s activities in the four dimensions of sustainability, Economy, Societal Life, Cultural Life and Ecology, and find the corresponding news in three languages. The Arabic translation of SEKEM.com is planned to follow soon.

New Website available in German - <https://goo.gl/vUapKu>

SEKEM had been featured in various external publications in 2017. Among many others, the UN Environment report mentions SEKEM as a best practice example in “Fostering and Communicating Sustainable Lifestyles: Principles and Emerging Practices“, besides 15 other global campaigns and initiatives promoting sustainable lifestyles. In 2017, SEKEM was mentioned in more than 307 articles.

SEKEM Profiled in UN Report on Sustainable Lifestyles - <https://goo.gl/upwpMy>

| Target | 2017 | 2016 |
|--------|------|------|
| N/A | 36 | 26 |

Number of events on Sustainable Development where SEKEM participated.

| Target | 2017 | 2016 |
|--------|------|------|
| 250 | 307 | 288 |

Number of publications about SEKEM in renowned media channels.

| Target | 2017 | 2016 |
|--------|------|------|
| 13 | 13 | 13 |

Number of active memberships in relevant organizations.

| Target | 2017 | 2016 |
|--------|------|------|
| 15% | 13% | 14% |

Share of females in SEKEMs managerial positions.

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| Target | 2017 | 2016 |
|--------|------|------|
| 26% | 25% | 22% |

Share of females in SEKEMs total workforce.

| Target | 2017 | 2016 |
|--------|------|------|
| 7% | 7% | 7% |

SEKEMs total employee turnover per year.

| Target | 2017 | 2016 |
|--------|-------|-------|
| 1,508 | 1,290 | 1,344 |

SEKEMs total number of employees.

“SEKEM is thus integrated into the global network of life, which is more effective than the most dangerous weapons.”

Ibrahim Abouleish, SEKEM Founder

In November 2017, Helmy Abouleish was elected as a Councillor of the World Future Council following his father, Ibrahim Abouleish, who co-founded the international organization in 2007. The WFC represents 50 members from politics, science, economy and culture. They meet once a year and prepare a work program together. SEKEM highly appreciates the opportunity to continue supporting the World Future Council by Helmy Abouleish’s membership as a councillor and thereby work with many experiences representatives together for a sustainable future.

Helmy World Future Council - <https://goo.gl/w4Xv9k>

Thanks to many contributors, within 30 days, SEKEM’s first crowdfunding campaign raised more than 21,000 USD (107% of its crowdfunding target). Due to these funds SEKEM Environmental Science Center (SESC) as part of the SEKEM School is now able to establish an alternative education lab to experiment with innovative curricula serving holistic education.

Crowdfunding: Learning Out of The Box - <https://goo.gl/1GcSn5>

“I was raised at SEKEM School with the principles of living in harmony with nature and the values of art and beauty everywhere.”

Mahmoud Gamal, IT specialist at SEKEM - <https://goo.gl/44fPJA>

Employee Numbers

End of 2017, all SEKEM companies employed 1,290 people, 54 less than last year. In total, SEKEM has 11 senior managers (no change), 95 middle managers (-29), 402 specialists (-73) and 587 (+13) labourers. SEKEM exercised great effort to reduce its number of daily labors from 410 in 2015 to 160 in 2016 and 168 in 2017. 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 integrate 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.





“ The people with many years of professional experience and their material contributions made a big difference here – a living example for how cultures can enrich each other.”

Gamal El-Sayed, Director of SEKEM Schools

SEKEMs Cultural Life

Supporting the potential and consciousness development of each individual in the community lies at SEKEM's core. 2017 had been a year that was strongly determined by building new bases for human and cultural development for the future.

| Target | 2017 | 2016 |
|--------|--------|--------|
| 21,110 | 21,826 | 15,694 |

Total training hours provided to all SEKEM employees.

40 Years of Human Development

Celebrations had been an important part of SEKEM's Cultural Life in 2017. No surprise, as SEKEM had many occasions to celebrate. In March, SEKEM community commemorated the 80th birthday of its founder Ibrahim Abouleish. 1.700 SEKEM employees as well as SEKEM friends from near and far did not want to miss personally sending their heart-warming congratulations to Ibrahim Abouleish. They enjoyed a wonderful day on the blooming and festive SEKEM Farm. On that occasion, a comprehensive performance had been presented to the SEKEM founder on stage: Qasida SEKEM (The SEKEM Story) reflected SEKEMs development in motion pictures, eurythmy, language and music. It showed by the participation of almost every of SEKEM's cultural institutions (Kindergarten, School, students etc.) how the desert became a fertile land where people learn, work and form a social community – how it became a place where each individual can develop and act artistically.

| Target | 2017 | 2016 |
|--------|------|------|
| 20 | 17 | 12 |

Average training Hours per Employee

SEKEM sends best wishes to Dr. Ibrahim Abouleish - <https://goo.gl/MN9ewZ>

“We are celebrating SEKEMs 40th Anniversary in memory and with feelings of gratitude to the founder Ibrahim Abouleish. He was not only a father to me but to many other people as well. With his spiritual support, we will further develop SEKEM in the coming years.”

