



REPORT ON
Sustainable
Development
2011



Profile of SEKEM's Report on Sustainable Development 2011

The reporting period of the Report on Sustainable Development 2011 is January to December 2011 and thus continues the Sustainable Development story of the 2010 report that had been published at the end of August 2011. SEKEM uses the report for communicating on all four dimensions of the Sustainable Development Flower including the financial statement.

In this fifth Report on Sustainable Development, some changes were made regarding the structure. We have separated the descriptive part of our approach to sustainable development from the annual hard facts. This was done to make the information more accessible for all readers. For those just getting to know what SEKEM is all about, reading the first part will be a good start. For those who already know SEKEM quite

well, the hard facts in the Performance Report will update them on the newest developments.

If not otherwise stated, the scope includes all SEKEM companies as of page 18-19, excluding SEKEM Europe and Predators. Where stated, the SEKEM Development Foundation was included into the data. The basis for this report is mainly deduced from certified management and quality management systems. We aimed to ensure that the data and information provided in this report is as accurate as possible. Wherever data is based on estimations and/or other limitations apply, this is indicated. In cases of significant changes, these are described directly in the context.

A detailed index of the information requested by the GRI 3 and the Communication on Progress (CoP) of the UN Global Compact is provided at page 84 to 92.

		SEKEM GROUP			
		2008	2009	2010	2011
ECONOMIC LIFE					
Product Portfolio					
Responsibility to Customer and Consumer					
Innovation					
Organizational Process					
Partnerships		-	-	-	
Economic Value Distribution					
SOCIETAL LIFE					
Labor Rights					
Health and Safety					
Diversity					
Employee Loyalty and Motivation					
Governance and Compliance					
Advocacy for Sustainable Development					
CULTURAL LIFE					
Training and Education					
Research and Development					
Employee Self-fulfillment and Vitality		-	-	-	n.a.
Values and Spirituality					
ECOLOGY					
SOIL	Soil Quality				*
	Soil Use				
PLANTS	Seeds				
	Biodiversity				
ANIMALS	Animal Husbandry				
	Natural Habitats				
ENERGY	Energy Use				
	Energy Sources				
AIR	Emission Reduction				
WATER	Water Use				
	Water Sources				*
Positive impact		14	20	19	18
Initiatives for positive impact		11	5	6	8
No actions / negative impact		0	0	0	0
Not relevant / not available		2	2	2	1

*downgraded after redefining the Performance Aspect and its requirements, see page 32 and 41

Sustainable Development Balance Score Card Evaluation

In order to assess its overall performance of continuous sustainable development and regeneration, SEKEM uses the Sustainable Development Balance Score Card (SBSC). The evaluation steps are represented in the traffic light colors – green stands for excellence, red for no action or negative impact and yellow means that awareness exists and actions have been taken, but that there is room for improvement. In the current review process of the Sustainable Development Flower, which forms the basis of the assessment framework, some performance aspects have been merged or reformulated. The concrete explanations for the classification and annotations concerning changes are presented in the Annex (see page 81).

2011 Developments at the group level

The new performance aspect “Partnerships” is one of our core competencies. Through longterm partnerships we were able to develop the organic market in Egypt and showed positive impact (evaluated as “green”). Due to the political unrests and the resulting unstable economic situation, the sales did not increase as we would have expected under normal conditions. Accordingly, we evaluate the status as yellow.

The second new performance aspect “Employee Self-fulfillment and Vitality” was added to the CULTURAL LIFE dimension. To analyse our performance, we plan to analyse the values and motivation of our employees and the perception of their workplace in the year 2012.

The reformulation of the performance aspects “Soil Quality” and “Water Sources” led to a downgrading to the level “yellow”.

For more detailed information, see from page 48 into the

“Performance Report for 2011”



SEKEM Local and Export Markets

AMERICA

United States of America,
Canada

AUSTRALIA

Australia, New Zealand

AFRICA

Egypt (local market),
South Africa

ASIA

Japan, South Korea, China

SEKEM Europe

SEKEM Europe, Bochum, Germany

EUROPE

Austria, Belgium,
France, Germany,
Greece, Hungary,
Italy, The Netherlands,
Norway, United
Kingdom, Slovenia,
Sweden, Switzerland

GULF Region

United Arab Emirates
Kuwait, Qatar, Oman
Kingdom of Saudi
Arabia

SEKEM Locations

1) SEKEM Farm, Bilbeis

SEKEM Farm is the founding site of the SEKEM initiative and does not only refer to the farmlands that are cultivated there. It is also the main site for all SEKEM Group companies including production facilities. Furthermore, it is the base for the educational and medical institutions of the SEKEM Development Foundation and offers eco-tourism opportunities at the SEKEM guesthouse.

2) Headquarters, Salam City, Cairo

The SEKEM Headquarters premises host the SEKEM Holding as well as some management functions of the SEKEM Group companies, the Heliopolis Academy for Sustainable Development and the Egyptian Biodynamic Association (EBDA).

3) New Farm Sinai

4) New Farm Minya

5) New Farm Bahareya

The Concept of the Sustainable Development Flower

What is the Sustainable Development Flower?

The Sustainable Development 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 with its six sub dimensions). It was developed within a network of international organizations from the organic / biodynamic movement cooperating under the umbrella of the „International Association of Partnership for Ecology and Trade“ (IAP).

In the process of revising the Sustainable Development Flower, we added a new element that represents the cosmic influences on our planet. Examples for those effects are the low and high tides of our oceans and the planet's magnetic field. These forces also influence all living organisms. While this year's report does not address this new element in the text and assessment yet, it already displays it graphically. The cosmic influences are displayed as the symbols of the zodiac on the blue background surrounding the dimensions of the Sustainable Development Flower (see page 9).

Each dimension consists of several performance aspects, defined in detail through performance indicators. These are, wherever possible and applicable, linked on the international standard for sustainability reporting, the GRI G3.1 of the Global Reporting Initiative.

In the last years we learnt a lot through applying this concept to our work; also which performance aspects are easy to assess and which are not. In a thoroughly review process we adapted the Sustainable Development Flower framework according to our learnings, so that also other companies can make better use of the tool. This year we use for the first time the redefined framework to assess our performance (comments on mergers and reformulation can be found at page 81). In order to make the provided data more accessible we separated the detailed status and target overviews filled with hard facts from the general information about SEKEM.

Why does SEKEM use the Sustainable Development Flower?

The Sustainable Development Flower supports SEKEM in:

- Understanding all important development processes, setting targets and taking action accordingly
- Making development transparent for all stakeholders of SEKEM (clients, employees, customers, investors, business partners, media etc.)
- Giving a platform to disclose SEKEM's self-concept as a responsible company and, thus, make it possible that SEKEM serves as a role model for other organizations that aim at sustainable development

How does SEKEM use the Sustainable Development Flower?

In the operations of the SEKEM companies, the Sustainable Development Flower is fully applied in its three functions as a management, assessment and communication tool.

In the dimension ECONOMIC LIFE, SEKEM reflects what kind of products it sells and in which way it distributes values along the value chain. In SOCIETAL LIFE, the protection and regulation of human rights is in the focus. CULTURAL LIFE concentrates on the question of how to support the development of the individual. These three areas of society are surrounded by the six sub-dimensions of ECOLOGY: SOIL, PLANTS, ANIMALS, ENERGY, AIR, and WATER; to understand the positive and negative impact on the environment.

For our annual evaluation process, we formulated strategic, tangible targets aligned with SEKEM's vision, mission and policies. The continuously ongoing data collection on SEKEM's economic, social, cultural and ecological performance results in a Sustainable Development Scorecard that we use for improvement and communication purposes e.g. for our annual Sustainable Development Report.

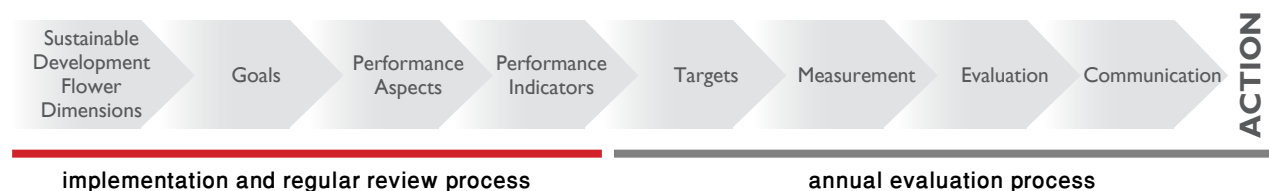


Table of Contents

I	Report Profile	II	Export and Local Market
	Sustainable Development Balance Score Card	III	The Concept of the Sustainable Development Flower
2	CEO Statement	46	Chairman's Epilogue
3	The SEKEM Idea		
4	SEKEM Story		

APPROACH		INTRO PERFORMANCE REPORT	
8	Our Vision, Mission, Values	48	Introduction
9	Our Goals within the Sustainable Development Flower Framework	49	Sustainable Development Organization
10	Timeline	50	Sustainable Development Balance Score Card

ECONOMIC LIFE		PERFORMANCE REPORT ECONOMIC LIFE	
11	Management Approach	52	Status and Target Overview
12	Focus: Resilient Business Model	55	Financial News
14	Product Portfolio of SEKEM	56	Performance Graphs
16	Partnerships	58	Consolidated Financial Statement
17	Suppliers of SEKEM		
18	The SEKEM Group of Companies		
20	Economic Value Distribution		

SOCIETAL LIFE		PERFORMANCE REPORT SOCIETAL LIFE	
21	Management Approach	60	Status and Target Overview
22	Focus: Stability through respect and fairness	62	Awards and Memberships
24	Human Rights and Code of Conduct	63	Organizational Structure of the SEKEM Group
26	Workforce	64	Performance Graphs
27	Health and Safety	66	SEKEM's Board of Directors
28	Advocacy for Sustainable Development	67	SEKEM's Advisory Board
		68	Stakeholder Approach

CULTURAL LIFE		PERFORMANCE REPORT CULTURAL LIFE	
29	Management Approach	70	Status and Target Overview
30	Focus: Freedom and Education	72	Performance Graphs
32	The SEKEM Cultural Institutions		
33	Children and Youth Education		
35	Employee Training		
37	Holistic Research: Heliopolis Academy		
38	Self-Fulfillment		
38	Values and Spirituality		

ECOLOGY		PERFORMANCE REPORT ECOLOGY	
39	Management Approach	76	Status and Target Overview
40	Focus: Regenerative Agriculture	79	Performance Graphs including Carbon Footprint
42	Soil	83	SBSC Evaluation Methodology
43	Plants	86	GRI Indicator Overview and Level Approval
43	Animals	92	UN Global Compact: Communication on Progress
44	Energy	93	Independent Auditor's Report
44	Air	95	Glossary and Abbreviations
45	Water	97	Imprint



Cairo, 25th of March 2012
Helmy Abouleish
Managing Director of SEKEM Group

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

Dear Readers,

Egypt entered a new era, an era of hope and change. The year 2011 will go down in the history books. Egypt's uprising in early 2011 brought millions of people onto the streets fighting for freedom and social justice, two values that SEKEM is trying to advance since its inception. We are proud to say that SEKEM didn't stop working for a single day while employees even helped guarding our facilities at night. It shows that our path to foster human development is bearing fruits.

In this time of change and volatility, there was a last attempt from the former regime to embark and approach the revolutionaries by sacrificing leading figures from politics and business. In this context, charges were pressed against me personally that alleged that SEKEM wrongfully benefitted from Industrial Modernization Center services during my time in the board of directors. After three months in remand custody, we all were very relieved that I was finally released. I am very thankful and proud about all SEKEM employees who endured this difficult time with dedication and hard work! I myself used this time of absence to study and refocus on what is important for me, for SEKEM and for Egypt. In particular I dedicated myself in this time to two issues that will have great impact on Egypt: to the 100% organic study that proves that organic agriculture will soon be more competitive than conventional agriculture if it not already is; and to the further planning of Heliopolis University that aims at educating the people on how economics, pharmacy and other fields can be transformed to promote sustainable development.

An economic crisis followed the Egyptian uprising and made 2011 a rather difficult business year for SEKEM. With this fifth Report on Sustainable Development, we would like to share with you our progress, as well as our challenges, in relation to each of the four dimensions of sustainable development: Economic Life, Societal Life, and Cultural Life, embedded in our planet's Ecology.

In 2011, the second year in our three-year cycle of target setting has come to an end. We substantially revised and advanced the Sustainable Development Flower which refined our reporting in this year's report. In the ongoing review process, we removed redundancies, included new indicators and quantified them where appropriate.

With respect to the extraordinary circumstances, our performance in 2011 proved resilient in all of the four sustainability dimensions. Our economic performance however faced losses: sales decreased by 7.9% with a profit margin of 1%. In comparison to most of the other Egyptian companies, SEKEM did well even without extensive layoffs. Instead, we were even able to hire qualified staff that will help us to quickly overcome the crisis. We also updated the Code of Conduct and plan to give relevant courses in 2012. Our cultural activities were highlighted by the start to set up a community at Minya farm according to the model that has been practiced on the main farm for over 30 years. Community building and thereby promoting ownership is vital to ensure sustainable development and success on our farms. In the ecological realm, we aim to further decrease our footprint by strict adherence to Demeter standards and pushing for innovative solutions such as our new cooperation with Hydrip GmbH and DEG to improve irrigation efficiency.

2011 showed us that SEKEM's sustainable business model proved resilient to these exogenous shocks. It reinforces and validates our strategy to include human development and to not only incorporate economic but also societal and cultural life as well as the ecology into all our management considerations. We will do our very best to further promote the concepts of sustainable development and regenerative agriculture through our transactions and projects in our companies, the SEKEM Development Foundation and hopefully very soon the Heliopolis University.

SEKEM was founded by Dr. Ibrahim Abouleish in 1977 and is located about 60 km northeast of Cairo in rural Egypt. In 2003, the SEKEM Initiative was honored with the Right Livelihood Award for its holistic business model which integrates societal and cultural dimensions and thereby successfully supports sustainable development. With the practices of biodynamic agriculture, Dr. Abouleish turned desert land into fertile soils. Today, these soils form the very basis for the successful cultivation of herbs, fruits and vegetables. The raw materials are further processed by the companies of the SEKEM Group to create high quality food, clothes and medicines, which are

sold on the national and international market. The returns of these companies are partly reinvested into the social and cultural activities.

Today, the SEKEM Development Foundation runs a school, a medical center, a vocational training center, various programs for socially disadvantaged children and several research and training programs. Furthermore, the foundation is currently engaged in establishing the Heliopolis University for sustainable development. SEKEM's approach to sustainable development unites social, cultural and economic components interacting in harmony with nature.

Cultural Life

- The SEKEM Development Foundation (SDF) operates a broad range of educational institutions, provides health services and supports the cultural and artistic development of SEKEM employees and members of the surrounding communities.
- SEKEM established the Egyptian Biodynamic Association (EBDA) to spread knowledge about biodynamic agriculture.
- SEKEM established the Heliopolis Academy and University for Sustainable Development to foster research & development.

Societal Life

- SEKEM engages with all its stakeholders in a holistic and transparent way.
- In 2011, the SEKEM Group of companies and the Foundation employed 1,669 and 176 people respectively.
- SEKEM actively endorses the UN Global Compact principles and promotes human rights using its Code of Conduct as a basis.
- SEKEM was awarded a prize by UniFem for providing all its female employees with equal opportunities in 2009.
- SEKEM is at the forefront of national and international initiatives for sustainable development.

Economic Life

- The core businesses of the SEKEM Group are land reclamation, organic farming, food, phytopharmaceuticals and textile production.
- SEKEM companies include the largest producer of organic herbal teas in the Middle East.
- SEKEM companies are compliant with 14 international standards and certificates (Demeter, Fairtrade, ISO, etc.).
- The SEKEM Group has implemented a comprehensive management system, integrating the four dimensions of sustainable development and annually reports on progress and achievements.

Ecology

- SEKEM cultivates 1,628 feddan (ca. 684 ha) of farmland and its suppliers from the EBDA cultivate 6,977 feddan (ca. 2,930.34 ha).
- In total 16.3% (ISIS: 39.9%) of the raw materials used in processing come from SEKEM companies.
- SEKEM constantly monitors and improves the efficiency of water usage and energy consumption.
- One of the major priorities of SEKEM is caring about the fertility of soil, the biodiversity of plants and the related ecosystem.
- Animal husbandry at SEKEM includes cattle, sheep, bees and pigeons, all living according to Demeter standards.



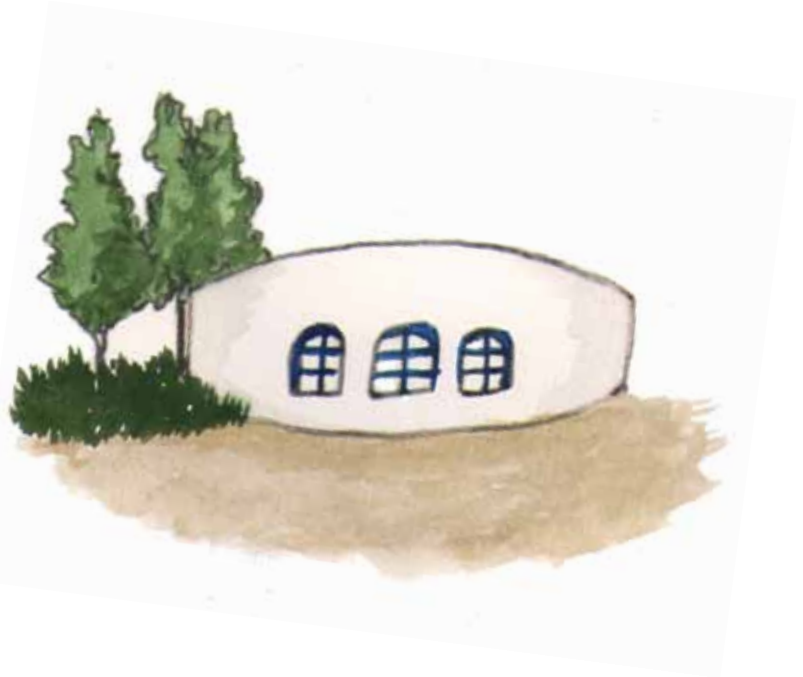
“Those who embark on a true search will return to themselves”

A short story from SEKEM

It may happen that something once thought lost is found again. It may also be that it remains lost forever but that the search itself turns out to be so precious that it exceeds by far the value of what was to be found. And if what one was looking for is indeed found again after having spent time and effort, a double reward is one's great gift.

This is exactly what happened to a visitor in SEKEM. He had lost a ring without much value but with many personal memories attached to it. And since the driver to the airport was not scheduled to arrive for another two hours, the visitor decided to use his remaining time to look for the ring once again.

The visitor started in the Round House, a building with a beautiful courtyard, a dining room and seven rooms where SEKEM accommodates its guests. He went on to see the Mahad, a small building hosting the institute for adult training. The soft shapes of the building make it fit perfectly into its environment, a rich vegetation with many trees. It was only when consciously and slowly walking down the paths in SEKEM that he discovered the organic forms of everything that was built or created. A very particular sense of beauty emanates from all creations in SEKEM - a place that was nothing but a desert 35 years ago.



Behind the Mahad, the road continues towards the schools and the mosque, going past the firms. Escaping fragrances reach those passing by. The visitor had already visited the firms on a guided tour before and had been astonished by the high standards of production, the friendliness of the employees, and the nice working atmosphere.