Helmy Abouleish, SEKEM's CEO

Later on, in November, SEKEM had been celebrating again, this time the 40th anniversary of the Initiative. After Ibrahim Abouleish had passed away in June, this event was of course coloured by different feelings: grief on missing him and in the same time joy and gratitude for all he had done for the community. However, by taking a look into the future and trying to continuing and fulfilling what Ibrahim Abouleish had started 40 years ago, SEKEM community spent that day with confidence and the common belief in carrying the SEKEM vision into the future.

SEKEM celebrates 40 years of sustainable development- <https://goo.gl/uvtJ6i>

Meaningful Support by the International SEKEM Friends Associations

| Target | 2017 | 2016 |
|--------|------|------|
| | 38 | 38 |

Number of babies in SEKEMs Nursery.

| Target | 2017 | 2016 |
|--------|------|------|
| | 50 | 47 |

Number of children in SEKEMs Kindergarten.

| Target | 2017 | 2016 |
|--------|------|------|
| | 300 | 303 |

Number of pupils enrolled in SEKEMs School.

| Target | 2017 | 2016 |
|--------|------|------|
| | - | 229 |

Number of SEKEM School graduates since 1998.

| Target | 2017 | 2016 |
|--------|------|------|
| | 35 | 34 |

Number of students in SEKEMs Special Education Program.

Also the annual SEKEM Day in Stuttgart which is organized and sponsored by the SEKEM Friends Association in Germany was strongly influenced by the two great anniversaries of this year: 40 years of SEKEM and the 80th birthday of Ibrahim Abouleish. The celebration was visited by several regional representatives, among others Werner Wölfle, mayor of the city Stuttgart or the State Secretary Klaus-Peter Murawski.

In June 2017, right after the death of Ibrahim Abouleish, the committed German friends held a commemoration for Ibrahim Abouleish in Niefern-Öschelbronn. The long-standing SEKEM companion Dr. Hans Werner brought back his many memories that he experienced with his close friend Ibrahim Abouleish.

Besides, the SEKEM Friends Germany showed great support for example by the transport of two big machines for SEKEM's metal workshop or by the school partnership with the Silberwaldschule Stuttgart.

SEKEM Day in Stuttgart - <https://goo.gl/Kn2zxm>

“Due to migration and refugees movements, we are living in times where there is much talk about how we can tackle these present issues. But one only needs to take a look at SEKEM”

Gilbert Prilasnig, Former Austrian Football Player

Likewise, the SEKEM Friends Association in Austria has been playing a crucial role in supporting SEKEMs cultural life for many years. 2017 began with hosting a charity football match of a total of five intercultural teams in Graz. All the proceeds of the match were donated to SEKEMs sporting activities, in which boys and girls are equally engaged. Helmy Abouleish participated in the VIP- team next to the former defender Gilbert Prilasnig and pupils from SEKEM Austria's international refugee class. The Friends Association is strongly committed to supporting refugees in Austria by organizing international classes that integrate the ideas of the SEKEM vision.

Kick it like SEKEM - <https://goo.gl/ugZTsy>

Carrying the SEKEM Impulse Into the World

Furthermore, SEKEM Austria initiated a the visit of the Studio Choir of the University of Music and Performing Arts Graz to SEKEM that was moving across the SEKEM farm presenting their music in all companies and institutions to the employees. And another great project has been achieved by SEKEM Austria for further developing the university education: Heliopolis University for Sustainable Development signed a formal agreement with the University of Music and Performing Arts, Kunstuniversität Graz in Austria that aims to foster joint activities that promote research, science and the inclusion of arts.

Collaboration between Heliopolis University and Kunstuniversität Graz - <https://goo.gl/JrVdet>

Active and mental support for SEKEM's cultural development came as well from the SEKEM Friends in the Netherlands. In 2017, they invited Helmy Abouleish for a comprehensive trip through their country, presenting SEKEM at various cultural events and sharing experiences in many different ways. In Midden-Delfland, Hollands "green desert", he met his friends from the Dutch organic and biodynamic sector for an event on the meaning of greening and reclaiming lands under different conditions. In Holland's forest, Helmy Abouleish spoke to the youth about inspiration and holistic education and in the capital, in Amsterdam, SEKEM's CEO discussed with international experts about sustainability in all it's dimensions.

From old and new friends - <https://goo.gl/wTcTn7>

"With the new curricula a new generation of Biodynamic farmers and nature lovers will be educated in Egypt."

Angela Hofmann, agricultural coordinator at SEKEM

The Dutch SEKEM Friends did also great effort in 2017 on the practical side. They integrated a new curricula for biodynamic agriculture in SEKEM's Vocational Training Center (VTC) and sent two ambitious people to SEKEM, Jan Vermeulen and Ann Lust, who supported with their experience the child care, VTC and even shared their knowledge on effective micro-organisms (EM), as sustainable and eco-friendly cleaning methods.

Tintin in Egypt: Do, think and feel in the plumbing workshop - <https://goo.gl/t8yLpm>

| Target | 2017 | 2016 |
|--------|------|------|
| N/A | 196 | 203 |

Number of students enrolled in SEKEMs Vocational Training Centre.

| Target | 2017 | 2016 |
|--------|------|------|
| N/A | 975 | 898 |

Number of graduates of SEKEMs Vocational Training Centre since 2000.

First Graduation at Heliopolis University

2017 had been a truly fulfilled year for Heliopolis University for Sustainable Development. In summer, the first students presented their graduation works on innovative projects and constructions all invented for the purpose of sustainability.

Innovation: The graduation password at Heliopolis University - <https://goo.gl/rtd5Z4>

“Serving the needs of the community in accordance with ecological ethics has been always the core message at the university.”

Yassine Al-Sherif, graduated student from the Energy Department of Heliopolis University.

Later in October, 104 students from the three faculties pharmacy, business and engineering celebrated their graduation together with prominent figures from the Egyptian education sector in the new premises at the campus: the Space of Culture (<https://goo.gl/HsxA2X>).

“SEKEM is implementing innovative projects solving environmental issues sustainably, which is putting us, even as teachers, in a situation of continuous researching and learning to promote it, in order to serve the community.”

Heba Mosalam, lecturer at the engineering department of Heliopolis University

Get to know Heba Mosalam - <https://goo.gl/WVMFR2>



Space of Culture

The Space of Culture is one main project realized in 2017 by SEKEM, Heliopolis University and the German partner company “Lebensbaum Foundation”. It had been a long wish of Ibrahim Abouleish to establish a space in which different kinds of art from different cultures come together and enrich the region with their variety. Shortly after his death, SEKEM community decided to start realizing such a place. Hence, a roman theater had been built at the HU campus and in September the first musical performance took place. Since that date, there had been events on regular basis, at least once a week: concerts, theater, exhibitions, discussions or lectures with artists from all over the world.

“The polarity between the two fundamentally different cultures began to dissolve within me to the benefit of a new, distinct third quality [...] this is certainly no cheap compromise, it is not mere tolerance but a Synthesis.”

Ibrahim Abouleish, SEKEM Founder

HU students, SEKEM staff as well as guest from outside attended the cultural performances. In 2018, the Space of Culture had been developed further and now consists of three different venues: The Ibrahim Abouleish Theater for open-air performances, the Ibn Rushd Hall for exhibitions, lectures and presentations, and the Hoda Shaarawy Theater for theatrical works as plays, poetry salons or musical concerts.

Opening the Space of Culture - <https://goo.gl/gvM8Pg>

Promoting Health Care

Also in regards to SEKEM’s medical care new activities had been developed within 2017. In cooperation with the SEKEM Medical Center for instance, a Woman’s Healthcare Mobile Unit had been stationed on the SEKEM Farm for several weeks and offered SEKEM’s female employees free mammography screenings.

Fighting breast cancer - <https://goo.gl/Hf2cEz>

At the Biomedical Research Department in Heliopolis University for Sustainable Development (HU) a probiotic preparation had been developed in 2017 and will be introduced to the Egyptian pharmaceutical market soon by ATOS Pharma, SEKEMs company for phytopharmaceuticals. The probiotic supplement is made of beneficial bacteria or yeast that can promote a healthy digestive tract and a healthy immune system and will be introduced to the Egyptian market for the first time.

SEKEM will introduce Egypt’s first probiotic supplement - <https://goo.gl/D8CyDP>

| Target | 2017 | 2016 |
|--------|-------|-------|
| | 1,238 | 1,294 |

Total number of students in Heliopolis University.

| Target | 2017 | 2016 |
|--------|------|------|
| | 20 | 19 |

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

| Target | 2017 | 2016 |
|--------|--------|--------|
| - | 45,412 | 44,205 |

Total Number of Medical Centre Visits.