He then reached the nursery and walked by the school with its 12 grades, the vocational training center and the special needs school. Though he did not find the lost ring on his slow and attentive walk, it still brought back some memories. The visitor remembered the hundreds of children, teenagers, and young adults - Egypt's future generation - that will not only have acquired concrete knowledge and skills from their school in SEKEM, but will also have learned to respect and care for everything living and to peacefully connect the needs of each individual with those of the community.

Our visitor continued his way behind the school towards the big amphitheater. Its steps, naturally carved into the soil, form a semi-circle from where the stage can be seen. It is a place where art and community are celebrated throughout the year.





Slowly making his way back to the Round House on a wide alley, he passed by the chamomile fields whose harvest is processed by LOTUS. „Why am I still looking for my small ring here in SEKEM“, he thought, „with every step I make, I find circles that connect people, nature and cosmos, just like a ring.“ Where people work together like in SEKEM, they form circles to see and understand each other. Everyone realizes how much each one of us owes to the others and what the others owe to each of us.

Isn't agriculture, with its people and animals, also part of a big cycle that recurs with the seasons of the year? And aren't the products grown here, in Minya, Bahareya and the Sinai, and brought to SEKEM for processing, also part of a big cycle? Dates from Bahareya are transported to ISIS and are packaged there. Potatoes from the Sinai are brought to HATOR, where they are sorted and then delivered to the different retail markets.

Precious medicinal herbs are taken to ATOS Pharma for processing into natural medicines. Containers full of dolls and children's clothing produced by NATURETEX are shipped everywhere in the world. Producers, distributors, and consumers are connected through small and big cycles.



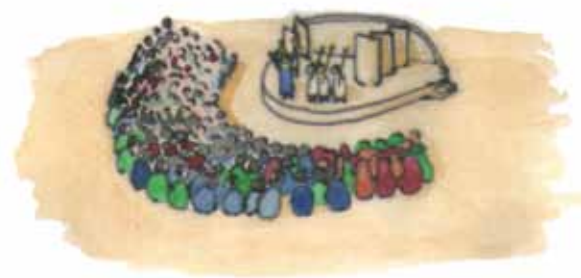
In his mind, the visitor suddenly understood how the various circles are all connected together to form rings. He was struck by the beauty of the farm, its rich vegetation and its animals, its many carefully designed buildings, and hundreds of people working and learning together. And he realized how this farm was connected with many people all over Egypt and the entire world. „Aren't we ourselves part

of the big cycle of God's creation?", he asked himself.

It was then that he understood the image and vision of sustainable development: an incredible diversity, embedded in an environment in which nothing is lost and where every small part is carried on by a great and all-encompassing cohesion.



When he was back in the Round House, he said goodbye to the staff who had gently cared for his needs over the past days. With a bright smile on his face, one of the employees handed him a ring that had been found in the dining room. „It looks like there are even more circles than what I had thought", said the visitor and expressed his thanks.



SEKEM was founded with the idea of sustainable development and building of a prosperous future for the surrounding communities and Egypt. The vision that brought Dr. Ibrahim Abouleish to dig the first well in the vast desert land still resounds in SEKEM's approach of conducting business. Like a compass, the vision, mission and values guide the employees in the everyday work in all SEKEM companies. The Code of Conduct of SEKEM builds the ruling framework (see page 24).

Our Vision

Sustainable development towards a future where all humans can unfold their individual potential; where human kind is living together in social forms reflecting human dignity; and where all economic activity is conducted in accordance with ecological and ethical principles.

Our Mission

To realize our Vision for Sustainable Development in Egypt...

...we establish biodynamic agriculture as the competitive solution for the environmental, social and food security challenges of the 21st century.

...we support individual development through holistic education and medical care.

...we create workplaces reflecting human dignity and supporting employee development.

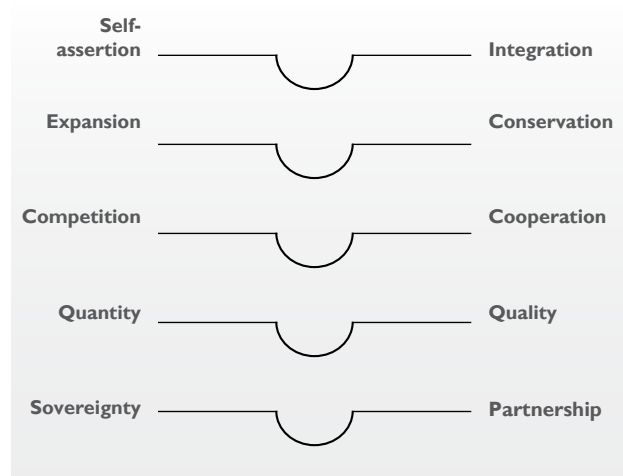
...we build successful business models in accordance with ecological and ethical principles.

...we innovate for sustainable development through research in natural and social sciences.

...we locally and globally advocate for a holistic approach to sustainable development.

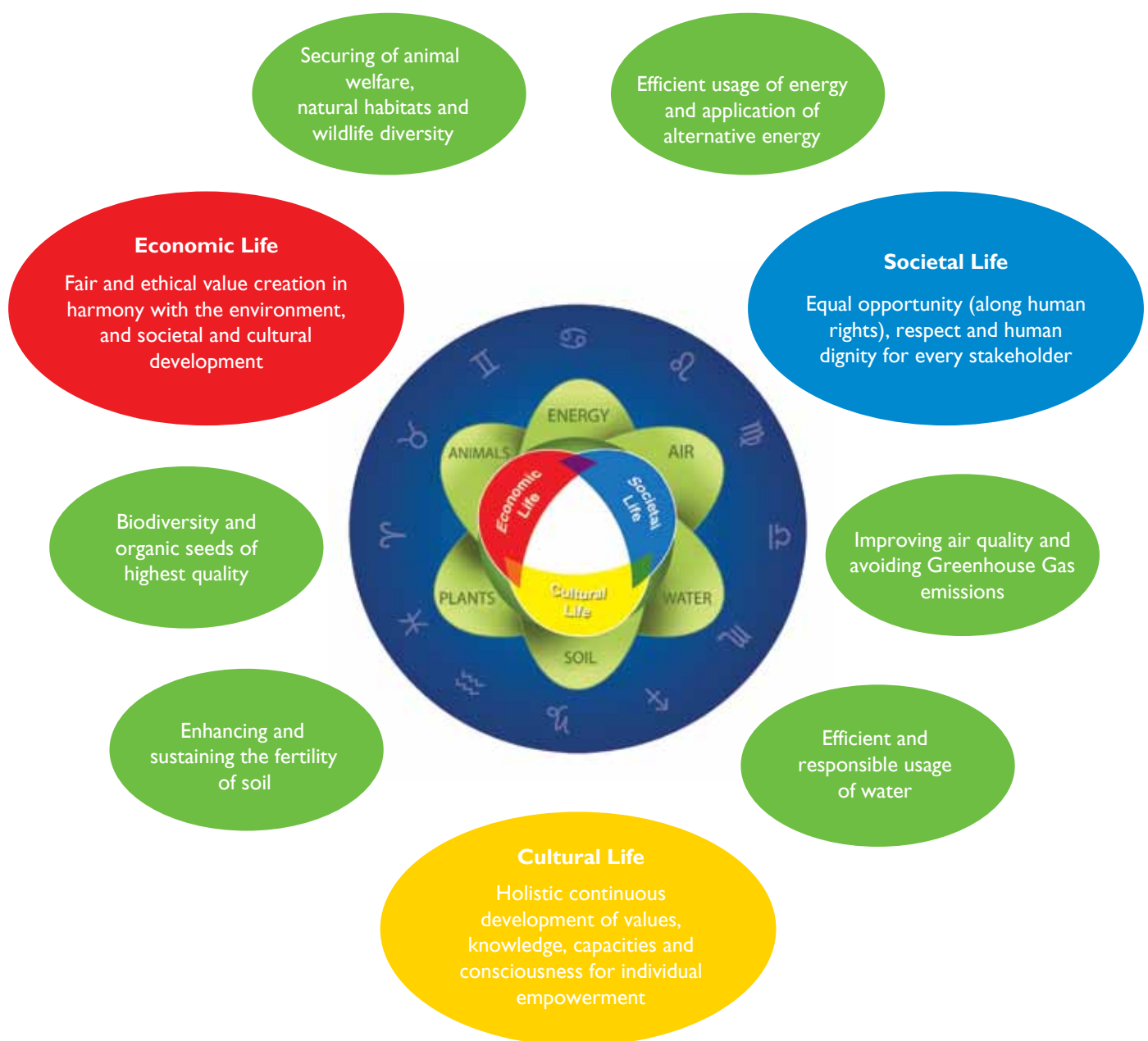
Our Values

In nature, every organism is independent and at the same time systemically inter-connected to other organisms. Inspired by ecological principles, representing the wisdom of nature and the universe, we continuously strive to gain and sustain a harmonious balance between the following polarities and to integrate them into our development:



Our Goals within the Sustainable Development Flower framework

The Sustainable Development Flower (also see “The concept of the Sustainable Development Flower” in the fold out cover) builds the framework for our performance monitoring, evaluation and reporting. Therefore, the structure guides the reader through this report. It reflects the fourfoldness of sustainable development, with the ecological dimension broken down into separate elements and spheres. Throughout this report, we communicate the basic philosophy, our hands-on management approach as well as a detailed performance evaluation for the separate flower petals. For each of them, we defined an overall goal as depicted below.



Time Line



- | | | | |
|------|---|------|--|
| 1977 | Dr. Ibrahim Abouleish establishes SEKEM on an area of 70 hectares of desert sand. | 2000 | SEKEM Academy for Applied Arts and Science (medicine, pharmacy, agriculture and arts, later Heliopolis Academy) starts work; and the Cooperative of SEKEM Employees (CSE) is founded. |
| 1981 | First medicinal herbs and food ingredients are shipped to the U.S.A. | 2001 | SEKEM Holding is established. |
| 1983 | The two brands SEKEM HERBS and ISIS are established. | 2003 | SEKEM and Dr. Ibrahim Abouleish receive the Right Livelihood Award; SEKEM Academy introduces Eurythmy training at the workplace |
| 1983 | The Society for Cultural Development in Egypt (SCD) is founded (later renamed as SEKEM Development Foundation, SDF). | 2004 | Dr. Ibrahim Abouleish is selected as «Outstanding Social Entrepreneur» by Schwab Foundation; higher education activities start with participation in EU project “DOPSE-TEMPUS”. |
| 1984 | Employee training in arts and science begins under the umbrella of The Egyptian Society for Cultural Development (SCD). | 2005 | LOTUS starts work as a company processing organic herbs and spices; SEKEM Europe is founded to support the goals of the Holding to process and market healthy and ethical products made from biodynamic ingredients. |
| 1986 | ATOS PHARMA is established. | 2006 | EL-MIZAN for organic seedlings is established. |
| 1987 | The SEKEM Kindergarten and the Mahad Adult Training Institute open their doors. | 2007 | LOTUS Upper Egypt and the Water Research Department at Heliopolis Academy start work; LIBRA cooperates with Soil & More Egypt to produce compost from organic matter (2008 also in Alexandria). |
| 1988 | LIBRA is founded and specializes in packing and exporting fresh fruit and vegetables to Europe. | 2008 | SEKEM for Land Reclamation (SLR) is established (North Sinai, Bahareya Oasis and Minia; in total 6000 feddan [= 2,630ha]); Heliopolis Academy establishes the Sustainable Entrepreneurship Center. |
| 1989 | Primary and secondary SEKEM schools open. | 2009 | Heliopolis University for Sustainable Development receives its acknowledgement by the Presidential Decree No. 298; First “Heliopolis Academy Innovation Award”. |
| 1990 | LIBRA exports fresh organic produce to Europe; SEKEM encourages the foundation of the Center of Organic Agriculture in Egypt (COAE), an independent certification body. | 2010 | The joint venture “PREDATORS” for breeding insects for organic pest control is founded. |
| 1993 | LIBRA for Organic Cultivation is established. | 2011 | ATOS builds a new factory and SLR starts implementation of a subsurface irrigation system with the Austrian company Hydrip. |
| 1994 | CONYTEX (later NATURETEX) and the Egyptian Biodynamic Association (EBDA) are founded. | | |
| 1996 | HATOR is established; the first Nature’s Best Shops open in Cairo, SCD opens the Medical Center; the International Association of Partnership in Ecology and Trade (IAP) is established by SEKEM and many of its business partners. | | |
| 1997 | SEKEM, ATOS PHARMA, CONYTEX and HATOR are ISO 9001 certified; SCD opens a Vocational Training Center (VTC), an art school and Literacy Program for disadvantaged children; ISIS is founded to manufacture organic foodstuffs. | | |

ECONOMIC LIFE

Modern societies around the world are mainly characterized by the division of labor into economic activities. Through cooperation, values are created and then exchanged as products and services. In this exchange, it is essential that those creating the values be rewarded for their efforts with a fair income. This income must enable them, within their social environment, to achieve and to improve such results in the future, too. Therefore, the establishment of a worldwide cooperative network of value creation, accumulating values for fair interchange relations, is fundamental for a sustainable development of the economy.



Management Approach

We take a long-term perspective towards our development and give high priority to the preservation of nature for future generations. This is why we aim, amongst others, for the highest product quality based exclusively on organic raw materials that have a low impact on the environment. The certification of our products according to a wide range of standards such as Fairtrade, International Demeter standards and Global Gap shows our commitment to not thinking in financial figures only.

- ▶ The quality management systems of the SEKEM companies are certified according to the ISO 9001 standard. The requirements for this certification include the continuous improvement of control and of all quality relevant processes, as well as the enhancement of customer satisfaction. The standards ISO 14001 and OHSAS 18001 guide us in proper environmental as well as health and safety management. Any operational planning or product related decision is evaluated for its influence on SEKEM's sustainable development path and discussed in the weekly management meetings of all companies.

We measure success throughout all dimensions of the Sustainable Development Flower. This extensive performance evaluation framework used to monitor our key performance indicators is our way to incorporate the precautionary approach (Article 15 of the Rio Principles) into our business model.

Our ambitious goals can only be achieved by building long-lasting partnerships throughout our value chain. This is why we are committed to supporting our suppliers in satisfying our qualitative, social and environmental requirements and cooperate with peer companies to share practices and learn from each other.

Finally, every element in the value chain that is part of the production has to receive the appropriate share of economic value created. A fair price policy applies to our purchases and a salary allowing for a decent living is the minimum for our employees.

Impact, Risks and Opportunities

Our economic activities are based on nature and the cultivation of organic raw materials, which form the basis for all subsequent steps of value creation. Our core businesses, including food, textiles and pharmaceutical production, depend on our capability to assure that our products are organic and compliant with the International Demeter standards and, as far as possible, Fairtrade. We are aware of the risk of non-compliant behavior of our suppliers that we try to compensate through certification by independent certifiers and support of the EBDA (our pool of suppliers) that helps its members assure compliance. Due to a general surge of health awareness and a growing customer base, we expect the global demand for organic products to increase, especially in Egypt. To satisfy this demand, we extended our farmlands by three further sites in 2008, where we started to reclaim over 6000 feddan (= 2,630 ha) of desert land. For irrigation and hygienic matters, the responsible and efficient use of water and energy is not only in our interest because of reduced costs, but also because of the reduced negative impact on the environment, which is the basis for our competitive advantage.

How can we design sustainable products and services?

How can we build partnerships with our suppliers?

How can we share the created value in a fair way?

Process improvements
see page 53/54



Sustainable Business Model = Resilient Business Model

In the first decade of the 21st Century, SEKEM grew significantly. SEKEM was restructured to meet the challenges of growth by establishing the SEKEM Holding and several companies of the SEKEM Group. Yet, several severe crises, both national and international, accompanied SEKEM's ascent. In 2008, a global food crisis rocked the international agriculture markets, having a significant impact on food prices that virtually 'exploded'. In the following year, the international financial crisis put the financial markets and the banking sector under severe pressure, which in turn made governments and businesses struggle to uphold their finances.

In 2011, the Arab region experienced an unprecedented period of uprisings and violence, which led to the toppling of several regimes. Egypt went through historical events leading to the downfall of Mubarak on February 11, 2011. The economy came under pressure due to an economic standstill that lasted several weeks. This led to unemployment and a weakening of the local markets. Many companies had to be dissolved due to insurmountable losses in this period. Other companies had to lay-off many employees in order to cope with the new realities.



SEKEM faced losses in this period as well. Yet, the 2011 crisis also showed how crisis resilient SEKEM is. This resilience is inherent to the business model that SEKEM pursued and developed over several decades until today. SEKEM focused on developing its business not only in farming (SEKEM for Land Reclamation) or

processing (e.g. ISIS) but also developed an integrated value chain. The value chain consists of a seed breeding program (EL-MIZAN), several facilities to produce compost (LIBRA) and growing and harvesting herbs and foodstuffs (SEKEM for Land Reclamation). These raw materials are then processed (LOTUS, LOTUS Upper Egypt, HATOR) and further refined to end consumer products (ISIS, ATOS, NATURETEX) to be distributed to the wholesalers and shops by its own fleet. Although SEKEM still purchases a significant share of raw materials from suppliers, the integrated value chain helped SEKEM become less dependent on external suppliers and processors. Further, the location proximity of its different facilities reduces risk and costs that occur through transportation and storage.

Philanthropy vs. Investment

“Philanthropy comes from the Greek term *philantropos*, which is a combination of two words: *philos*, meaning “loving” and *anthropos* meaning “human being”. This is indeed what SEKEM is about: the love of humanity, and the devotion to holistic and sustainable development of every individual, society and the environment.

Commonly, however, philanthropy is understood to signify giving away money for free, as a gift for a good cause but without any financial return. While the business model of SEKEM is clearly motivated by social and environmental goals, we are by no means a charity or philanthropic endeavor. Our way to reach our goals is by making investments.

At SEKEM, we constantly invest in our community, company and country, and re-use some of our profits to invest in further development. This is an essential feature of our business model, which is inherently social, and a continuous cycle of investment in economic, social and cultural development.”