// Rudolf Steiner was one of the first people in modern era to recognize explicitly the principles of interconnectedness in relation to farming and to describe the links between the fertility of the soil and the health of plants, animals and people.”

HRH Charles, Prince of Wales and SEKEM supporter - <https://goo.gl/Y29cNj>

SEKEMs Ecology

With applying biodynamic agriculture according to Rudolf Steiner everything started in 1977. In the past 40 years with this holistic agricultural practice many hectares of former desert lands have been reclaimed and thousands of people benefit from the advantages. Hence, also in 2017 progress in different ecological ways took place in SEKEM and Egypt.

| Target | 2017 | 2016 |
|--------|-------|-------|
| | 1,628 | 1,628 |

Amount in Feddan of desert land reclaimed.

Hand in Hand for Saving Fertile Soils

2017 started with an important commitment for sustainable land management and a healthy ecological system. The World Future Council (WFC) that was co-founded by Ibrahim Abouleish, and now continued by Helmy Abouleish, signed a Memorandum of Understanding with the United Nations Convention on Combating Desertification (UNCCD), in order to cooperate in the fight against desertification and land degradation which is a key element in achieving the Sustainable Development Goals. In 2015, SEKEM was awarded with the Land for life Award by the UNCCD. SEKEM considers the WFC as close partner and friend - together with the UNCCD, they create an active team of environmental advocates.

| Target | 2017 | 2016 |
|--------|------|------|
| | 100% | 75% |

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

Team up against desertification - <https://goo.gl/F9kkX4>

Sustainable Farming for All Egypt

In October 2017, an important step had been realized in regards to promoting sustainable farming beyond SEKEM: SEKEM signed a Declaration of Intent with the German Federal Ministry for Economic Cooperation and Development (BMZ) to support sustainable agriculture in Egypt and Africa. The Joint Declaration is built on a mutual agreement between SEKEM and BMZ, stating that “hunger, poverty and the climate change can be faced only through sustainable and equitable development.”

Declaration for Sustainable Agriculture - <https://goo.gl/Aa4xaa>

“Approximately 73 percent of the worldwide cultivated cotton is genetically modified - cotton is considered as the agricultural product with the highest amount of chemicals, 18 percent of the chemical plant protection active ingredients are used worldwide in cotton fields.”

Further information: Organic cotton as sustainable solution - <https://goo.gl/WRTjVM>

High Quality Cotton and a Closed Value Chain

| Target | 2017 | 2016 |
|--------|------|------|
| 10 | 8 | 12 |

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

| Target | 2017 | 2016 |
|--------|-------|-------|
| 4,750 | 3,811 | 4,439 |

Total amount of electricity used (in MWh).

| Target | 2017 | 2016 |
|--------|-------|-------|
| 5,448 | 4,633 | 5,008 |

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

| Target | 2017 | 2016 |
|--------|------|------|
| 12 | 10 | 13 |

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

SEKEM was chosen for that declaration as the initiative is known to be Egypt's pioneer for organic agriculture and constantly developing its activities and commitment. Hence, for instance SEKEM is fostering the sustainable growing of organic cotton, as Egypt is one of the main producing countries for high-quality cotton. Also in October, SEKEM celebrated its organic cotton harvest in a special event, by welcoming 20 contracted farmers in Damietta Governorate, located 200 kilometers north from Cairo. The organic yield had been proactively integrated into Egypt's export strategy for 2017. Besides, SEKEM supported an agreement signed by the Egyptian government and the United Nations Industrial Development Organization (UNIDO), under the title "Cotton for Life". This initiative aims to develop and apply environmental protocols to sustain the Egyptian cotton industry, starting from its cultivation till the end product – a closed value chain, which SEKEM already promotes since 1977. SEKEM is actively engaged in this agreement with its new partner, the Italian cotton company Filmar. In 2017, 360 farmers cultivate a total area of more than 370 Hectares (915 feddans) of Egypt's lands with organic cotton crops.

Cotton harvest in Damietta - <https://goo.gl/B2iAws>

"Besides the high-quality animal products, like milk or meat, the animals health plays a crucial role in biodynamic agriculture. Their manures function as nutritious fertilizer as the farmers use it for compost production. Hence, the soil biodiversity is stimulated and accordingly the land's production is boosted."

Attia Sobhy, director of the EBDA

New Solar Pump for SEKEM

In total we faced a drastic improvement of our relative energy consumption per 1000 EGP sales because of local price increases and partial decreases in the local production, especially with ISIS Organic, which is a major driver for the energy consumption. As follows the different dynamics are explained on company level.

At ISIS Organic the total energy consumption went down drastically due to a strong decrease in bottled water production in 2017 as well as herbal tea production. The latter was influenced by the decision to reduce the stock value of our customers in the market and to sell out available stock, hence stop our production during the summer months for cost cutting and efficiency reasons.

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At Lotus, the total production decreased mainly through compliance issues of our raw material suppliers related to organic certification and the problem of environmental pollution, especially for grains and seeds. Contrary to that trend, the total energy consumption of the company went up in 2017 due to increased mechanical cleaning efforts needed for accepted raw materials.

At Naturetex the amount of gasoline consumption for vehicles decreased due to better car fleet management while at the same time the total electricity consumption increased due to higher production activities and an additional production line with a new machine for balled yarn. At Atos we see an overall increase in energy consumption because capsule and sachets production went up. At the same time extracts, syrup and tablets production decreased but the first two mentioned categories are less energy intensive.

The above mentioned electricity consumption dynamics strongly influenced the relative CO2 emission data, which also decreased strongly compared to our last year's performance and expectation. This was further reinforced by our original expectation for higher number of employees, which were below our plan due to cost saving measures, that strongly effected the emissions from employee commuting. This represents a strong driver for the overall emissions.

Also in 2017, SEKEM could extend its commitment to sustainable energies. In September, a new solar water pump had been installed at SEKEMs Farm in Wahat El Bahariya. Based on an intense cooperation, as well as comprehensive trainings and practice, this new venture could had been realized. A former student of Heliopolis University, El-Sayed Mohamed, was responsible for installing the new pump in cooperation with SEKEM's Austrian partner, SEKEM Energy, and the company Merl 1928.

"I believe that one day all the operations at SEKEM will be running by renewable energies."

El-Sayed Mohamed, Energy Engineer at SEKEM

Now, a 62-kW photovoltaic system replaces an 100-kW diesel power generator and runs a submersible water pump of 40 horsepower. And it's worth it: the new solar pump is estimated to reduce around 50 tons of carbon dioxide emissions per year. It irrigates an area of 12 hectares (30 feddans), with an average of 60-80 cubic meters of water per hour – of course depending on the solar radiation and the type of the cultivated crops. On the same land in the Western Egyptian desert, SEKEM had already installed another photovoltaic system (PV) in 2015.

Sustainability from the Sun: <https://goo.gl/3CCG8w>

| Target | 2017 | 2016 |
|--------|------|------|
| 47 | 46 | 90 |

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

| Target | 2017 | 2016 |
|--------|------|------|
| 101 | 97 | 236 |

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

| Target | 2017 | 2016 |
|--------|-------|-------|
| 1,081 | 1,116 | 1,304 |

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

| Target | 2017 | 2016 |
|--------|------|------|
| 100% | 100% | 100% |

Share of waste water recycled and reused.

Healthy Livestock: Animals Are Part of the Solution

As animals play a crucial part in the natural circle of biodynamic agriculture, SEKEM organized specific activities in order to raise awareness and support its contracted farmers by keeping their livestock healthy: three veterinary medical convoys had been organized in 2017 in three villages located in Giza and Kafr El Sheikh Governorates. The project was initiated by the Egyptian Bio-Dynamic Association (EBDA) and more than 20 veterinary doctors, who volunteered from nearby directorates. The veterinarians inspected and vaccinated an average of 300 animals including cows, sheep and buffaloes for free; the EBDA funded the whole campaign, including medicines and vaccines. Further veterinary campaigns in coordination with local governmental organizations are planned, not least in order to foster the attention of conventional farmers towards healthy livestock.

For Healthy Livestock: Free Veterinary Services - <https://goo.gl/yR8sWH>

| | SEKEM Animals | | |
|-----------------------------|---------------|--------|--------|
| | Target | 2017 | 2016 |
| Total Number of Bulls | 45 | 39 | 29 |
| Total Number of Dairy Cows | 135 | 132 | 135 |
| Total Number of Laying Hens | 16,800 | 16,720 | 19,240 |
| Total Number of Sheep | 500 | 542 | 463 |
| Total Number of Bee Hives | 30 | 29 | 35 |
| Total Number of Pigeons | 1,450 | 1,433 | 1,500 |
| Endangered Birds | N/A | 11 | 11 |







SEKEM Sustainability Report – 2017

INDICATORS

Evaluation of SEKEMs performance in 2017
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 2017, we set ourselves 89 targets out of which we achieved 60%. Another 29% of our targets have been almost achieved.