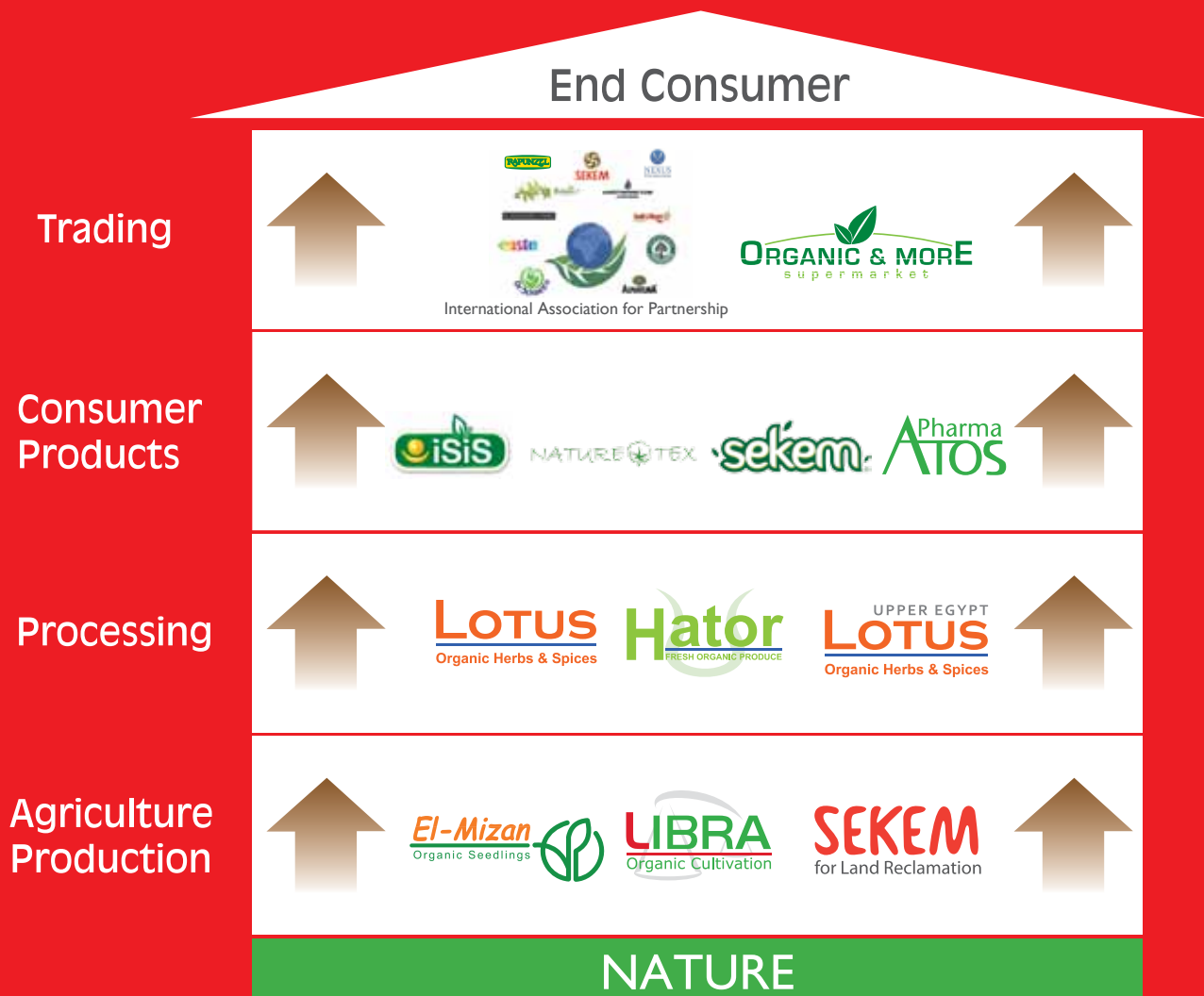
ECONOMIC LIFE

Sustainable Development 2011

SEKEM is engaged in the food and beverage, pharmaceutical and textile sectors. The diversified product portfolio and the fact that it is the market leader in the 'organic' (niche-)market in Egypt further strengthens SEKEM in times of crisis for apparent reasons. Particularly the food and beverages sector and the pharma sector proved relatively resilient in 2011 despite the general struggling economy. The textile industry was not problematic for SEKEM subsidiary NATURETEX because it mainly exports its products. Here lies another resilience increasing factor: SEKEM

built up its export share as a second strong pillar next to its sales on the local markets.

While in 2012, it is widely anticipated that the economy in Egypt recovers, SEKEM will continue its resilient path of business by increasing the share of cultivated area on its farms, finding new export markets and integrating innovative technologies and processes to improve efficiency in the long run.



Product Portfolio of SEKEM

Fair Prices for Suppliers

The prices for raw materials are set according to Fairtrade principles and assure a fair distribution of the value generation to our suppliers. We foster our long-term relations with our suppliers through guaranteeing purchase of certain amounts of raw material and helping to pre-finance the cultivation (see also page 17).

Affordable

We offer products in all pricing categories. Customers of all income groups can afford at least some SEKEM products, for example ATOS medicinal tea. We also strive to adapt our pricing policy according to factors like differences in purchasing power. Also, a study by Soil&More showed that organic agriculture will soon be cheaper than conventional agriculture.

Accessible

In Egypt, most ISIS products can be found in all hypermarkets and in many supermarkets. ATOS phytopharmaceuticals and SEKEM health products such as medicinal teas are available in 80% of the pharmacies in Egypt. Our sales personnel continuously works on the extension of the distribution area. ◀

Environmentally Fair Prices

Conventional cultivation ignores the negative long term impact on soil and biodiversity. Consequently, we consider the cheaper non-organic products as “unfairly” priced. The hidden costs lay in environmental degradation, cleaning of contaminations and the burden for future generations. Through our commitment to organic products and environmentally friendly production, we face extra costs in the production that do not accrue directly for conventional producers but avoid the so called external costs.

Positive for the Community

10% of the profits go to the SEKEM Development Foundation which realizes educational, health and research projects to benefit the surrounding communities of SEKEM in particular and Egypt in general. The private SEKEM school offers a gradual fees scale so that all children can afford to receive quality education.



Humane

Our strong commitment to the UN Global Compact and ILO Conventions underlines the respect we pay to basic human and labor rights in our operations and along our supply chain. Through our Code of Conduct we hold all our employees accountable (see also page 24).

Healthy and Safe

The most tangible benefits of our products are their health advantages, along with their story of positive impact on human development. The ban of pesticides and genetically modified organisms in our production avoids any negative impact on the human body. The raw materials arriving at ISIS, LOTUS, ATOS and NATURETEX are checked in physical, chemical, microbiological and pesticide tests. During production, we do not use additives like flavor enhancers.

In fact, the fruits, vegetables, spices, teas and other foodstuffs enrich the consumers' diets while the textiles are pleasant for the skin.

Biodynamic

We apply biodynamic agricultural methods. This means we use compost, resilient (not genetically modified) crops and natural predators instead of external inputs such as chemical fertilizers and pesticides. The application of biodynamic agriculture means thinking about agriculture in closed nutrient cycles, including livestock. SEKEM produces its own compost, grows cereals to feed the livestock and enhances the soil fertility through crop rotation. Soil, plants, animals and humans together create a holistic and living organism.

The contracted farmers of SEKEM use biodynamic growing methods as well and from season to season are able to show an increase in productivity and superior food quality.

Coverage in %, see page 52

Vital

We recognize the effect of the sun, the moon, the planets and the signs of the zodiac on the plant development. Using this knowledge and biodynamic preparations, we can harmonize and connect our farming operations with nature and cosmos and achieve a significant vitalization of our plants.

From Healthy Soils

We started to grow on desert land. With the help of compost, we built up organic matter in the first 30 cm of the soil, which is now full of life. The water holding capacity increased as well as the carbon sequestration capacity, while the risk of erosion sank. Driven by this success, we are now reclaiming further land in different regions of Egypt (Sinai, Minya and Bahareya).

Certified

A large amount of our purchased raw materials are certified according to Demeter – one of the highest organic standards world-wide – Fairtrade and other standards. This way we, as well as our customers, can be sure that the suppliers comply with certain rules and receive their fair financial share.

Though 94%* of our products are of organic origin and come mainly from farms which are compliant with the Fairtrade principles, we only print the Demeter and Fairtrade label on the packaging when our customers ask for it. This is simply because labeling license fees are high. Inspectors from COAE, FLO-CERT, ICEA and TUEV regularly assesses our premises and operations (see page 18 and 19 for all certifications per company).

Innovative

As a pioneer for organic products, we constantly expand into new markets in Egypt. We were the first to introduce organic cotton, teas and a broad variety of other products.

We continuously do research on various subjects concerning agriculture, medicine, pharmaceuticals, biotechnology and other scientific areas and translate our findings into products, e.g. herbal medicine of ATOS, which spends 2% of profits per year for studies at the Heliopolis Academy. Furthermore, we support our customers in realizing new ideas like various baby clothing and toys in NATURETEX.

Efficient Organizational Processes

Packaging

For the packaging of our products, we continuously maximize the share of recycled input material. We strive to solely use reusable or recyclable materials. The largest amount of packaging comes from boxes and paper that offer the possibility for recycling.

Due to the missing infrastructure in Egypt, we cannot offer a refund and recycling-system for bottles. SEKEM plans to cooperate with major customers in order to improve the situation.

% of recycled input, see page 54

Transport

The distribution fleet of SEKEM consists of 80 vehicles, mainly transportation cars. They distribute mostly ISIS products to grocery stores and supermarkets but also deliver ATOS products to pharmacies. The export shipment is mainly done by shipping and the total food exports measured in sales value via airplane do not exceed 5%.

Waste

Waste numbers, see page 53

At its main site close to Belbeis, SEKEM has set up a waste sorting facility processing the companies' output of waste materials. Waste produced during the processing and production within the SEKEM companies is sorted into glass, plastics, carton, paper, organic waste and remaining non-recyclable materials, such as metals or hazardous waste from the Medical Center, which gets either landfilled or transported to special end-of-life treatment centers. All organic waste is composted on site by LIBRA and valuable non-organic waste is sold for recycling.

Innovation numbers, see page 53

*The remaining 6% come from conventional sources. This remains in case of ISIS limited to our honey production or results from shortages in organic raw material supply for spices or teas and nuts. Some of the ingredients for ATOS products are not available as organic. Of course, we state this on the package. This motivates us even more to enlarge the capacity for our own raw material production.

Partnerships

Building partnerships based on mutual trust is not only important in private but also in economic life. Business is not possible without good relations to other stakeholders, may they be businesses, consumers or suppliers. SEKEM would not have been possible without longstanding partnerships that have been developed over the years to the strong foundations of today. We keep on striving for reliable and value driven partners.

The International Association of Partnership

Arguably, the most important partnership network is the International Association for Partnership in Ecology and Trade (IAP). In 1996, it was established by SEKEM and several of its long-term European business partners to create a dynamic interaction between farmers, producers, and traders with the goal to provide consumers with high quality organic products. The IAP is a cooperation forum for organic agriculture that enhances commitment to nature and a higher food quality. The partners have cooperated since 1984 to strengthen the basis for biodynamic and organic agriculture world-wide.

IAP members exchange market information, plan strategic initiatives for marketing of organic products, finance new projects and strengthen existing ones. These actions are taken to facilitate the development of organic cultivation movements across the world. The partners try to meet four times annually to evaluate progress, implement decisions, and discuss new strategies. Currently, there are 14 constant members who are all high-level businessmen in their respected companies.

Long-Term Relationships with Suppliers

While IAP partners are mostly buyers from SEKEM companies, SEKEM Group also has an extensive network of suppliers (see next page). The network of suppliers consists of both the SEKEM companies, themselves being the suppliers of other companies such as LIBRA (compost) for SEKEM for Land Reclamation or EL-MIZAN, and external suppliers. All agricultural suppliers are members of the Egyptian Biodynamic Association. SEKEM Group provides their suppliers with inputs (such as compost or biodynamic preparations) and knowledge, offers pre-financing for their activities (depending on the case) on a seasonal basis and a buying guarantee for the pre-financed harvest. SEKEM knows about the importance of these mutually beneficial relationships and tries to nurture them as much as possible.

Responsibility to Customer and Consumer

“The most responsible way of dealing with clients consists of two parts: education and listing nutritional information. In Egypt, there is still a need to spread information about the health impact of organic food. We see it as our responsibility and are convinced of the positive impact on the community when we provide health related information and advice on products, on our websites, Facebook pages and through our customer service. Furthermore, our product information and labeling is compliant at least with country-specific regulations, and even beyond.

A new customer service department has been established for ISIS in order to be in direct contact with end consumers and to answer all kinds of questions, inquiries or complaints. Through the new websites of ISIS and SEKEM, clients and users can easily find information about our products, ingredients and benefits, as well as organic and sustainable development topics and are lead to the hotline, email form or Facebook page for further information.

In order to ensure long-term customer satisfaction, all SEKEM companies regularly refer to customer feedback through standardized questionnaires, which are part of their Integrated Quality Management System. While differentiating between local and export customers, topics such as quality, communication, annual planning, deliveries, prices and financials are analyzed.”

Customer satisfaction see page 52

Supplier figures see page 54



International Association for Partnership

Supplying Partners of SEKEM

The reliability of SEKEM's production depends, apart from our own cultivation (SEKEM for Land Reclamation: 1,628 feddan [ca. 684 ha]), on the supply of high quality, biodynamically grown produce, cotton and herbs. 86.2% of all raw materials come from external sources. Our suppliers are members of the Egyptian Biodynamic Association (EBDA) which cultivated an area of 6,977 feddan (2,930.34 ha) in 2011. Approximately one small-scale farmer works on 5 feddan (2.1 ha). That means we are dealing with around 1400 farmers organized in 137 farms.

In order to guarantee the suppliers' compliance with our expectations, we implemented a supply chain management throughout the SEKEM Group. Each SEKEM company is responsible for its own suppliers. Our goal is to continuously improve our local and exporting activities. Our approach combines the control of clear requirements based on international management and technical standards with building vital partnerships with the farmers.

Certification of Raw Materials

- ▶ Like our own companies, all our suppliers are Demeter certified or in transition. Next to the International Demeter standards, we ask our suppliers for compliance with additional standards depending on the product and on clients' demands (e.g. EU regulations on organic farming, Kosher, Hand-in-Hand by Rapunzel, Bio Suisse, Global Gap and US National Organic Program). After inspection by technical engineers in physical, chemical, microbiological and pesticide tests, ATOS

The Center of Organic Agriculture in Egypt (COAE)

“ In 1990 the Demeter Association, IMO Switzerland and the Egyptian Biodynamic Association (EBDA) jointly established the Center of Organic Agriculture in Egypt (COAE) as an independent inspection and certification body. COAE ensures and guarantees that the International Demeter and EU standards for organic production are fulfilled. COAE is responsible for the certification process in SEKEM. ”



Pharma, ISIS, LOTUS, LOTUS Upper Egypt or NATURETEX process the raw materials. The SEKEM Group Compliance Manager works in close cooperation with the companies' quality departments. It is under his responsibility that the SEKEM companies are all certified according to the standards mentioned before, or to manage successfully the transition to get certified. Furthermore, we evaluate all suppliers annually according to our own quality evaluation methods in the form of surveys and assessments. In this way, we reduce the number of complaints and have less return.

certified
purchase value
see page 54

Capacity Building in the Supply Chain

Following the principles of transparency, we implement an honest and fair collaboration throughout the whole supply chain (see previous page). The prices for raw materials are set according to Fairtrade principles and assure a fair distribution of the value generation to our suppliers. For some of our products, customers ask for a Fairtrade certification; e.g. for oranges, potatoes, rice, hibiscus, chamomile, mint, lemon grass and cotton.

Our supply chain management approach ensures that we contribute to the improvement of living conditions and the development of our supplying farmers throughout Egypt. In 1990, we established the independent Egyptian Biodynamic Association (EBDA) in order to offer training, technical assistance to farmers and conduct research on biodynamic agriculture. Our suppliers are becoming more and more aware of the advantages of biodynamic agriculture and promote it within their own community; usually rural areas. The United Nations Food and Agriculture Organization (FAO) states that organic agriculture can provide over 30% more jobs per hectare than non-organic farms and, thus, create employment opportunities.

The SEKEM Group of Companies

The SEKEM Group of Companies forms an integrated value chain based on biodynamic agriculture, which starts with agricultural production and ends with the delivery of products to the end consumer. This vertical integration helps us to ensure adherence to our standards and requirements along the value chain, as well as to secure the availability of high-quality raw materials. The SEKEM Holding supervises, evaluates and supports all its subsidiary ventures and acts as an investor and money lender to them.



- International Demeter standards
- Good Management Practice
- Quality management acc. to ISO 9001
- Environment management acc. to ISO 14001
- Health and safety management acc. to OHSAS 18001
- Laboratory tested acc. to ISO 17025

ATOS Pharma, founded in 1986 as the phytopharmaceutical branch of SEKEM, manufactures and markets an array of natural medicines and healthcare products of superior quality for effective causal treatment combined with maximum tolerability. ATOS products are marketed and distributed nationally as well as in the Middle East/North Africa region.



- Fairtrade criteria by FLO (Fairtrade Labeling Organization)
- International Demeter standards
- Quality management acc. to ISO 9001
- Food safety management acc. to ISO 22000
- Environment management acc. to ISO 14001
- Health and safety management acc. to OHSAS 18001
- Kosher

ISIS, founded in 1997, produces healthy food from carefully selected raw materials, free of artificial additives and preservatives. The foodstuffs processed and packed by ISIS include organically grown cereals, rice, vegetables, pasta, honey, jams, dates, spices, herbs, edible oils, beverages such as herbal teas, coffee and juices as well as other multi-ingredient products. With its operating branch named HATOR, ISIS also sells biodynamically grown fresh produce to local and international markets, mainly in Europe.



- International Demeter standards
- Quality management acc. to ISO 9001
- Environment management acc. to ISO 14001
- Health and safety management acc. to OHSAS 18001
- TÜV CO2 Compost and Crop

LIBRA, founded in 1988, forms the agricultural foundation of the SEKEM supply chain following biodynamic principles and producing milk, eggs, beef, sheep, chicken and compost. LIBRA launched with Soil & More International BV a commercial compost project in 2007 that has today two compost sites, one in Sharkia and one in Alexandria. Since 2010, LIBRA has begun to concentrate on cattle management only and has handed over its agricultural cultivation responsibilities to its sister company SEKEM for Land Reclamation.



- Fairtrade criteria by FLO
- National Organic Program of the USA
- Quality management acc. to ISO 9001
- Food safety management ISO 22000
- Environment management acc. to ISO 14001
- Health and safety management acc. to OHSAS 18001
- International Demeter Standard
- Kosher
- Bio Suisse

LOTUS, was originally founded in 1977. It was the first company of Dr. Ibrahim Abouleish and started with the name of SEKEM. It produces, imports and exports organic and biodynamic, thus natural and chemical free, herbs, spices and seeds for its sister companies ISIS and ATOS, as well as for the export market according to International Demeter Processing Guidelines. Taste, aroma and their natural medicinal effectiveness are the highest priorities.



- Fairtrade criteria by FLO
- Quality management acc. to ISO 9001
- Food safety management acc. to ISO 22000
- Environment management acc. to ISO 14001
- Health and safety management acc. to OHSAS 18001



- Fairtrade criteria by FLO
- International Demeter standards
- Quality management acc. to ISO 9001
- Environment management acc. to ISO 14001
- Health and safety management acc. to OHSAS 18001
- Global Organic Textile Standard



LOTUS Upper Egypt, established in 2007, is mainly concerned with drying the herbs and spices of the SEKEM farms in Upper Egypt.

NATURETEX, founded originally under the name of CONYTEX in 1998, is a high quality producer of fabrics, fashionable home textiles, dolls and colorful baby wear based on organic cotton. The products are produced and sold on national and international markets under its own brand named Cotton People Organic (CPO), NATURETEX or under private labels such as “Under the Nile” or traded via Alnatura “BioBaby” and “PWO - People Wear Organic”.

EI-MIZAN, also referred to as MIZAN, was founded in 2006 as a 50/50 joint venture between Grow Group Holland and SEKEM Group Egypt and offers grafting and plant cultivation services for fruit and vegetable plants. Healthy, profitable in- and outdoor grafted seedlings are provided to Egypt's vegetable producers and SEKEM for Land Reclamation.



PREDATORS, was founded in 2010 as a joint venture between LIBRA, Envision and Bioproduction (Denmark) to professionally breed insects that serve as a natural substitute for toxic and hazardous chemical pesticides



- Fairtrade criteria by FLO
- Global GAP (for Adleya and Sinai farm)
- National Organic Program of the USA
- International Demeter standards
- Bio Suisse

SEKEM for Land Reclamation (SLR), was established in 2008 for reclaiming and cultivating new pieces of land according to biodynamic principles. In the first place, therefore, it was responsible for enlarging the cultivation area in Sinai, Bahareya and Minya and for supplying high-quality raw materials from these farms to the SEKEM companies. In 2010 SLR overtook, additionally, the whole land cultivation of LIBRA. SLR engages in assuring fair prices, securing the supply of organic quality raw material, practicing crop rotation, as well as planning and producing for the Egyptian Biodynamic Association (EBDA) members and stakeholders.



- International Demeter standards
- Bio (Europe)
- Fairtrade criteria by FLO

SEKEM Europe, located in Bochum, Germany, is a subsidiary of the SEKEM Holding. SEKEM Europe GmbH operates in the areas of import and sales of SEKEM's ready-made consumer goods and fresh produce, raw materials and ingredients. The entity provides services to SEKEM in the field of customer care, export marketing, market development and public relations for Europe.

Economic Value Distribution

Our goal is to create economic value and ensure its fair and sustainable distribution amongst all stakeholders. Our suppliers receive their appropriate share in the same way as our employees. Within SEKEM, certain investments for new machinery, infrastructure and the employees are made. SEKEM was born with the idea of giving back to the community, which includes an affordable price for our products but also investment into our surroundings, and therefore into our future and the common welfare of Egypt.

Supplying Partners

We established a fair price policy for our suppliers. An increasing amount of our purchased raw materials come from Fairtrade certified suppliers. In this manner, we want to assure that the price paid is not below the average production price and that the suppliers receive an additional premium payment which can be used for a development project to enhance any of the aspects of sustainable development.

Company

SEKEM's role as an organic agriculture producer in Egypt forced the company from the first day on to follow an innovation strategy.

Thanks to the diverse product portfolio (see page 14-15 and 18-19), the internal value chain and a healthy balance of export and local market, SEKEM proved to be economically resilient (see page 12-13).

SEKEM will continuously invest into the companies, employees and cultural activities. One focus in the next years will remain desert land reclamation. The second main investment project is the start of the Heliopolis University.

Shareholders

SEKEM Holding is a joint stock company. With 76.03%, the main part of the shares belongs to the Abouleish family. The remaining 23.07% are split evenly between GLS Bank and Triodos Bank, both operating with high ethical standards. We try to keep the external participation as low as possible. The dividend distribution does not happen on a regular basis but depends on the approval of the shareholders.

Employees

In Egypt, the differences between the living standards of the social classes is drastic. While the upper class lives according to Western standards, the public minimum wage of 400 EGP is too low to ensure a decent living for the lower classes. After the 'revolution' in spring 2011, debates put new pressure on the government to develop a fair minimum wage for private companies. Until this is realized, SEKEM does not use the official numbers as guidance for its compensation policy. In 2011, the minimum entry-level salaries started at 650 EGP per month, depending on the educational background of the person and based on individual performance.

The ratio between lowest and highest salary is around 1:55. Though SEKEM tries to keep the salary scale as narrow as possible, it reflects the societal reality of very different qualification levels and the nationwide income inequality. The lowest salaries are earned by unskilled workers.

SEKEM provides all full-time employees with benefits, including optional medical insurance (see page 25), life insurance in case of disability and retirement plans. Contribution to the latter two amounts each to 2% of the salary, paid equally by one of the SEKEM companies and the employee. A so called "friendship fund" for emergency cases like severe injuries or death but also for rather joyful events such as marriages and births is funded by a membership fee from every SEKEM employee. This fee reflects the employee's salary and SEKEM pays each time the same amount into the fund.

Community

To improve the common welfare in our community, SEKEM founded the Egyptian Society for Cultural Development in 1984 – which was later renamed SEKEM Development Foundation (SDF). Today, it offers many social and cultural services, usually for a very low price or for free: medical care, education, training, research, and arts (more at page 29ff). The SEKEM Group fills with 10% of its profits the financial gap which the foundation cannot cover. This way, all running costs can be broken even by own means. Some projects are financed by the SEKEM Friends network that is very active in fundraising in Europe.

Financial
distribution
see page 54

% non-
monetary
benefits
see page 61

SOCIETAL LIFE

The place of the individual in society shapes our social relationships, while the laws of a society determine individual opportunities. In a fair and just society, the individual human being is recognized to have innate rights, is equal to all others in front of the law and is granted equal opportunities for participation. A just cooperation of human beings worldwide can be regarded as the main prerequisite for peaceful development, today as well as in the future.



Management Approach

Assuring an environment and conditions that contribute to the development of our employees and the cooperation with farmers and their communities is one of the predominant goals of the SEKEM Initiative.

We regard as a basic necessity the strict adherence to and enforcement of the international standards for human rights, especially labor rights, health and safety regulations and general working conditions. As guidance for our employees and business partners we created our Code of Conduct, based amongst other guidelines on the ten principles of the United Nations Global Compact. It defines the corridor in which we conduct our activities so that all SEKEM companies follow a responsible and ethical path.

With respect to our employees, we focus on equal treatment (especially regarding women's rights), loyalty and motivation through non-monetary benefits. We established a medical center under the SEKEM Development Foundation that aims to promote and offer health care not only for our employees but also for the broader community.

To advocate our position on sustainable development, for example on the fatal misjudgment of genetically modified organisms or the essentiality of individual development, we use our expertise and participate in several international initiatives. We strive to have positive impact far beyond the corporate borders.

a healthy and safe working environment is essential for the continuity of our operations and for the respect and dignity of our employees. We see employee diversity and gender equality as essential because this enriches the working environment and reflects our core values. We support and benefit from all initiatives aiming towards sustainable development. We see it as our duty and opportunity to get involved in this momentum on a national and international level.

Impact, Risks and Opportunities

To apply transparency and enforce human rights throughout our value chain is challenging but important. The same high priority lies with anti-corruption and fair business relations. Furthermore, the guarantee of

How can we assure equal opportunities for all stakeholders?

Which obstacles do we have to overcome to cherish the human dignity of every stakeholder?



Stability through respect and fairness

Societal life is built upon human relationships. When these relations are of mutual respect and fairness, they lead to cooperation and trust. Cooperation and trust in turn lead to both the well-being of the people and a prospering society. If, however, these relationships suffer from disrespect and unfair treatment, people become discontent. While governments can sanction people for any violations against the law, the people have almost no means to sanction violations from the government. In countries with a strong democratic spirit and institutional structures that support the rights and freedoms of the people, everyone can claim their rights in front of a court – also against governmental actions. In countries where these structures are missing, violations from governments usually go unpunished.

In these cases, discontent among people can result at some point in societal disruptions as we experienced in early 2011 in Egypt in the form of the popular uprising of millions of people. The uprising was directed against Mubarak's government which was blamed for being the root of social inequalities, disregard of human rights and suppression of certain oppositional groups. The result was not only the end of Mubarak's rule but the loss of life of hundreds of people and an economic crisis from which the country has still not fully recovered.

This logic of respect and fairness bringing along cooperation and trust which can finally lead to well-being and prosperity does not only apply on a macro-level for peoples and societies but also on a micro-level for the workforce of companies and associations. Management decisions that violate these principles of respect and fairness most certainly result in an increasing turnover of staff and decreasing work efficiency due to lack of motivation. Despite the extraordinary impact of the public uprising on the economy, the fluctuation (of staff working over 1 year) at SEKEM increased in 2011 only by 2.4 per cent. The overall figure even decreased. The reason lies in the management's decision to abstain from involuntary lay-offs. Expiring contracts, however, were usually not extended to ease some of the financial pressure.



To ensure a positive working atmosphere, it is important that the employees know and feel that their voices are heard and that the employer stimulates their working efficiency with positive incentive mechanisms rather than punishment. Complaint boxes in every SEKEM company (though rarely used), the HR manager as a contact point for any other concern, the Cooperative for SEKEM Employees, which provides for example the cafeteria or the transfer of employees from their homes to the workplace, an updated Code of Conduct and salary incentives are ways through which SEKEM aims at elevating the employees' morale and loyalty.





SOCIETAL LIFE

Sustainable Development 2011

Within the context of the National Employment Pact (NEP), SEKEM pledged to create 200 jobs until summer 2012. The NEP is an initiative launched by the German Development Ministry, its affiliated organizations and the German Arab Chamber of Commerce and Industry, which aims at creating quality jobs for blue collar workers. SEKEM was chosen as one of the participants due to its adherence to certain standards that ensure safe working environments or the protection of human rights.

Throughout the years, the inclusive business model of SEKEM provided healthcare, empowerment, technology and knowledge transfer as well as financial and technical assistance to the surrounding communities. Community

support and the adherence to certain standards, meaning safe working environment and the protection of human rights is likely to have supported what happened during the insecure times of the uprising in early 2011: the decision of employees to protect the SEKEM facilities. In fact, they spent several nights in front of the companies together with guards, which ensured that SEKEM did not stop work for one single day.

There is still great leeway to improve these efforts but the way SEKEM went through the 2011 crisis is a positive signal and supports the management approach that aims at fostering a comfortable relationship between management and workers.



Human Rights and Code of Conduct

Respect and dignity for every individual within our companies and in the broader community are the guiding principles that we use to create human relationships. The SEKEM Code of Conduct explicitly states our commitment to protect and advocate for human rights in all our activities and spheres of influence.

In all the steps of our value chain, we strive to provide and support fair salaries (see “Economic Value Distribution”, page 20), as well as healthy and safe work places (see “Health”, page 27). To ensure human rights adherence along our supply chain, we strictly apply Fairtrade principles within our purchasing practices (see page 17). In the SEKEM Development Foundation, we have started a community school to prevent child labor (see „Children and youth education”, page 33). We consider literacy as a human right. All illiterates at SEKEM have the opportunity to receive reading and writing lessons.

Furthermore, together with our project partners and our main investors, we monitor human rights adherence and consider human rights clauses in our investment decisions.



Topics of SEKEM's Code of Conduct

- “
- Legal compliance
 - Human rights
 - Child labor / young employees
 - Forced or compulsory labor
 - Freedom of association and collective bargaining
 - Disciplinary measures
 - Health & Safety
 - Anti-discrimination
 - Compensation
 - Working hours
 - Work ethics
 - Literacy
 - Environmental protection
 - Bribery and corruption
 - Management systems ”

The Code of Conduct

The SEKEM Code of Conduct (CoC) forms, together with the Corporate Governance Index, the framework of values guiding the operations of the SEKEM Group of Companies. This basis refers to the SEKEM Vision for Sustainable Development, the ten principles of the United Nations Global Compact (UNGC), which we joined in 2004, and the relevant United Nations and International Labor Organization (ILO) conventions, e.g. ILO Labor Standards and the Universal Declaration for Human Rights (UDHR). Accordingly, the CoC formulates explicit commitments regarding legal compliance, business ethics and anti-corruption, labor standards and human rights, as well as environmental responsibility. The code applies to SEKEM operations and all associated business partners and is subject to regular review and development.

Monitoring

Compliance with the Code of Conduct is monitored and enforced by the compliance and technical auditing managers of the SEKEM Group. The department also provides guidance and information on the application of the code and serves as an internal and external contact point for concerns about non-compliance, which can also be raised anonymously. The SEKEM CoC is provided in English and Arabic to all SEKEM employees in the SEKEM Information System (SIS). Furthermore, we will start in 2012 to train our employees regularly and hand out the CoC to each newcomer.

Since the official Fairtrade standard certification also includes social development as one of its common principles we use this certificate as an orientation if our suppliers comply with the core standards of labor rights. Where applicable, the SEKEM companies purchase up to 100% from Fairtrade and likewise Demeter certified farmers and farmer associations.

Anti-Bribery and Anti-Corruption

“SEKEM is aware that it operates in a country where corruption and bribery unfortunately pose a real threat for doing sound business and for engaging with all stakeholders in an ethical, responsible manner. Egypt fell 20 positions to the 112th rank of 182 countries on Transparency International's Corruption Perception Index in 2011. Our membership in the United Nations Global Compact illustrates that the principles of anti-bribery and anti-corruption are part of our core beliefs. This is why we have explicitly formulated a strict zero-tolerance policy regarding corruption and bribery of all forms in the SEKEM CoC.”

Core standards of labor rights

- “
- *Freedom of association: workers are encouraged and allowed to join trade unions which are independent of government and employer influence;*
 - *The right to collective bargaining: workers have the right to negotiate with employers collectively, as opposed to individually;*
 - *The prohibition of all forms of forced labor: includes security from prison labor and slavery, and prevents workers from being forced to work under duress ;*
 - *Elimination of the worst forms of child labor: implementing a minimum working age and certain working condition requirements for children;*
 - *Non-discrimination in employment: equal pay for equal work.*
- ”

Corporate Governance

Corporate Governance defines the structure in which SEKEM conducts its business. The reliability of an organization depends on the way decisions are taken and opinions with stakeholders are exchanged. The Board of Directors (BoD) advises and supervises the SEKEM Group Management in regards to sustainable economic prosperity, business development and strategy. The composition, current members, voting rights, access to information, responsibilities, meeting procedures, duties and tasks are defined in the Corporate Governance Code. All provided information is considered confidential and principles regarding any conflict of interest are in effect. The operational management, led by the Managing Director Helmy Abouleish, takes the advice and propositions of the BoD originating from their meetings, where upon these expectations are directly translated into action plans and achievements. Any following shortcomings are assessed in the next meeting. The quarterly financial report, sent out for review to the BoD members, provides constant updates on new investments, products, volume analysis and risks. Six members of the BoD, all except Dr. Ibrahim Abouleish and Helmy Abouleish, are nonexecutive members; three are totally independent from SEKEM's operations.

Workforce

Human dignity is precious. Our daily mission is to cherish the dignity of each of our 1,669 employees. Our goal is to establish a long-term relationship with all employees by treating them fairly and satisfying their needs. In return, we hope for their loyalty.

SEKEM tries to create as many jobs as possible for the low qualified villagers in the surroundings. On the one hand, biodynamic agriculture creates significantly more workplaces than conventional approaches (according to UN Food and Agriculture Organization 30% on average for organic agriculture). On the other hand, SEKEM deploys technical solutions in the processing design only where manual work is not feasible, especially in ISIS production.

Working Hours

In comparison to the nationwide average, the weekly working hours at SEKEM are a little higher. But they also include several events per week for self-development and training as well as cultural activities (around 10% of working time). The compliance officer monitors the ILO requirements concerning working time, minimum age, etc. which are also part of the external certifications like Fairtrade. Almost 4% of our workplaces are part time jobs, mainly for physicians, teachers and researchers. During the lunch break, the employees receive a warm and healthy meal and can enjoy the green surroundings of the main premises and the head office, which also impress the visitors. Long working hours because of production peaks occur only rarely. Whenever the order situation is suitable we engage new employees.

Workforce Diversity and Equal Treatment

Working hand in hand at the different SEKEM premises, we seek to give all our employees the same chances no matter if they are male or female, disabled or healthy, notwithstanding their religion or nationality. The main premises are located in Sharkeya, so are most of our employees. The SEKEM group of companies complies with a hiring procedures to secure equal rights during the recruiting process but does not follow a policy for local hiring.

...for women

To support women's empowerment, we engage in activities in- and outside the company. On the one hand, our social workers support SEKEM female employees in any work-related or personal issues. On the other

Hiring Procedures

“After assessing the applications, promising candidates are interviewed by the Human Relations department and the direct manager. The final candidate is also interviewed or approved by the Managing Director of the company. If any changes in the senior management at holding level occur, the Board of Directors must give its consent. During a probation period of three months, any contract can be cancelled immediately from both sides. In line with the Egyptian labor law, the minimum notice period is one month for terminations and all other operational changes.”

hand, we strengthen the women's position in the outer community through microcredit and education programs. Due to traditional rural habits, the majority of women marries early and concentrates on family life. Therefore, the average salary differs from the male average. NATURETEX offers the opportunity for female employees to continue their work at home, especially during production peaks. This allows married women to contribute to the family income and keep their independence. Furthermore, we offer childcare for women who continue the work at the SEKEM main premises.

For SEKEM's efforts in supporting women, World Bank and UN Women granted the SEKEM Group of companies the "One Business Community, Equal Opportunity Seal" which is valid until the end of 2012

...for people with different cultural backgrounds

SEKEM is aware of intercultural and religious differences between employees, especially between Muslim and Christian rituals, and addresses them with awareness raising and dialogue, mainly during the weekly morning lectures with Dr. Ibrahim Abouleish or in some of the Monday forums at the head office (further information on page 38). In Egypt, the population consists of around 90% Muslims (mostly Sunni), 9% Copts and 1% other Christians. Most of the SEKEM employees are of Islamic belief.

Benefits and turnover
see page 61

% of part time,
see page 61

Diversity
numbers,
see page 61

...for the disabled

53 disabled persons are integrated into the workplaces of the group of SEKEM companies. Most of them first took part in our special education project that takes six years (see page 34). According to their capabilities and the state of health, the graduate afterwards starts a three year qualification phase for example at the cattle farm, the nursery, the paint or sanding workshop. These are particularly safe spaces. During the first weeks of work, a teacher accompanies the student in his new environment. The amount of work gradually increases until the student feels confident in the new work. After this period, during which the student learns skills and experiences besides the continual educational process, everyone receives a certificate of qualification.

Transparency and Co-Determination

All essential information (salary levels, cost evaluations, minutes of manager meetings) are accessible through the intranet. Regular meetings with the management foster information exchange and offer free space for questions for all employees. Furthermore, SEKEM publishes the Sustainable Development Report with extensive data. Each company has put up suggestion boxes for employees, for either contributing ideas or complaints regarding topics such as health and safety, working conditions and personal or community well-being. This opportunity for employees to raise their voices is not yet used as widely as SEKEM had planned. In the future, the involvement of employees in having a hand in their working environment needs further improvement. For direct conversation, all employees have the opportunity to contact the social workers in their company who is responsible for the improvement of critical issues raised by the employees, as well as for communicating any kind of proposals to the management. Furthermore, employees' representatives are elected for three months to act as the spokesperson for a certain number of employees.

Health and Safety

The provision of a safe environment and access to health services are some of the main requirements for a humane workplace. We differentiate between two levels of action: First, health and safety at the workplace, and, second, a broader approach towards health promotion in the community.

From Certified Management...

In all organizational processes, health and safety aspects have to be taken into account. To follow-up on, for example, any reported safety problems or accumulations of incidents, a precise documentation is needed. Tangible targets have to be set, and trainings on all relevant health and safety issues have to be carried out and repeated regularly. To make sure that our health and safety management system works according to internationally recognized standards, all our companies have been certified according to the well-known OHSAS 18001 standard since 2005. In every company, a health and safety team is responsible for ensuring that standards are met. The team meets annually to discuss the related company statistics and to formulate action plans for prevention if needed.