| | ECONOMY | SOCIETAL Life | CULTURAL Life | ECOLOGY |
|--|---------|---------------|---------------|---------|
| | 0 | 0 | 0 | 0 |
| | 0 | 1 | 0 | 0 |
| | 1 | 3 | 4 | 1 |
| | 8 | 6 | 1 | 11 |
| | 17 | 11 | 9 | 16 |



SEKEM Sustainability Report – 2017



ECONOMY






Report Indicators - 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|-----------------------------|---|-------------|---------|---------|---------|------------|---|
| Economic Value Creation | Total Net Revenue | million EGP | 470,934 | 476,449 | 380,932 | | |
| Economic Value Creation | Gross Profit | million EGP | 235,488 | 237,857 | 199,356 | | |
| Economic Value Creation | EBITDA | million EGP | 130,082 | 131,962 | 100,495 | | |
| Economic Value Creation | Net Profit before Tax | million EGP | 6,729 | 16,297 | 641 | | |
| Economic Value Creation | Export Sales | % | 36.70% | 33.62% | 30% | | |
| Economic Value Creation | Local Sales | % | 63.29% | 66.38% | 70% | | |
| Economic Value Distribution | Ratio of highest to lowest annual full-time salary | ratio | 1:35 | 1:28 | 1:31 | | Lowest salaries increased. |
| Economic Value Distribution | Total amount of internal Investments | million EGP | 10 | 9.7 | 10 | | |
| Economic Value Distribution | Majority Shareholder Share | % | 62.8 | 62.8 | 62.8 | | |
| Economic Value Distribution | Share of Net Profit invested into Community Development | % | 10.00% | 10.00% | 10.00% | | Profit share invested into activities of SEKEM Development Foundation |

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| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|-------------------|---|-------------|---------|---------|---------|------------|--|
| Product Portfolio | Share of sales value of organic products (including Demeter) | % | 82% | 65% | 73% | | Increase in non-organic sales, such as herbal teas (e.g. regime tea, anise), olive oil, black honey, and sauces, as well as decrease in organic sales, such as milk and herbal teas (e.g. mint and green tea). |
| Product Portfolio | Share of sales value of products that have a Demeter certificate | % | 60% | 61% | 53% | | |
| Product Portfolio | Share of sales revenues of products with known product carbon footprint | % | 100% | 84% | 80% | | Sales share does not include revenues from ATOS Pharma. |
| Innovation | Share of total sales invested into company research and development | % | 0.75 | 0.65 | 0.6 | | |
| Innovation | Share of sales revenues from new products and services | % | 20% | 11% | 20% | | |
| Operations | Total weight of waste | tons | 531 | 493 | 793 | | Decrease in production amount (especially in ISIS Organic) |
| Operations | Total weight of organic waste | tons | 427 | 404 | 493 | | There was a decrease in production amounts in 2016 and 2017, such as in ISIS from 25,289 in 2016 to 18,846 |
| Operations | Share of organic waste | % | 80% | 82% | 69% | N/A | |
| Operations | Total weight of waste per sales | kg/EGP 1000 | 1.1 | 1.0 | 1.5 | | |
| Operations | Share of organic waste recycled | % | 100.00% | 100.00% | 100.00% | | |
| Operations | Share of non-organic waste recycled | % | 63.85% | 74.37% | 42.00% | | |
| Operations | Share of recycled packaging material input | % | 1% | 3% | 1% | | Lotus replaced paper with recycled carton |

SEKEM Sustainability Report – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|---|--|--------|--------|-------|-------|---|--------------------------------|
| Responsibility to customer and consumer | Total number of customer complains and claims | number | 80 | 68 | 96 |  | |
| Partnership | Number of supplying EBDA Farmers (Winter Season) | number | 500 | 477 | 461 |  | |
| Partnership | Number of supplying EBDA Farmers (Summer Season) | number | 500 | 518 | 461 |  | |
| Partnership | Total cultivated area (acres) (Winter Season) | acres | 3,500 | 3,465 | 2,670 |  | One acre = 4,046 square metres |
| Partnership | Total cultivated area (acres) (Summer Season) | acres | 3,500 | 3,359 | 2,744 |  | |