Injury statistics,
see page 60/65

...to the Individual Level

Nonetheless, only by keeping the workplace safe, the challenge of a healthy lifestyle is not addressed. Each working day, we serve our employees a warm and healthy lunch including organic vegetables. Furthermore, our small sporting club uses the football field, which we built for the school at the main premises. Even more important is the individual medicinal support for all employees, which they receive at the Medical Center.

The SEKEM Medical Center

The SEKEM Medical Center is part of a comprehensive plan for community development for offering health care services to SEKEM employees and the general public. It was established under the umbrella of the SEKEM Development Foundation in 1995. Education and health awareness programs for patients are designed to meet the needs of the local community. People are told about sanitation and hygiene, provided with information on health, nutrition, disease prevention and environmental issues, and are motivated to use the services of the Medical Center for preventive and curative treatments. Our team consists of 23 doctors, eight nurses, three

Visit numbers,
see page 60



administrators, four technicians and chemists. In 2011, we treated 3,996 cases from SEKEM employees and 29,527 cases from people of the surrounding communities. The service portfolio encompasses: Bone's Clinic, cardiology, dentistry, dermatology, ENT (ear, nose and throat), general medicine, gynecology, internal medicine, medical analysis, neurology, ophthalmology, orthopedics, pediatrics, pharmacy, physiotherapy, surgeries, and urology. In our radiology department, we offer X-Rays and ultrasonic examinations. In 2011, we worked with 13 international specialists in the fields of respiratory, digestive, and parasitic diseases.

Employees have the choice to opt for a basic governmental health care insurance, or add a private insurance provider that is jointly paid by SEKEM and the employees. The employee's contribution to medical insurance depends on the level of the individual wage and can be extended to the family of the employee. For the children in our SEKEM School, the health care services are free of charge.

Cooperative for SEKEM Employees

“The Cooperative for SEKEM Employees (CSE) was founded in 2000 to promote meaningful work in a healthy, safe and humane environment. The governmental Cooperative Union of Social Affairs oversees its activities. The goal is to achieve social justice and decent human life for everyone in the SEKEM Initiative. The current activities of the CSE are the pharmacy at the main SEKEM premises, the library, the cafeteria that provides healthy and warm meals for the employees every day and the transfer of workers to and from the companies. Currently, the CSE has 220 members based on the distribution of shares. On top of this, SEKEM employees are encouraged to take part in a labor union, which is welcome to promote its activities on company premises anytime.”

Advocacy for Sustainable Development

In 2011, Helmy Abouleish withdrew from numerous committees and boards in the course of refocusing his energy and time on the initiatives that are most promising and time-efficient. Among others, he was particularly engaged in the World Future Council's (WFC) activities, the International Foundation for Organic Agriculture Movements (IFOAM), Demeter and UN Global Compact to provide his expertise in climate change policies. Together with IFOAM and several other key players in organic agriculture, we pushed the establishment of the Sustainable Organic Agriculture Action Network (SOAAN) to develop activities that positions organic agriculture and its related supply chains as a holistic, sustainable approach to agricultural production for all of human society.

Egyptian National Competitiveness Council

Helmy Abouleish is the founder of the Egyptian National Competitiveness Council (ENCC). The ENCC has created a National Competitiveness Strategy for Egypt, with the pillars of Innovation, Green Transformation and Education, as focus topics. In this respect, he worked closely together with different governmental authorities and ministries to drive agendas and priorities into the direction of sustainable development. In 2011 he withdrew from his previous very active involvement as a chairman due to changing national political circumstances and refocused on single initiatives as a normal member of the ENCC.

International Engagement

Internationally, Helmy Abouleish worked together with United Nations Industrial Development Organization (UNIDO), Bund Oekologischer Lebensmittelwirtschaft (Federation of Organic Food Industry), the UN Food and Agriculture Organization (FAO) and many organizations such as universities, research institutions, NGOs and associations.

Together with the International Association of Partnership (IAP, see page 16), a cooperation forum of several international SEKEM business partners, SEKEM engaged in the active development of sustainable agriculture, food quality, environmental sustainability and social responsibility. One central outcome is the concept of the Sustainable Development Flower (see “Approach to Sustainable Development”, in fold out cover).

CULTURAL LIFE

Sustainable cultural development means individual human development. The people need to be guided to their individual inspirational sources, whether these are sciences, philosophy, religion, arts or beauty. This can only be achieved through freedom in cultural life through the establishment of connections with other local cultures and through a global network.



Management Approach

Humanity creates the world from ideas. All learning, researching, inventing and artistic activities are ideally free and not influenced by material benefits. It is only through holistic thinking and acting that a materialistic society can be transformed into a cultural society guided by meaningful values. Therefore, free education and spiritual development of all human beings must be the highest priority.

The advancement of every individual is a continuous challenge in the fields of education, science, art, religion and spirituality. Without a sound understanding of the world around them, people will not be able to live in unity with nature and fellow human beings. Lifelong learning enables the individual to improve living conditions and contribute to the development of the community and country. Children who have been given the opportunity to receive a holistic education are likely to become free-spirited and responsible individuals.

SEKEM's approach to sustainable development therefore embraces culture as a fourth, equally treated, petal of the Sustainable Development Flower. SEKEM contributes to the cultural development of its employees and the broader community through its constantly growing cultural institutions like the SEKEM School, Heliopolis Academy and other projects in different fields. The range of activities spans from music, theater and fine arts to education, teacher trainings and scientific research. Our approach is based on the belief that only the combination of feeling, willing and thinking, all human senses can be

Impact, Risks and Opportunities

addressed and developed.

SEKEM is exposed to a multitude of cultural and religious influences and supports this cultural and spiritual diversity. With our trainings and artistic activities, we stimulate human development and people's consciousness as being integrated into community and nature.

We aspire to have a culture of learning, then leading to innovation. This is the main driver for growth and development for us and for Egypt. We also focus on different research and development topics with high practical relevance and want to send out an impulse of knowledge and development, ultimately benefiting from the stimulus that is returned.



How can we develop consciousness for sustainable development?

How can an individual achieve the stadium of self-fulfillment?



Human development – a matter of freedom and education

2011 was a year of crisis for Egypt and SEKEM but everyone tried to keep their heads clear amid all the emotion and horror endured. In times of crises like these, it is even more important to be aware of responsibilities and to understand the concept of sustainability – a concept which needs to be pursued and implemented in all aspects of life. Only a free and educated mind can achieve this.

Freedom and education are probably the two most important aspects for a peaceful and prosperous Egypt. Freedom, after decades of oppression through autocratic regimes and centuries of foreign occupation, was the most pressing demand. Since January 2011, many songs were written about “horreya”, the Arabic word for freedom. True freedom, however, means not only freedom from political oppression, but also economic, cultural and religious freedoms. Of course, every region has its own particular traditions and customs, which form its cultural identity and everyday life. As long as new ideas and developments are not suppressed and peaceful co-existence of people that have their own cultural identities is guaranteed, freedom has a valid chance to become embedded into society.



Without education, however, freedom is not sustainable. Without learning, understanding and critical thinking, freedom will only be partial and a temporary trend until the next oppressive regime will deceive the people with populist promises they cannot hold. Particularly in Egypt, there is dire need to reform the educational system. Until today, only money can buy a decent education. The vast majority faces crowded classrooms, old-fashioned teaching methods and an evaluation system that takes away the freedom of choice of what a person wants to do later in life. SEKEM's educational institutions try a different approach and incorporate concepts such as sustainable development in their curricula and do not foster hands-on experience, which is more important than ever on the job market. The crucial point, however, is that the development of every human being has to go beyond mere transfer of knowledge. The body and spirit have to be developed, too.

SEKEM is well aware of the importance of holistic human development for a peaceful co-existence, social cohesion, the economy and nature. This is why the SEKEM Development Foundation initiates and supports many initiatives that aim to improve the lives of the people. Schools, a medical center, projects to support rural development and an own research and development center, the Heliopolis Academy, are but some examples of how SEKEM fosters sustainable cultural life. This inclusive business model ensures not





CULTURAL LIFE

Sustainable Development 2011

only widespread public support but also supports the wellbeing of its current and future employees and customers, which is closely interlinked to SEKEM's wellbeing.

One milestone has yet to be achieved: The establishment of a fully operational Heliopolis University for Sustainable Development (HU). The HU will start in fall 2012 as the non-profit university declaring sustainable development as its overall guiding principle. It was brought into existence to drive promising research activity and deliver innovative findings that can serve as sustainable solutions for the accommodation of the major issues affecting the Egyptian society. The students will learn to think critically and develop a social-entrepreneurial spirit to become the drivers for change.

A center called Dar as-Salam (House of Peace) will be created within the HU. It is intended to represent the cultural cooperation at the heart of the university and expand the university's activities in many different directions. Bringing together the Arab cultures with all kinds of different cultures has always been a vital element of SEKEM's activities, and will be continued at HU. This cultural cross-fertilization helps improve education and sustain freedom, leading the way to a better future for Egypt.

Bringing the SEKEM spirit to the Minya farm

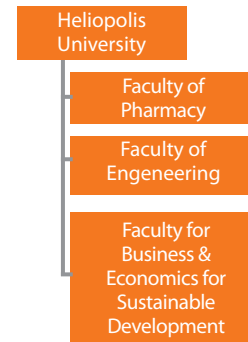
“ In 2011, we developed Minya in the same spirit as the SEKEM main farm by emphasizing community-building measures in order to achieve sustainable development in a holistic manner. In this regard, the daily morning ‘circle’-meetings and community activities have been introduced. There is also the plan to build a mosque and co-operation with local cultural organizations. Only through human development and a functioning community, sustainable land reclamation and economic success go together. ”



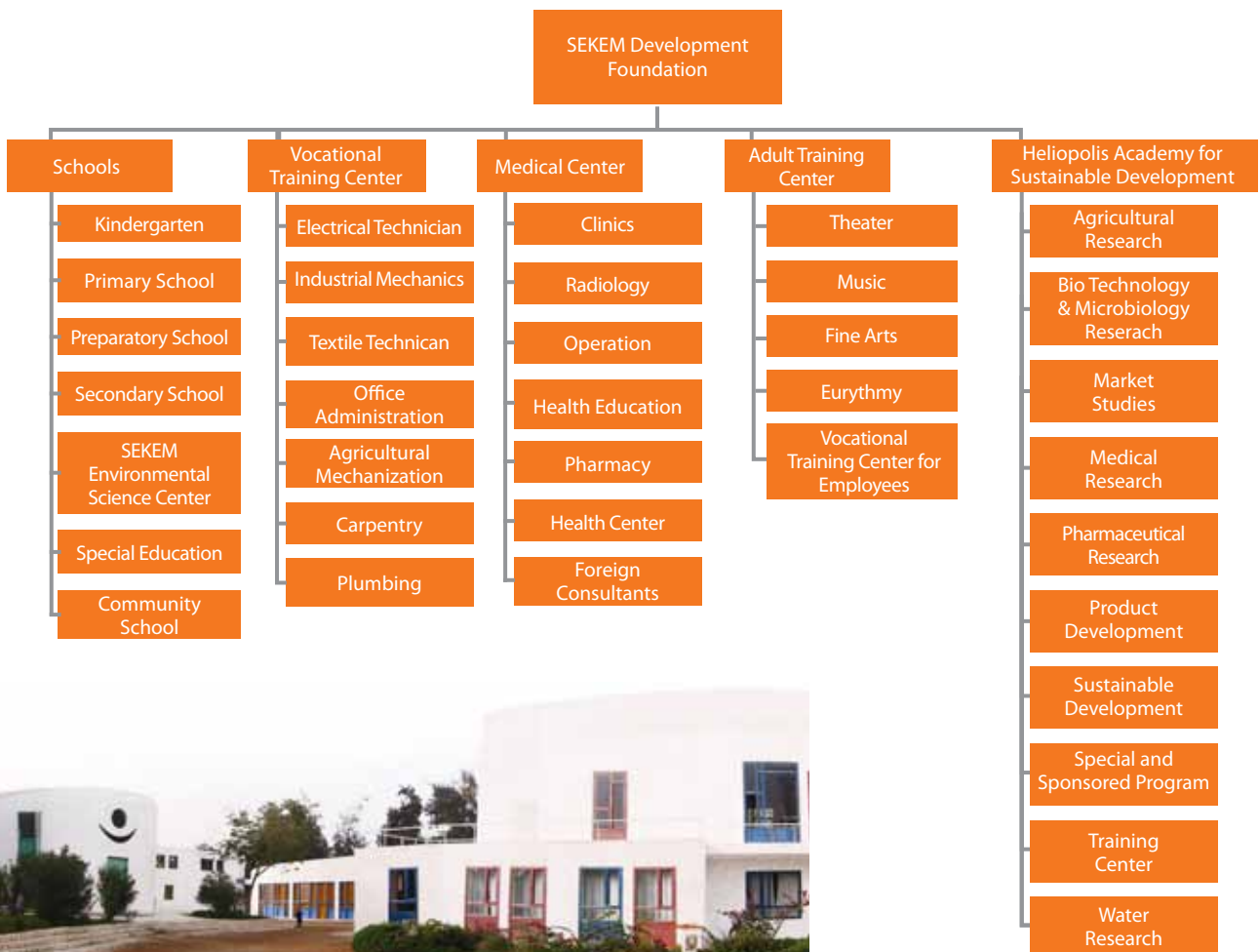
The SEKEM Cultural Institutions

All institutions involved in providing cultural services act under the umbrella of the SEKEM Development Foundation (SDF): the Heliopolis Academy, the Vocational Training Center, the schools, the SEKEM Medical Center and the Adult Training Center. There are 27 employees working for the SDF at the Head Quarter and 149 at the farm. The total expenses of the SDF in 2011 were 9.3 mio EGP.

Initial Structure of Heliopolis University



Overview of all Entities of the SEKEM Development Foundation



Children and Youth Education

► In 2011, 46 children were enrolled in the SDF kindergarten, 167 students in the elementary school, 89 in the middle school, 43 in the high school, and 27 in the special education program “Fassl el Fagr” (class of dawn). Additionally, 8 children benefitted from the Day-Care Center which was run by two teachers. The SEKEM Community School provided education for 45 Chamomile Children, and 249 trainees were enrolled at the Vocational Training Center. 60 full-time and 4 part-time teachers teach at our facilities, receive training and are enrolled in awareness raising workshops and seminars. These educational institutions are embedded in the SEKEM Community with its societal, economic and ecological activities.

SEKEM Kindergarten

Young children live in a rich world of play and discovery. They are completely open to and deeply influenced by their surroundings. These young spirits learn by touching, smelling, listening, moving and imitating what they see. Unconscious imitation is the natural mode of learning for a pre-school child.

Accordingly, the SEKEM Kindergarten is a world of harmony, beauty and warmth. In the Kindergarten, the main goal is to give each child the opportunity to develop soundly at his or her own individual pace.

The SEKEM School

The private SEKEM School is accredited by the Egyptian Ministry of Education and follows the Egyptian state curriculum. Nonetheless, we believe that education consists not only in teaching abstract knowledge, but also in training students in practical skills, crafts and artistic exercises such as eurythmy, painting and playing music. The goal is to awaken students' creativity and critical thinking and to create a generation that enjoys learning. The SEKEM School aims at graduating independent young persons who are interested in world issues and in developing their country. To prevent that only students whose families can afford to pay the school fee enroll in the school, we established a social payment scale that is linked to the parents' income.

SEKEM Community School: The Chamomile Children

Child labor is a widespread social problem in Egypt and other developing countries. Many poor families cannot afford to send their children to school and instead let them work. So, they grow up illiterate.

To alleviate the child labor problem and to provide as many children as possible with the most essential education, the SEKEM Community School was designed with small classes and intensive pedagogic supervision. The goal is that the children graduate at least from primary school to be able to find their place in society. The curriculum at the Community School in SEKEM encompasses subjects like English, Mathematics, Arabic, Religion and Arts. Afterwards, the children have the possibility to attend a one-year vocational training.

The educational part is coupled with an opportunity to gain some experience and income through adequate work, mainly related to the harvest of flowers and leaves of medicinal plants (at the beginning most of the flowers where chamomile which is why those children are called “Chamomile Children”).

The program is officially approved by the Egyptian government and covered by the Egyptian law that allows light work for children between 12 and 16, especially in the agricultural sector, if it is coupled with adequate training and the right working conditions.

To improve health care and hygiene, the SEKEM Medical Center conducts awareness programs and offers medical services free of charge for the children. Warm, nutritious meals and adequate clothing are provided for the children as well.



SEKEM Environmental Science Center (SESC)

The SEKEM Environmental Science Center offers interactive science classes on environmental topics to students from the SEKEM Community, as well as from local and international schools. The one-day field trips consisting of practical activities cover a wide variety of subjects including chemistry, biology, physics and geography. 15 different groups participated in field trips offered by SESC in 2011. For security reasons, the activities had to be minimized during and after the Egyptian turmoil in the beginning of 2011.

Vocational Training Center

The Vocational Training Center (VTC) provides young people with abilities that are needed in the local labor market. Given the current lack of opportunities in the Egyptian labor market, the curriculum prepares students for self-employment. Through training courses, the apprentices are guided through every aspect of their chosen trade. In line with the SEKEM philosophy “learning by doing and doing by learning”, on-the-job training is emphasized and practical skills are judged to be just as important as theory. Trainees participate in a three-year program, taught by both local and foreign-trained staff. Since 1999, the VTC has been accredited by the Initiative for Industrial Schools for Vocational Training (former the Mubarak-Kohl-Initiative), a highly successful German technical assistance project in Egypt. Accredited courses include: mechanics, plumbing, ready made garment, carpentry, agriculture machinery mechanics, general administration and electronic technology (incl. computer maintenance). In 2006, an organic model farm was established for education in agriculture. During 2011, a community service helper from Germany helped significantly in structuring the work and instructing the students.

SEKEM Special Education

The SEKEM Special Education program provides a variety of educational and therapeutic programs for children and young adults with special needs, such as physical and mental disabilities and serious learning difficulties. The students gain independence and self-confidence by learning how to master practical, everyday life activities and basic skills in reading, writing and mathematics. Furthermore, for those who are adults and need to work in a sheltered environment, we provide adequate placements within the SEKEM institutions (see page 27).



Heliopolis University Egypt

In September 2012, Heliopolis University Egypt (HU) will open its doors for the first students. The opening was postponed several times due to different reasons, both administrative and strategic. The preparation now moved into high gear at the SEKEM head office, where the university will start until it moves to Ismailia. More information at www.hu.edu.eg

Employee Training

In addition to cultural activities offered to employees in the form of artistic courses as well as weekly presentations and meetings, the SEKEM Holding takes care of the personal development of its employees. They participate in weekly meetings to discuss critical issues about their everyday and work life, led by the founder of the SEKEM Initiative Dr. Ibrahim Abouleish who portrays, explains and passes on the basic vision of holistic development (see page 8). Furthermore, the employees are involved in constant development and specific trainings directly related to their work tasks and challenges. On average 10% of their working time is used for the individual development.

The Human Relations department works closely together with the Adult Training Center from the Heliopolis Academy for Sustainable Development to optimize appropriate trainings and personality development programs for the employees.

Professional Training

SEKEM Holding takes care of the personal development of its employees. Based on a Personal Performance Agreement (PPA), managers and supervisors, which make up about 10% of our employees, receive incentives directly related to their work tasks and challenges. In regular performance review meetings, individual goals and training needs are discussed. Other employee levels receive a similar performance report from their direct manager.

We differentiate between two types of training. Firstly, training for soft skills, such as presentation and speech skills, which is mainly done for the management and sales personnel. Secondly, training for vocational skills, which is tailored to the practical needs of each company, such as production standards and procedures, and therefore foremost directed towards manual labor workers. Additionally, the teachers of the SEKEM Schools receive one hour of training each day in order to enlarge their knowledge and skills needed in everyday work with children; amongst others English language classes, painting courses and speech skills.



Arts Training

To develop entrepreneurial competence, three main skills are important: Creative, conceptional and communication skills. Creative skills enable us to develop ideas and lead to new thoughts. Conception skills give us the possibility to structure old concepts into new processes. Communication skills help us to link creative and conceptional activities and integrate them into social life.

The more we embed these competences in our feelings and our way of thinking, the more we can inspire our work life with a forward looking attitude. Unfolding a lively spirit, art enables us to develop an encompassing and emphatic perception of the world as well as an enthusiastic approach to life. The development of these competences is addressed through artistic activities (active and observing) for all employees at all levels under the umbrella of the SEKEM Development Foundation. Due to the unstable situation after the popular uprising in Egypt in 2011, we could not realize the planned international arts projects but continued the intensive work with the employees.

Training figures
see page 70

Fine Arts – Perceiving and Painting

Colors have an immediate effect on a person's soul and mood (either positive or negative); be it while perceiving an artist's work or painting oneself. The eyes learn to admire the colors and through that the beauty in nature and the environment.

In all SEKEM offices, along the corridors and in public areas of SEKEM, we display fine arts from different artists. Regular exhibitions are shown in the public areas of SEKEM. Most of the painters are our employees or friends whom we offer to use the painting atelier of the SDF. All colors have been carefully selected to enhance the dynamic quality of the buildings' architecture. The pictures in their bright colors give each space an inspiring and exhilarating atmosphere.

Music: Joyful, Smart and Healthy

Music is a storage and treasure for cultural heritage. Playing music and especially singing lead to the roots of people's cultures. As rhythm and tone, like fine arts, touch the inner life and soul of human beings, music can trigger a change in people's way of thinking, feeling and willing.

In the SEKEM Holding, companies and cultural institutions, all major meetings, lectures and festivals open either with classical European live music or traditional Arabic live music. This prepares the participants for a successful meeting, as they start to listen actively and carefully, which is the basic skill for an interactive process.

The teachers receive music lessons for singing and playing instruments, so that they can pass on these skills to their students. A SEKEM choir for advanced voices performs on stage during many internal celebrations.

Each year, young students from different countries, including students from the SEKEM School come together at the main farm for one week to intensively work on a hand-picked program, supported by professional musicians from Cairo. As a highlight, the group goes from factory to factory as "Choir and Orchestra Caravan" and also performs directly in the working areas of e.g. LOTUS, ISIS and NATURETEX, at the Adleya Farm and in the Heliopolis Academy.

"Life will reveal for those whose perception is educated through art."

Eurythmy - Integrated in Social Life

The word Eurythmy means "beautiful rhythm" describing a unique vital performance art, unifying speech, music and expressive movements. It creates a sense of solidarity among human beings, amplifying the personality and developing creative and social skills. Eurythmy can be applied in different areas of life, such as education, therapy, in the working place and on stage.

Eurythmy at the workplace builds higher awareness of the surroundings and, thus, improves the concentration and endurance of the employee. Furthermore, it cultivates communication and cooperation skills, as well as team and management abilities. All employees receive training in eurythmy and gymnastics which are designed to relax from typical movements at work. In 2011, 45 courses took place in 13 different companies or institutions, each eurythmy course lasting around 14 to 30 days. In total, 450 people participated.

Eight Egyptian eurythmy students attended the School of Arts at Heliopolis Academy working towards a diploma in eurythmy (number includes the ongoing of one already graduated eurythmist). The integrative training of studying and practicing eurythmy at the same time makes it possible for the teacher-students to provide eurythmy lessons at all levels of the SEKEM Schools. A trainer from the Instituut voor Eurythmie in Werkgebieden, Den Haag (Netherlands), who has cooperated with SEKEM for a long time, offers a four weeks course for advanced eurythmy teachers from different countries each year, to dive into the integration at the workplace. As the course takes place in the factories of the SEKEM Group of companies, the students of Heliopolis Academy are deeply involved.

SEKEM employees can regularly enjoy performances on stage. School kids and the eurythmy students show the latest studies and plays during the school celebration on Thursdays or on occasional special events.

Theater, Storytelling, Recitation, Literature

Words and speech are important tools of our everyday life to connect people with another. Speech triggers mirror neurons in our brain that reflect what has been said and translate the words into emotion and reaction. We have the responsibility of how and for what we use speech, as it has an immediate effect on our social relations. For many years, several speech specialists and narrators have visited SEKEM regularly for trainings, own performances and rehearsals of poems and theater plays with SEKEM employees.

Eurythmy Performance "Don't go back to sleep"

“Don't go back to sleep' was a line from a poem of Galal el Din Rumi in the English translation. At the same time, it was the title of a Eurythmy program that has been the artistic answer to the revolution. Arabic poems written over the last 600 years showed how human consciousness developed and what could be next tomorrow. The SEKEM Eurythmy Group performed at Heliopolis Academy and the SEKEM School.”

Holistic Research: Heliopolis Academy for Sustainable Development

In 1999, the SEKEM Development Foundation (SDF) established the Heliopolis Academy for Sustainable Development as a major independent research institution. In the Academy, a network of scientists and artists, national and international, collaborates and works on practical solutions for challenges encountered during the development process. Through a number of activities, the Academy's program aims to improve Egypt's capacity to conduct, publish and disseminate relevant scientific research in the areas of medicine, pharmacy, biodynamic agriculture, sustainable economic, social sciences, community development, and arts.

The departments of the Heliopolis Academy mainly fulfill three tasks. First, they conduct funded research projects from different programs and frameworks. Second, the medical, pharmaceutical, agricultural and biotechnology research departments provide services to the SEKEM group of companies. Third, the training department offers capacity building and job-specific knowledge transfer for all SEKEM employees. Furthermore, the Academy launched in the last three years two rounds of the Innovation Award for outstanding Egyptian projects in sustainable development, called INNOVA. In 2011, 26 full-time employees and 7 part-time researchers conducted 14 ongoing research projects in all fields.

"Science discovers, arts creates" (Naguib Mahfouz)

" Research is also done in the arts. For example, a research project was conducted on stress reduction on the working place through the practicing of eurythmy. One of our eurythmy teachers investigated this on the base of a master thesis. 15 supervisors in the textile production of NATURETEX participated in the project. It was found that there was a significant decrease in the stress hormone Cortisol. Another study addressed the close relationship between music and human beings. **"**

Support of Research Activities

The close ties to the SEKEM companies enable the different science centers to come up with practical and marketable innovations (see also Infobox). The Special & Sponsored Programs Department (SSP) was established in 2008 under the umbrella of Heliopolis Academy for Sustainable Development to assist in the fundraising process for the research projects and to act as the central coordination point for all grant proposal submissions. Furthermore, to maximize synergies between the projects, the SSP supports all entities of the Heliopolis Academy in the strategic alignment of research activities.

Project statistics see page 71

Continuous Research Program

" Department of Agricultural Research

- Breeding of medicinal and aromatic plants, acclimatization of imported plants and production of seed and seedlings
- Implementation and production of successful research in species varieties
- Scientific support

Department of Biotechnology and Microbiological Research

- Producing substances from micro-organisms and metabolites like bio-fertilizers, bio-control agents, bio-treatment of environmental pollutants and others
- Analysis services

Department of Market Studies

- Marketing research
- Development of marketing plans, providing training programs and other marketing consultation activities to the SEKEM Group and other stakeholders.

Department of Medical Research

- Medical research
- Clinical trials
- Scientific support

Department of Pharmaceutical Research

- Developing pharmaceutical products from medicinal plants

Department of Water Research

- Research on wastewater treatments and implementation
- Drinking water disinfection and treatment
- Monitoring of water quality

Arts Department

- Eurythmy book in Arabic **"**

Self-Fulfillment

The development of a meaningful community that is working consciously on the overcoming of social and ecological problems, on the development of personality as well as on the whole country, forms one of the main elements of SEKEM's identity. For the individual, this community builds the basis to find the path of self-fulfillment. To many new employees, the extra cultural activities of SEKEM seem unusual at first, but they generally start to see the added value soon.

Each morning, the employees of all SEKEM companies and SEKEM Development Foundation institutions meet in a circle to start the day together. At the end of the week, on Thursday afternoon, the employees of all SEKEM institutions located at the SEKEM main farm gather in a big circle in order to celebrate the achievements of the previous week. In the symbol of the circle, many are included in one unity.

Cultural activities like choirs and eurythmy support further team building, especially, eurythmy at the work place. Trust and reliability link the employees to each other (see more at page 35).

Twice a week, the employees meet during working hours for presentations and discussion panels with Dr. Ibrahim Abouleish. Amongst others, each Monday at the head office, the Heliopolis Academy offers a cultural program for all employees. Experiencing literature, eurythmy, music and poetry gives an understanding of culture and society. Next to Dr. Ibrahim and Helmy Abouleish, SEKEM employees and guest lecturers enrich the Monday forum. In 2011, the event took place 38 times.



Values & Spirituality

The values of SEKEM (see page 8) are reflected in all our activities. In addition, religion and spirituality are recognized in SEKEM as a central pillar of personal development, while tolerance, reflection and dialogue are fostered throughout SEKEM's institutions. This includes, for instance, a mosque on the farm grounds, 10 official praying rooms and the communal celebration of religious holidays.

Those people living at the farm meet each morning except Friday to read and speak about various topics such as Sufism, biodynamic basics or Egyptian poetry.

Since 2008 the youth of SEKEM meets regularly under the umbrella of SEED - the SEKEM Entrepreneurship Development Program - to discuss how SEKEM's values can be transferred to the unknown future.

For visitors, Dr. Ibrahim Abouleish annually holds a seminar on a holistic understanding of Islam, including artistic expressions such as Islamic poetry reading, Arabic script, Qur'an recitals and Arabic songs.

SEKEM's Microcredit Program

“Being originally part of a three-years project in our surrounding community, our microcredit program has been a continuous success story since it was established in 2007.

We offer the initial financing to independence. So far, we have helped 314 men and 283 women to build up their own existence for example workshops, raising animals or little groceries. Today the total credit sum counts almost 2.9 mio EGP.

”

ECOLOGY



Management Approach

All major religions share the idea that man is appointed as a steward on earth who has to sustain and develop it. In accordance with this approach, our governing principle is not only to reduce our 'ecological footprint', but to spread life and to contribute towards a better and healthier condition of the land and the people that we work with. This is the only way to create and sustain conditions for a planet with more than seven billion people. We thus commit ourselves to sustaining and further developing all ecological spheres. Through biodynamic agricultural principles, quality standards and efficiency improvements, the application of new technologies and education of all our stakeholders, we wish to achieve "eco-literacy." This means keeping the environment in balance and taking the scarcity of all resources into consideration. To assure that our environmental management system works effectively, we have aligned it with the ISO 14001 standard. The responsibilities related to corporate environment protection (e.g. water, energy, waste) are organized centrally under the General Compliance Manager.

Impact, Risks and Opportunities

Based on a biodynamic approach of cultivation, we constantly monitor our impact on soils, plants, animals, energy, air and water. Our existence and success are closely linked to the quality of these natural resources. We do not only take from nature but also strive to give back.

Global warming affects harvesting patterns due to gradual shifts in heat and cold periods. This can lead to higher costs of raw materials and, eventually, changes in

the production cycle. Higher temperatures will lead to increased costs for air conditioning to protect products during their growth, processing and transport. The changing climate will influence consumption patterns, which can be a great opportunity for SEKEM, resulting in a different product portfolio.

SEKEM, as a biodynamic agriculture company, has inherently reduced CO₂ emissions and water consumption compared to conventional producers. Environmentally friendly production will provide great competitive advantages in the future when governments implement stricter environmental regulations on companies. Therefore, the subsequent risk of negative impacts of new regulations is currently low for SEKEM.



**How can we reduce our direct and indirect ecological footprint along the organization's value chain?
How can we integrate our operations within the ecological system?**



Regenerative Agriculture

SEKEM has been farming organically for over 30 years. More specifically, it applies biodynamic agricultural methods. Biodynamic agriculture stands for a self-contained and self-sustaining ecosystem without any unnatural additions. Soil, plants, animals and humans together create an image of a holistic living organism. The majority of people will call this sustainable agriculture. But is sustainable agriculture grasping all aspects of SEKEM's way of cultivation and application of biodynamic agricultural methods?

Most agricultural experts understand 'sustainable' as 'self-sustaining'. The verb "to sustain" itself only means 'to endure' or 'to last', and 'sustainable' therefore became an expression for anything that has the capacity to endure. A plastic bag that is buried in soil and does not decay is thus also 'sustainable', at least linguistically speaking. From this perspective, sustainable agriculture excludes the regenerative powers of agriculture. The term 'regenerative agriculture' dates back to the late 1970s and 80s, when it was introduced by the Rodale Institute. In regenerative agriculture, lost ecological systems can ultimately begin 'regenerating' back into existence.

The desert is such a lost ecosystem, at least from an agricultural perspective. The soil lost most of its nutrients and completely lacks any organic soil structure and water-holding capacity. Under these conditions, agriculture is not possible unless organic matter can serve as both a foundation and a catalyst for growing plants and accommodating animals.

SEKEM's approach to agriculture is regenerative. The very fact that it turns desert into living soils through the application of compost and biodynamic concepts

and methods shows, that desert land can be reclaimed and thus regenerated. For over 30 years, SEKEM has been building up living soils in desert land and implementing closed nutrients cycle with livestock integration and a diverse range of crops, plants and trees. By farming without chemicals, the health of the farmers and the consumers who eat organic products regenerates. The returning wildlife also benefits, which in turn gives back to the farm by helping to keep down insect pests.

To strengthen the local genetic resources, SEKEM built up a seed program. Additionally, the surrounding communities and water reservoirs are regenerated as the farm recycles natural waste products into the fields and thus reduces local pollution points. Regenerative agriculture is therefore very social and important for social justice.

Regenerative agriculture stands in direct contrast to business-as-usual industrial agriculture. The latter relies heavily on external inputs, spreads vast areas of monocultures over the planet and even changes the plants' genetic source codes to increase resistance to pests and adapt to climate change. Numerous scientific studies have, however, shown that industrial agriculture and the application of genetically modified organisms affect the ecosystems negatively and in fact rather degrade than regenerate them.

Global population has passed the threshold of seven billion people. One billion is suffering from hunger and one billion from overweight. In a world where climate will change and the population will further increase, only regenerative agriculture will be able to ensure food security in a social way.





ECOLOGY

Sustainable Development 2011



Soil

Soil is a living organism. The solid and limited surface of the Earth is the habitat of countless organisms and offers stability for the roots of the plants. Soil is the fundamental basis for food production. In the future, the global surface can only produce enough food for all human beings if we preserve its fertility, avoid erosion and enable an adequate water storage capacity.

Vital Soils

Each feddan cultivated by SEKEM has to be turned from desert land into vital soil. Today, the top layer of SEKEM's first farm soils (varying between 0 to 30 cm in depth) is rich of organic matter and a broad spectrum of microbiological life; a main requirement for an increased water holding capacity. Furthermore, the microorganisms are essential to make nutrients such as potassium, phosphate or nitrogen available to plants. For creating this vitality in the soils, three techniques help us: First, the application of compost, compost tea and other organic fertilizers, second, the rotation of crops and, third, the use of biodynamic preparations.

To build-up the first organic matter in empty desert soils, we use compost that we produce at our own premises (see below). The continuous treatment of the field with compost tea (a mixture of compost with molasses and water aerated for 16 hours) maintains and accelerates the activity of the microorganisms in the compost. In some cases, we have to add further organic fertilizers.

By rotating nitrogen consuming with nitrogen enriching crops like legumes, we prevent the depletion of soils. Instead, the roots of e.g. clover and beans built more organic matter. In general, we plan to always cover at least 20% of the cultivated area of a farm with legumes and at least every fifth season in the same plot or green house.

A distinctive difference to other organic agriculture methods is the use of eight biodynamic preparations in the cultivation. SEKEM uses horn manure (cow manure filled into cow horns and buried in our soils during winter) and horn silica (silica filled into cow horns and buried in our soils during summer). Both are sprayed on the field. For the compost, SEKEM uses six different medicinal plants prepared in a special way by building a connection to cosmic powers that vitalizes the plants.



Composting at SEKEM

Under the umbrella of LIBRA, SEKEM produces its own compost, mainly from cow manure and plant residues. The two production sites in Adleya and close to Alexandria each have a capacity of approximately 200 tonnes of input material per day. The aerobic conditions throughout the composting process are the basis of acquiring methane avoidance based carbon credits, a project which LIBRA developed together with Soil and More International. In 2011, SEKEM produced 64,847.12 tonnes of compost compared to 66,916 tonnes in 2010.

In order to constantly monitor and improve soil quality, SEKEM conducts soil and compost analysis in its Biotechnology and Agricultural Microbiology Research Department (see page 37).



Soil numbers,
see page 76

% of legumes,
see page 77

Plants

Plants constitute the dress of the Earth. In many parts of the planet, they reflect the seasons. More than 500,000 species are enrooted in the Earth, building their substance through sunlight, carbon dioxide and water. Generating the necessary oxygen, forests can be regarded as the lungs of the Earth. With all their parts, plants provide nourishment and serve as medical remedies, as well as multifunctional raw materials. They can be preserved in their diversity and further developed in their effectiveness through diligent care.

Plants and their fruits are the essential ingredients of the products of the SEKEM Group of companies; be it herbs for medicine or oranges for juice. According to the Demeter requirements, we do not use any chemical fertilizers or pesticides to grow them. Instead, we rely on natural solutions for pest control and growing a large variety of plants for keeping up the natural balance.

Each plant has its own task in the soil and ecosystem. For example, beneficial organisms and predators at different types of plants. To keep the natural balance, it is important to avoid monocultures and, instead, combine different plants at a farm, also through green corridors between single fields.

At all our farms, we planted different types of shrubs as well as about 200,000 Casuarina trees along the field borders. In the working and living areas, trees and colorful gardens give delight to employees and visitors. In an agroforest experiment in Bahareya, we planted 5,300 palm trees and 1,500 other trees on the same field as the legume licorice. Looking at the main farm and Adleya, 7.6% (= 20 feddan [8,4 ha]) are covered by forest and gardens; on ground that was desert before.

Natural Pest Control

We use the extract of neem trees to stop the growth of cankers and others and also apply pheromones to catch or irritate insects. In 2010, we started to produce beneficial organisms under the name of "Predators Production Company", in cooperation with the Danish companies EWH Bio Production and Envision. The organisms are used on SEKEM's own fields, but are also sold on agricultural markets as an efficient alternative to regular pesticides or other artificial chemical products which are harmful to soil, plants, air and humans.

GMO Free Organic Seeds and Seedlings

With regard to the question of food security in the future, conventional food companies often justify the development and usage of genetically modified organisms

(GMO). We follow a strict "No GMO" policy. The reasons for this can be found on our website.