SEKEM Sustainability Report – 2017











SOCIETAL Life






Report Indicators - 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|-----------------------|---|--------|--------|--------|--------|------------|--|
| Workforce Composition | Number of Senior Managers | number | 14 | 11 | 11 | | |
| Workforce Composition | Number of Middle Managers | number | 116 | 95 | 124 | | Decrease in Lotus and NatureTex |
| Workforce Composition | Number of Specialists | number | 485 | 402 | 475 | | Decrease in Lotus and NatureTex. |
| Workforce Composition | Number of Labourers | number | 683 | 587 | 574 | | |
| Workforce Composition | Number of Daily Workers | number | 180 | 168 | 160 | | Daily workers active in farming. |
| Workforce Composition | Total Number of employees | number | 1,508 | 1,290 | 1,344 | N/A | High target linked to high production volume expectation. |
| Workforce Composition | Share of young employees (below the age of 36) | % | 65% | 63% | 64% | | |
| Workforce Diversity | Share of females in total workforce (excl. Daily Workers) | % | 26.00% | 25.00% | 22.00% | | There are 277 female employees in all companies without daily workers in 2017 and 265 in 2016. Increase mainly in ATOS Pharma. |
| Workforce Diversity | Share of females in senior and middle manager positions | % | 15.00% | 13.00% | 14.00% | | |

SEKEM Sustainability Report – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|--------------------------------------|---|--------|--------|-------|-------|--|--|
| Workforce Diversity | Share of employees with disabilities | % | 5% | 2% | 2% |  | |
| Loyalty and Motivation | Employee turnover | % | 7% | 7.48% | 7.20% |  | |
| Loyalty and Motivation | Total number of part time workers | number | 37 | 38 | 62 | N/A | Reduction mainly in ISIS Organic. |
| Loyalty and Motivation | Share of workforce that works part time | % | 5.00% | 3.00% | 5.00% |  | |
| Loyalty and Motivation | Estimated share of non-monetary benefits of overall salaries | % | 10% | 10% | 9% |  | |
| Advocacy for Sustainable Development | Number of events concerning SD where SEKEM representatives played an active role | number | n.a. | 36 | 26 | N/A | |
| Advocacy for Sustainable Development | Number of awards related to sustainable development received | number | 0 | 0 | 0 |  | |
| Advocacy for Sustainable Development | Number of articles in renowned publications on SEKEM and sustainable development per year | number | 250 | 307 | 288 |  | |
| 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 | 6,000 | 6,855 | 5,663 |  | New services available in Medical Center, such as physical therapy and pre-mature birth services |

SEKEM Sustainability Report – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|-------------------|--|--------|--------|--------|--------|--|--|
| Health and Safety | Number of other visits at the Medical Center | number | n/a | 38,557 | 38,542 | N/A | See above |
| Health and Safety | Total Number of Medical Center visits | number | n/a | 45,412 | 44,205 | N/A | |
| Health and Safety | Share of employees with private health insurance | % | 25% | 25.19% | 26% |  | |
| Health and Safety | Total number of working days lost due to sick leave etc. | number | 2000 | 1,720 | 2,320 |  | Most employees have free choice and do not prefer to bear extra cost for private health insurance at this time of generally difficult economic circumstances |
| Health and Safety | Absentee rate | % | 1.4 | 1.9 | 1.8 |  | |
| Health and Safety | Total number of work related injuries | number | 0 | 4 | 5 |  | |
| Health and Safety | Number of fatal injuries | number | 0 | 0 | 0 |  | |

SEKEM Sustainability Report – 2017










CULTURAL Life

Report Indicators – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|--------------------------------|--|--------|--------|-------|-------|------------|---------|
| Training and Capacity Building | Total Vocational training hours provided | Number | 2,354 | 3,034 | 4,566 | | |
| Training and Capacity Building | Total Soft Skills training hours provided | Number | 881 | 589 | 2,890 | | |
| Training and Capacity Building | Total Quality Management Systems training hours provided | Number | 8,251 | 8,245 | 1,361 | | |
| Training and Capacity Building | Total Cultural/Arts training hours provided | Number | 8,624 | 8,678 | 6,797 | | |
| Training and Capacity Building | Total Equal Opportunity training hours provided | Number | 1,000 | 1,280 | 80 | | |
| Education | Number of students in SEKEM School | Number | 300 | 297 | 303 | | |
| Education | Number of children in SEKEM Kindergarten | Number | 50 | 50 | 47 | | |
| Education | Number of students in Vocational Training Center | Number | n/a | 191 | 203 | N/A | |

SEKEM Sustainability Report – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|--------------------------|--|--------|--------|-------|-------|--|---|
| Education | Number of students in SEKEM Special Education | Number | 35 | 37 | 34 |  | |
| Education | Number of babies in SEKEM Nursery | Number | 38 | 27 | 38 |  | SEKEM nursery for babies of SEKEM employee only |
| Education | Number of students in Heliopolis University | Number | 1,238 | 1,294 | 1,075 |  | |
| Education | Total number of SEKEM School graduates since 1998 | Number | n/a | 254 | 229 | N/A | |
| Education | Total number of VTC graduates since 2000 | Number | n/a | 975 | 898 | N/A | |
| Education | Students Graduated from SEKEMs Vocational Training Center | Number | 120 | 77 | 64 |  | |
| Education | Value share of student scholarships at HU from total tuition fees | % | 20 | 14 | 14 |  | |
| Education | Total number of Community School children since 1987 | Number | n/a | 1,500 | 1,492 | N/A | |
| Education | Number of students in professional training for eurythmy | Number | 10 | 8 | 8 |  | |
| Research and Development | Total number of funded research projects running in the reporting period | Number | 20 | 20 | 19 |  | |