SEKEM holds 136 organic seed varieties in its own seed bank and in its botanical garden at the Adleya farm. The agriculture department of the Heliopolis Academy (see page 37) continuously works on their improvement. In addition, SEKEM actively researches the acclimatization of foreign plants to the Egyptian environment. The optimal living conditions of the plants like lighting and temperature are simulated in order to create the possibility to grow certain organic plants in Egypt.

Seed figures, see page 76

Animals

Animals populate and enliven the Earth with several millions of species. They live in almost all regions of the Earth and play a crucial role in the balance of all ecosystems. They are capable of different patterns of behavior and even show emotional life in their higher stages of development. Like human beings, they are sensitive to pain. Treating animals in a species-appropriate way means to respectfully deal with life itself.

Animal Husbandry

In SEKEM's Demeter based understanding of farm and cattle management, animals are not only raised in ways appropriate to the species, but also with the physical requirements of their natural development.

We keep cattle, sheep, bees and pigeons. The cattle live unbound in an open space covered by a shading roof. Their nutrition consists of corn-silage, clover, straw, fodder beat, corn, soya, cotton seeds and wheat bran. The average milk production per cow per day is around 23 liters. The sheep nutrition consists of clover and regularly grazing, with a production of around 1000 kg of wool in 2011. The two other animal species kept on the main farm and in Adleya are flying in the skies: bees for honey and pigeons for meat.

Apart from cow and pigeon meat, milk, wool and honey, the most important product is the manure of the cows, sheep and pigeons that goes directly to the compost production in LIBRA. Manure from animals adds vital parts to the mixture with green residue.

Husbandry statistics see page 77

Natural Habitat

Animals close the cycle of eating and being eaten. To keep the natural balance around the farm, animal wildlife diversity has to be realized through opportunities for nestling and living. Over the years, we built up a habitat for wild life such as foxes, mungos, hedgehogs, lizards, chameleon, mice, snails, rats, a variety of reptiles and birds, of which 11 are rare species.

Energy

The sun lights life and grants human beings their physical and spiritual strength. Sunlight, wind and hydropower are natural sources of energy – infinite, at least from a human perspective. Physically, energy can be neither generated nor consumed. The human way of using energy, however, contributes substantially to climate change. Through carbon-neutral power generation from renewable energies, the emission of dangerous greenhouse gases can be reduced significantly.

SEKEM maintains on-going small scale renewable energy projects, such as a small photovoltaic station at the headoffice, several hybrid solar dryers for herbal production, two Sheffler mirrors to produce steam for production processes at the main farm and several solar water heaters on the roof of production sites. In the field of energy savings, we continue to make slow progress, mainly due to insufficient data of ongoing energy usage. It is necessary to implement an energy flow analysis on the company level in order to improve the current energy usage situation.

Energy statistics, see page 77

Carbon footprint, see page 78/81

Solar Thermal System for Steam Production

“ In summer 2011, SEKEM and the Heliopolis University, together with partners from Austria (SEKEM Energy, GREENoneTEC solar industry and PINK GmbH), started a project for developing the market of solar thermal systems for industries in Egypt. After adapting the technology to the Egyptian environment to avoid existing problems with dust and maintenance, key stakeholders will receive training in sales, engineering and plumbing. A demonstration plant in an industrial context will be built at the SEKEM main premises in 2012. The hot water will feed a steam vessel that supplies ISIS and ATOS Pharma ”

Air

The air of our atmosphere is vital for all aerobic creatures. Only in an environment with clean air, humans and animal can live in a healthy way. Global warming drastically illustrates the importance of balanced conditions and temperatures of the atmosphere. Stabilizing these temperatures is the best way to avoid natural disasters related to climatic conditions.

The climate above the surface of the soil is one factor that determines how fast soil degrades and water evaporates. By planting trees (see page 43) around the fields, we achieve several effects, on top of a pleasant scent: The trees break the wind so that it cannot blow away the top soil; the shade brings cooler and more humid air, which creates a micro climate among the surrounding tree lines of a field; the photosynthesis of the trees uses carbon dioxide and emits the needed oxygen instead; and in the long term, the groundwater level slowly rises because of the cooler surface and brings additional microclimatic change.

Green Waste into Carbon Credits

By processing the green waste of SEKEM and of surrounding farms into compost (as opposed to conventional waste management methods), greenhouse gas emissions are decreased substantially. In 2011, a total amount of 79,500 VERs (Verified Emissions Reductions) was issued by the TUEV certification body for our methane avoiding composting method. One credit (= one VER) offsets one tonne of CO₂ emissions. We then trade those received carbon credits internationally.



Water

Water constitutes the basis of all life. The hydrological cycle of planet Earth is similar to the human blood circulation system: Water evaporates, falls back down as rain and runs from fresh water rivers into the salty oceans. Without the influence of human beings, the water clears and cleans itself along the way. 71% of the surface of the Earth is covered by water, mainly salt-water. Potable water is a scarce resource and must neither be wasted nor polluted any further.

SEKEM needs water to irrigate the plants on the fields and green corridors, for processing and for the employees. We use three sources of water: Nile water, government-distributed water and well water. In all companies and all farms, certain rules for water usage apply though they are not yet enforced through a written policy. Such a written policy is planned for 2012. The waste water from all companies is reused after treatment as irrigation water for the trees at the main SEKEM farm.

We support the CEO Water Mandate, a UN Global Compact Initiative. As Egypt will be hugely impacted by the world's water scarcity, we regard it as one of our highest priorities to raise awareness for the careful and efficient usage of the country's water sources.

Sub-Surface Irrigation

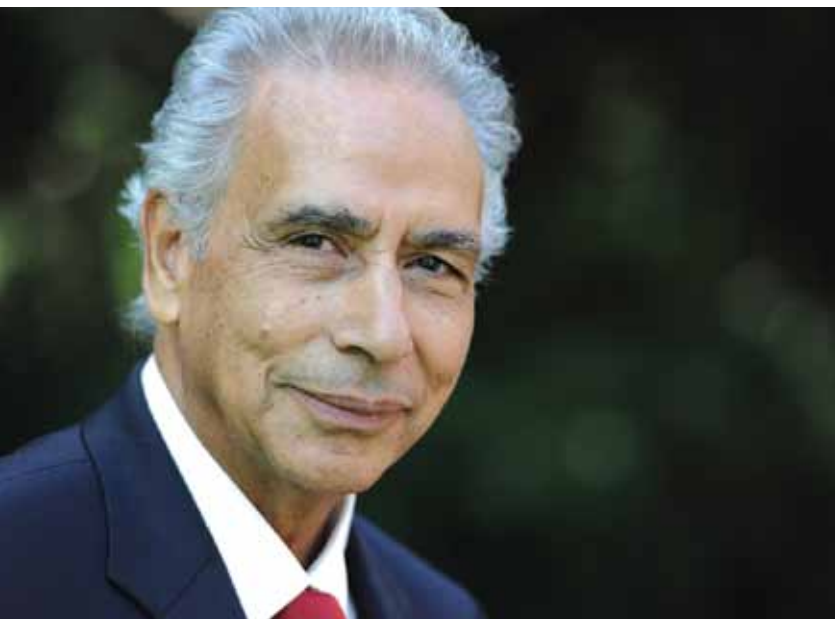
“At the end of 2011, we started a project to analyze the water efficiency of subsurface irrigation under local conditions. Together with the Austrian company Hydrip GmbH, we directly compare drip irrigation and subsurface drip irrigation in combination with different soil conditioners. We do this for tomatoes and rosemary, on a test field of 1.7 feddan (0.71 ha) at the Adleya farm. The project is planned to last for two years and is funded by DEG Invest (German Investment Corporation).”

Water statistics, see page 78

Waste water treatment with EM

EM stands for effective microorganisms in a watery mix of 84 aerobic and anaerobic varieties such as the family of yeast, lactobacilli and photosynthesis bacteria. When applied to waste water, two effects can be observed. Due to the activities of the microorganisms, the odor is drastically reduced and sludge in the sewage treatment plant is decreased by 50%. We get our high quality EM from a company in Germany and rebreed them only twice to avoid uncontrollable mutations.





Dear Readers,

The 'Egyptian Rebellion' in 2011 has shown the world, that economic growth is not sufficient for a peaceful coexistence. Profit maximization for the benefit of a few rather opposes social cohesion. Actions and commitments to promote socially responsible and ethical business practices enable the participation of larger parts of the population in sharing wealth and prosperity. SEKEM's business conduct has been following these values for a long time, for which an award giving committee of Nobel Laureates honored me with the Business for Peace Awards 2012.

The year 2011 urged SEKEM to focus on its core business and competencies. As a consequence, we

withdrew from several national and international public advocacy activities in order to fully commit ourselves to steer SEKEM through the challenging new economic realities. This report shows that we did not cede our mission for sustainable development due to external pressure but managed to meet our high standards of being a sustainable development initiative. Years of cultural engagement and activities for our employees strengthened the inner ties with our employees to an extent that SEKEM was widely spared from strikes and even profited from employees securing SEKEM facilities in times of crisis.

However, the revolutionary events that have taken place in 2011 have also demonstrated the necessity of education as the centerpiece of sustainable development. Economic wellbeing should be the consequence of human and environmental wellbeing and should not occur at their expense, as it was the case in Egypt. A widespread mind shift is necessary to grasp this perception, which is not possible without education on sustainable development. We must make sure that the old realities will never come back again and keep the momentum of early 2011 alive. We perceive these times of change as a great opportunity to further stimulate young people's minds to incorporate ethical and social questions into their

future decision-making. Adequate human education and training is the precondition for these people to develop the creativity and skills to handle the great challenges of today and the future.

The establishment of the Heliopolis University for Sustainable Development is our contribution to educate and enable young people to develop an entrepreneurial spirit and thereby becoming a pro-active member of the society. After years of preparation we finally start with the first three faculties in fall 2012 (Sustainable Management and Business, Pharmaceutical Sciences, Engineering: Renewable Energy, Water, Mechatronics). The start of Heliopolis University constitutes a new and important chapter of our efforts to intensify holistic human development and replicate the socially responsible and ethical business practices SEKEM is renowned for worldwide.

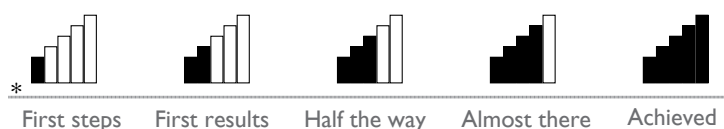
Sincerely,



Prof. Dr Ibrahim Abouleish
Chairman of the Board of Directors



In general the targets in the status and target overviews are set for 2013. In some cases a target setting was only feasible until 2012.

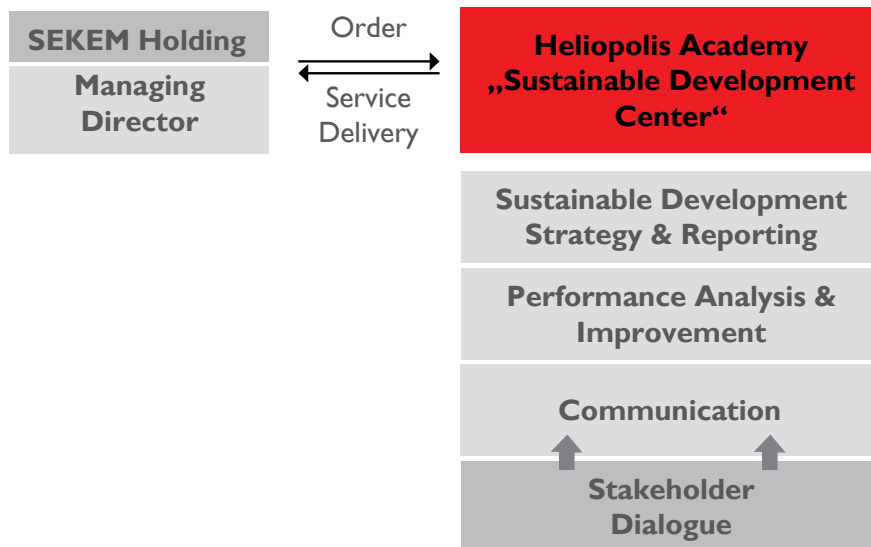


Sustainable Development Organization

The Sustainable Development Center (SDC, former Sustainable Entrepreneurship Center (SEC)) supports the internal management of the SEKEM Group in questions of sustainable development topics. The team is situated under the umbrella of the Heliopolis Academy for Sustainable Development and works together with all management divisions of the SEKEM Holding as well as the general managers and relevant departments of the group companies.

The concept of the Sustainable Development Flower guides the work of the SDC. Together with the Group Compliance Manager and the relevant departments, the team collects the needed data for measuring the performance of SEKEM and its companies and translates the results into the Sustainable Development Balance Score Card (SBSC, see next page). Additionally, the performance is evaluated with regard to the targets in the near future. The results are discussed internally in regular management meetings and published annually in the SEKEM Report on Sustainable Development.

Sustainable Development Structure



Sustainable Development Balance Score Card Evaluation

In order to assess its overall performance of continuous sustainable development and regeneration, SEKEM uses the Sustainable Development Balance Score Card (SBSC). The evaluation steps are represented in the traffic light colors – green stands for excellence, red for no action or negative impact and yellow means that awareness exists

and actions have been taken, but that there is room for improvement. In the current review process of the Sustainable Development Flower, which forms the basis of the assessment framework, some performance aspects have been merged or reformulated. The concrete explanations for the classification and annotations concerning changes are presented in the Annex (see page 53).

SEKEM GROUP		2008	2009	2010	2011
ECONOMIC LIFE					
Product Portfolio					
Responsibility to Customer and Consumer					
Innovation					
Organizational Process					
Partnerships		-	-	-	
Economic Value Distribution					
SOCIETAL LIFE					
Labor Rights					
Health and Safety					
Diversity					
Employee Loyalty and Motivation					
Governance and Compliance					
Advocacy for Sustainable Development					
CULTURAL LIFE					
Training and Education					
Research and Development					
Employee Self-fulfillment and Vitality		-	-	-	n.a.
Values and Spirituality					
ECOLOGY					
SOIL	Soil Quality				*
	Soil Use				
PLANTS	Seeds				
	Biodiversity				
ANIMALS	Animal Husbandry				
	Natural Habitats				
ENERGY	Energy Use				
	Energy Sources				
AIR	Emission Reduction				
WATER	Water Use				
	Water Sources				*
Positive impact		14	20	19	18
Initiatives for positive impact		11	5	6	8
No actions / negative impact		0	0	0	0
Not relevant / not available		2	2	2	1

*downgraded after redefining the Performance Aspect and its requirements, see page 76/77 and 85

2011 Developments at the group level

The new performance aspect “Partnerships” is one of our core competencies. Through longterm partnerships we were able to develop the organic market in Egypt, and showed positive impact (evaluated as “green”).

Due to the political unrests and the resulting unstable economic situation, the sales did not increase as we would have expected under normal conditions. Accordingly, we evaluate the status as yellow.

The second new performance aspect “Employee Self-fulfillment and Vitality” was added to the CULTURAL LIFE dimension. To analyse our performance, we plan to analyse the values and motivation of our employees and the perception of their workplace in the year 2012.

The reformulation of the performance aspects “Soil Quality” and “Water Sources” led to a downgrading to the level “yellow”.

2011 Developments at the company level

Only EL-MIZAN and LIBRA succeeded to increase the sales numbers in 2011 including a positive net profit margin.

Apart from NATURETEX, with a new product sales share of 94%, the innovation activity at most companies is quite low. Though ATOS puts a lot of efforts into research and development, the outcomes are not necessarily reflected in sales numbers as development and registration time can take up to several years. NATURETEX, instead, can implement new products without any upfront scientific work.

EL-MIZAN is rated red for not providing any training to its employees in 2011.


























	SEKEM FOR LR			EL-MIZAN			LIBRA			LOTUS			ISIS			ATOS			NATURETEX		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
ECONOMIC LIFE																					
Product Portfolio	-			-																	
Responsibility to Customer and Consumer	-			-																	
Innovation	-			-																	
Organizational Process	-			-																	
Partnerships	-			-																	
Economic Value Distribution	-			-																	
SOCIETAL LIFE																					
Labor Rights	-			-																	
Health and Safety	-			-																	
Diversity	-			-																	
Employee Loyalty and Motivation	-			-																	
Governance and Compliance	-			-																	
Advocacy for Sustainable Development	-			-																	
CULTURAL LIFE																					
Training and Education	-			-																	
Research and Development	-			-																	
Employee Self-fulfillment and Vitality	-			-																	
Values and Spirituality	-			-																	
ECOLOGY																					
Soil Quality	-			-																	
Soil Use	-			-																	
Seeds	-			-																	
Biodiversity	-			-																	
Animal Husbandry	-			-																	
Natural Habitats	-			-																	
Energy Use	-			-																	
Energy Sources	-			-																	
Emission Reduction	-			-																	
Water Use	-			-																	
Water Sources	-			-																	
Summary																					
Positive impact	0	14	16	0	15	16	21	16	16	17	14	15	14	14	15	15	15	13	12	13	14
Initiatives for positive impact	0	9	7	0	7	6	2	5	7	4	7	7	7	7	7	6	6	9	9	8	8
No actions / negative impact	0	0	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Not relevant / not available	27	4	3	27	5	4	4	5	4	6	6	5	6	6	5	6	6	5	6	6	5

Status and Target Overview for ECONOMIC LIFE (1)

PA	Performance Indicator	Unit	SLR	MI	LI	LU	ISIS	AT	NT	Total 2011 Total Target	Total 2010	Evaluation	Comments
Product Portfolio	% of sales value of organic products	%	100	100	100	100	90	71.5	100	94.3	n.a.		ATOS: 71.5% is the current highest possible share of organic products within product portfolio
	Target 2013	%	100	100	100	100	90	71.5	100	94.3			
	% of sales value of products that have a Demeter certificate	%	-	-	-	56	77	-	0.85	49.9	11.4		We only print the Demeter logo on the product when requested from customer, see page 14-15
	Target 2013	%	-	-	-	61	82	-	6	55			
	% of sales value of products that have a Fairtrade certificate	%	-	-	-	4.6	2*	-	0.52	1.6	0.7		We only print the Fairtrade logo on the product when requested from customer, see page 14-15
	Target 2013	%	-	-	-	10	7*	-	5	13			
	% of raw materials assessed** for health and safety impact	%	100	-	-	100	100	100	100	100	100		
	Target 2013	%	100	-	-	100	100	100	100	100	100		
	% of final products assessed** for health and safety impact	%	-	-	-	100	100	100	100	100	100		
	Target 2013	%	-	-	-	100	100	100	100	100	100		
Responsibility to customer and consumer (1)	% of sales value with representative product carbon footprints	%	-	-	-	86.9	13.1	0	70.3	31.8	n.a.		
	Target 2013	%	-	-	-	100	50	50	100	67			
	Number of customer claims	number	-	-	4	42	73	10	29	136	158		Customer claims are not end consumer but only major clients
	% increase of customer claims	%	-	-	-75	+2.4	-31.5	-40	+24	-13.9	+23.4		
	Target 2012	%	-	-	0	-14	0	-16.7	-30.6	120			
	% fulfillment of orders to customer	%	-	90	100	97	93.7	80	94	92.5	93.7		See above
	Target 2012	%	-	95	100	99	98	100	96	98			
	% of orders delivered to customer on the committed date	%	-	92	100	98.5	99	69	95	92.3	96.7		See above
	Target 2012	%	-	97	100	100	100	100	97	99			
	% of hypermarkets coverage of SEKEM products in Egypt	%	-	-	-	-	100	15/0	-	-	n.a.		ATOS: SEKEM Herbs/ ATOS Pharma
Responsibility to customer and consumer (2)	Target 2013	%	-	-	-	-	100	70/0	-	-			
	average % of available assortment per hypermarket	%	-	-	-	-	50	30/0	-	-	n.a.		ATOS: SEKEM Herbs/ ATOS Pharma
	Target 2013	%	-	-	-	-	60	30/0	-	-			
	% of supermarkets coverage of SEKEM products in Egypt	%	-	-	-	-	50	20/0	-	-	n.a.		ATOS: SEKEM Herbs/ ATOS Pharma
Responsibility to customer and consumer (3)	Target 2013	%	-	-	-	-	60	20/0	-	-			