SEKEM Sustainability Report – 2017













ECOLOGY

Report Indicators – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|------------------|--|--------|--------|--------|--------|------------|---|
| Land Use | Size of total land reclaimed | feddan | 1,628 | 1,628 | 1,628 | | |
| Compost | Total amount of compost produced | tons | 2,000 | 1,982 | 2,250 | | Reduction in cultivated area at SEKEM farms |
| Seeds | Share of seeds used by SLR from own production | % | 100 | 85 | 80 | | |
| Seeds | Number of seed varieties in own seed bank | Number | 344 | 344 | 330 | | |
| Seeds | Share of used seeds that are organic and untreated | % | 100% | 85% | 100% | | |
| Animal Husbandry | Total number of Bulls | Number | 45 | 39 | 29 | | |
| Animal Husbandry | Total number of Dairy Cows | Number | 135 | 132 | 135 | | |
| Animal Husbandry | Total number of Laying hens | Number | 16,800 | 16,720 | 19,240 | | |
| Animal Husbandry | Total number of Sheep | Number | 500 | 542 | 463 | | |

SEKEM Sustainability Report – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|------------------|---|-----------------|---------|---------|---------|--|--|
| Animal Husbandry | Total number of Bees population in hives | Number | 30 | 29 | 35 |  | |
| Animal Husbandry | Total number of Pigeons | Number | 1,450 | 1,433 | 1,500 |  | |
| Animal Husbandry | Number of seldom birds found space at SEKEM farms | Number | n/a | 11 | 11 | N/A | |
| 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 | 825,080 | 764,079 | 730,739 |  | |
| Energy | Total amount of gasoline consumption for equipment | Liters | 472,129 | 423,841 | 426,229 |  | |
| Energy | Total amount of gasoline consumption for power generation | Liters | 352,951 | 340,238 | 304,510 |  | |
| Energy | Total electricity consumption from grid | MWh | 3,822 | 2,915 | 3,506 |  | |
| Energy | Total electricity consumption from renewable sources | MWh | 200 | 129 | 120 |  | 2 PV solar pumping stations at Wahat farm cover the main energy need for water supply. |
| Energy | Total electricity consumption (grid, diesel and renewables) | MWh | 4,750 | 3,811 | 4,436 |  | Conversion factor: 1 Liter diesel = 0.38 kWh |
| Energy | Relative amount of electricity consumption per thousand EGP Sales | KWh / 1,000 EGP | 10 | 8 | 12 |  | |

SEKEM Sustainability Report – 2017

| Aspect | Indicator | Unit | Target | 2017 | 2016 | Evaluation | Comment |
|-----------|--|---------------------|-----------|-----------|-----------|------------|--|
| Emissions | Total amount of emissions | t Co2e | 5,448 | 4,633 | 5,008 | | |
| Emissions | Relative amount of emissions per thousand EGP Sales | kg Co2e / 1,000 EGP | 12 | 10 | 13 | | Values for 2017 had to be updated due to more accurate data for employee commuting and diesel consumption for power generation |
| Water | Total amount of water usage for company and personal use | m3 | 47,438 | 46,143 | 89,717 | | ISIS water factory has a lower production than last year due to technical capacity issues. |
| Water | Total amount of water usage for agricultural use | m3 | 3,209,612 | 3,186,521 | 2,405,438 | | Numbers only refer to SEKEM farms. More water intensive crops or increased area at Sinai and Minya farm. |
| Water | Total amount of water usage for agricultural use from fossile water source | m3 | 1,081,063 | 1,115,586 | 1,304,339 | | Numbers reflect consumption from SEKEM Wahat desert farm |
| Water | Share of water usage for agricultural use from fossile water source | % | 34% | 35% | 54% | | |
| Water | Relative amount of water usage for company and personal use | Litre 1,000/ EGP | 101 | 97 | 236 | | Reduction comes through strong decrease in bottled water production |
| Water | Share of waste water recycled and reused for tree irrigation | % | 100 | 100 | 100 | | |
| Water | Amount of significant spills in liters or other impact on water | Liters | 0 | 0 | 0 | | |

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