*Export Market ** ISIS fruits and vegetables: physical plus pesticide analysis for organic products;

ISIS (raw material except fruits and vegetables), LOTUS raw materials, ATOS herbs raw materials and SLR outgoing raw materials: physical, chemical, microbiology analysis plus pesticide analysis for incoming organic products; NATURETEX raw materials: physical analysis plus pesticide analysis for outgoing raw cotton

PA	Performance Indicator	Unit	SLR	MI	LI	LU	ISIS	AT	NT	Total 2011 Total Target	Total 2010	Evaluation	Comments
Responsibility to customer and consumer (2)	Average % of available assortment per supermarket	%	-	-	-	-	25	10/0	-	-	n.a.		ATOS: SEKEM Herbs/ ATOS Pharma
	Target 2013	%	-	-	-	-	30	10/0	-	-	-		
	% of groceries coverage of SEKEM products in Egypt	%	-	-	-	-	10	-	-	-	n.a.		
	Target 2013	%	-	-	-	-	15	-	-	-	-		
	Average % of available assortment per grocery	%	-	-	-	-	5	-	-	-	n.a.		
	Target 2013	%	-	-	-	-	10	-	-	-	-		
	Number of boutiques with SEKEM products in Egypt	number	-	-	-	-	-	-	39	-	n.a.		
	Target 2013	number	-	-	-	-	-	-	80	-	-		
	% of pharmacies coverage of SEKEM products in Egypt	%	-	-	-	-	57.5	70/80	0	-	n.a.		ATOS: SEKEM Herbs/ ATOS Pharma; NATURETEX coverage target for 2013: 200 pharmacies
	Target 2013	%	-	-	-	-	70	70/80	s. commitment	-	-		
Innovation	Average % of available assortment per pharmacy	%	-	-	-	-	15	30/40	-	-	n.a.		ATOS: SEKEM Herbs/ ATOS Pharma
	Target 2013	%	-	-	-	-	20	30/40	-	-	-		
	% of sales going into research	%	0.73	-	-	-	-	2	-	-	n.a.		
	Target 2013	%	1	-	-	-	-	2	-	-	-		
	% of sales from new products	%	0	84	0.6	2.1	1.4	0.9	94*	18.44*	4.3*		
Organizational processes (1)	Target 2012	%	2	5	2	2	5	5	50	15	-		
	Number of internal quality and sustainability audits per year	number	12	12	12	12	12	12	12	12	n.a.		Each month an internal quality and sustainability audit takes place
	Target 2013	number	12	12	12	12	12	12	12	12	-		
	x of y improvement points of ISO 14001 program solved	x/y	-	-	3/3	4/4	2/3	1/2	1/1	11/13	n.a.		87 % of sales come from ISO 14001 and ISO 9001 certified processes (see page 18-19)
	Target 2013	%	-	-	100	100	100	100	100	100	-		
	x of y improvement points of OHSAS 18001 program solved	x/y	-	-	3/3	2/3	2/3	14/15	8/8	29/32	n.a.		89.7% of employees work in OH-SAS 18001 certified environment (see page 18-19)
	Target 2013	%	-	-	100	100	100	100	100	100	-		
	Total weight of waste	'000 tonnes	252.9	43.7	15.3	82.1	243.6	4.2	58.8	700.6	337		The main part of the waste of SLR, LOTUS and EL-MIZAN is organic and goes directly into the compost; see page 56 for waste graph incl. categories
	kg/ 1000 EGP sales	kg/ 1000	11.04	10.66	0.52	2.15	2.19	0.12	0.17	3.56	1.43		
	Target 2013	kg/ 1000 EGP sales	10	9	0.4	2	2	0.06	0.1	3	-		

* NATURETEX: Innovation has been newly defined. New products includes all garments with new pattern plus all garments with new fabric, new fabric color or new finishing details (embroidery, print, special stitches) for the reporting year. Therefore, this number is not comparable with last year.

Status and Target Overview for ECONOMIC LIFE (2)

PA	Performance Indicator	Unit	SLR	MI	LI	LU	ISIS	AT	NT	Total 2011 Total Target	Total 2010	Evaluation	Comments
Organizational processes (2)	% of organic waste recycled	%	100	100	100	100	100	100	100	100	100		All organic waste is composted on site by LIBRA
	Target 2013	%	100	100	100	100	100	100	100	100			
	% of non-organic waste recycled	%	100	23.1	11.9	40.6	39.2	100	22.6	50.4	47		Without taking the Medical Center and lab waste into consideration
	Target 2013	%	100	28	16	45	34	100	27	55			
	% recycled input material of total packing material used	%	n.a.	n.a.	n.a.	9.99	n.a.	20.70	n.a.	3.33	6.2***		Difference due to redefinition of indicator
Partnership	Target 2013	%	n.a.	n.a.	n.a.	15	n.a.	26	n.a.	10			
	% of suppliers with whom we have a purchasing commitment > 1 year	%	100	100	91	85	100	100	49	84	n.a.		LOTUS: In case of seasonal contracts the commitment to purchase next year is agreed orally; For more about partnerships with business partners see page 16
Economic Value Distribution	Target 2013	%	100	100	95	90	100	100	55	90			
	% of purchase value of raw materials* with Fairtrade certificate	%	-	-	-	1.04	3.5	-	100	9.4	4.7		Fairtrade certificates do exist only for a limited range of products. In general the suppliers are compliant with the Fairtrade principles.
	Target 2013	%	-	-	-	6	8	-	100	15			
	% of purchase value of raw materials* with Demeter certificate	%	-	-	-	71.8	57.4	73.4*	100	65.7	64.3		More certifications on page 15 and 18/19.
	Target 2013	%	-	-	-	77	62	78	100	70			
	Total amount of annual net sales	mio EGP	22.9	4.1	29.7	38.1	111.2	35.4	34.4	209.4	235		Sum of companies' sales is higher than total sales because the later is consolidated, companies sales not.
	% increase of annual sales	%	+64.2	+22.2	+26.9	-18.5	-6.8	-2.1	-7.5	-7.9	+21.5		
	Target 2012	mio EGP	20.7	4.1	27.3	54.7	143.7	56	33.9	275.9			
	Profit (before tax) margin in %	%	-7	3	7	-7	9	6	4	1	7.3		
	Target 2012	%	-0.6	-10.1	1	8.7	8.5	8.2	10.7	4.6			
	Total amount of investments	mio EGP	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20	56.11		Into SEKEM Companies; without Heliopolis University
	Target 2013	mio EGP	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10			= % of shares owned by founder
	Equity ratio	%	-	-	-	-	-	-	-	76.03	76.03		
	Target 2013	%	-	-	-	-	-	-	-	76.03			
	Average % of purchase of raw materials from SEKEM for Land Reclamation	%	-	-	-	3.9	39.9**	0.7	-	16.3	13.8		= raw materials only from own farm soils
	Target 2013	%	-	-	-	6	40	5	-	20			
	Highest salary times the lowest salary	ratio	1:8.3	1:8	1:13	1:21.4	1:46	1:39	1:30	1:55	n.a.		
	Target 2013	ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1:50			
	% net profit invested into community development	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10	10		to SEKEM Development Foundation (160,000 EGP)
	Target 2013	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10			

*raw materials: ATOS only herbs, **only ISIS Food and Vegetables; no data available for ISIS Herbs, ***Redefinition and -calculation results into different number

News from the SEKEM Companies

ISIS

In 2011, ISIS developed a 5-year marketing strategy to increase sales. Total turnover for the year, however, was lower than expected because the license needed to proceed with opening the new water processing facility was not issued given the economic and political instability. One new manager was hired to work in particular on increasing the logistic efficiency of the supply chain. No further major expenses occurred since many investments had already been made in previous years.

LIBRA

Since no new desert reclamation projects were planned for 2011, LIBRA focused on animal husbandry. No major investments were needed.

LOTUS

LOTUS concentrated mostly on increasing efficiency and capacity utilization of existing facilities. No major investments took place.

LOTUS Upper Egypt

LOTUS Upper Egypt struggled with capacity utilization due to low quantities of raw material in 2011. This is expected to improve in 2012.

EL-MIZAN

EL-MIZAN, like ATOS, was not hurt by the crisis but did not achieve a significant increase in financial turnover either. In line with the overall strategy, some investments were made.

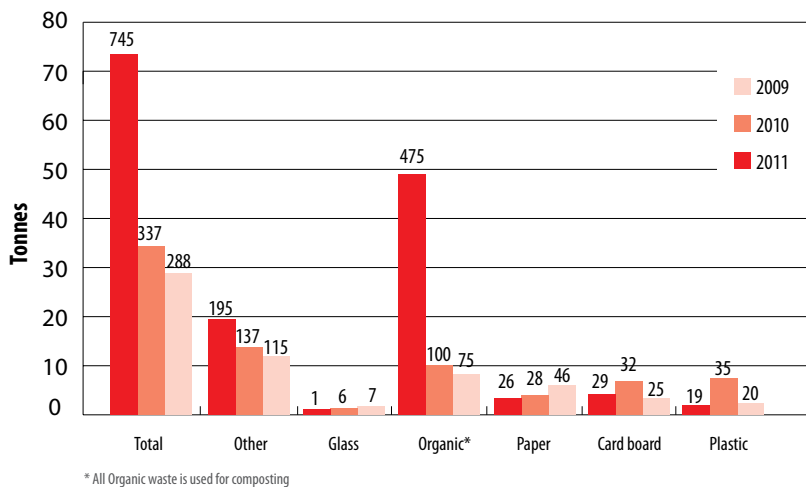
NATURETEX

In 2011, the price for cotton strongly increased in Egypt, leading to a fall in domestic cotton sales. Exports, however, increased thanks to new contracts with partners overseas. Market analyses also showed a lot of potential for NATURETEX products in Egypt, which is why a new domestic sales manager was hired.

SEKEM for Land Reclamation

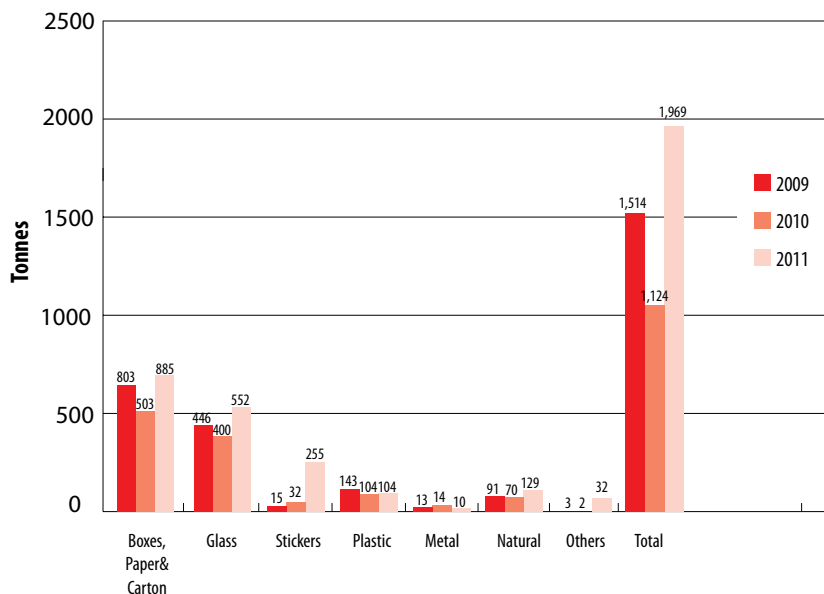
Total cultivated area did not increase in comparison to the previous year. Instead, the focus was on improving the already reclaimed land. The majority of investments occurred in this area. A new team in Minya and new farmers in the Sinai worked on optimizing processes and increasing infrastructure quality and yield. In this context, a new community modeled on the main SEKEM farm is being developed in Minya. It is notably this community building and related human development that make possible the sustainable development and economic success of desert agriculture.

Waste Production from SEKEM Group

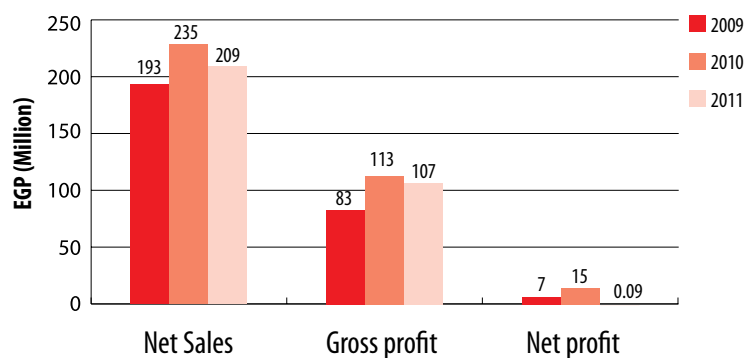


Waste produced during the processing and production within the SEKEM companies is sorted into glass, plastics, carton, paper, organic waste and remaining non-recyclable materials, such as metals or hazardous waste from the Medical Center, which gets either landfilled or transported to special end-of-life treatment centers. Kitchen waste, stickers and juice packages are difficult to separate and are not accepted by recycling companies; egg packages are polluted and cleaning them is too costly; the waste from the Medical Center refers to cotton contaminated with blood, test tubes and used syringes. ATOS' lab waste results from the manufacture of rivets or chemical materials.

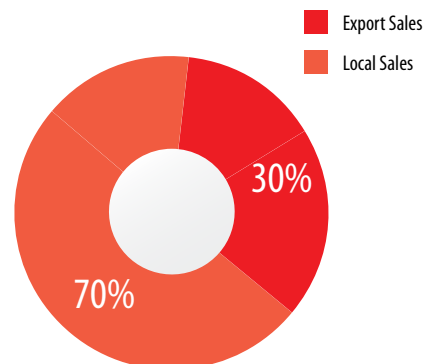
Packaging Material used in SEKEM Group



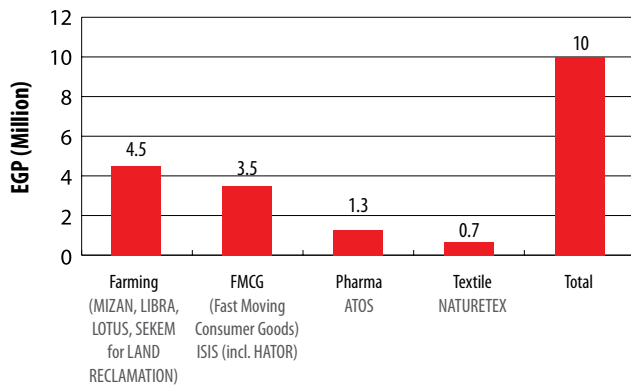
SEKEM Holding - Financial Highlights (Consolidated)



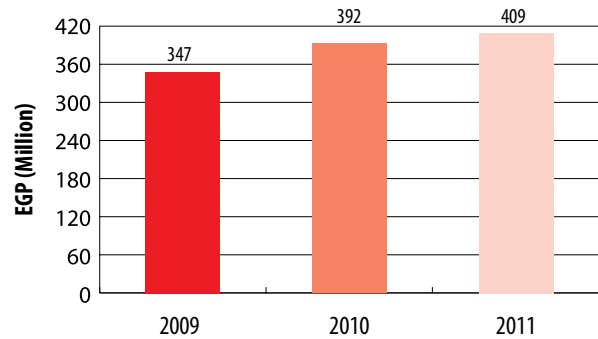
Export Share 2011



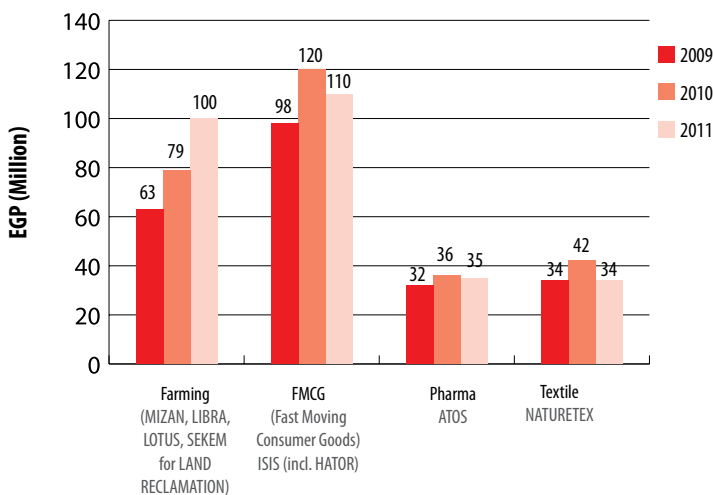
Planned Investment Amount by Business Sector for 2012



Fixed Assets (Property, Plants & Equipment and Biological Assets)

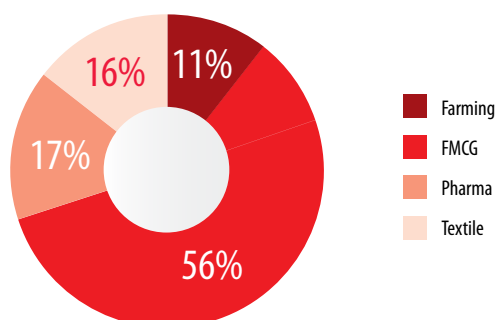


SEKEM Net Sales by Business Sector



The sum of all revenues of the companies is higher than the consolidated revenues for the group as there are revenues within the group. That is why the percentages below do not mirror the total net sales numbers.

Net Sales Share by Business Sector in 2011



This is the net increase where depreciation is already taken into account.

Consolidated Financial Statement

Balance Sheet SEKEM Holding for Investment Company S.A.E.
on 31st December 2011*

	2011 EGP	2010 EGP
CURRENT ASSETS		
Cash and bank balances	10,922,027	34,155,681
Other assets	81,767,499	62,538,850
Trade and other receivables	73,809,058	72,889,242
Trade inventories	130,969,102	121,478,310
Biological assets inventory	4,944,726	5,221,824
Total current assets	302,412,412	296,283,907
CURRENT LIABILITIES		
Trade and notes payable	20,793,801	26,936,078
Bank overdrafts	245,695,833	244,694,048
Provisions	6,239,063	4,318,163
Other liabilities	22,437,886	18,457,005
Current portion of long-term loans	46,900,275	11,873,987
Current portion of obligations under finance lease	14,735,578	8,009,063
Total current liabilities	356,802,436	314,288,344
Working capital	(54,390,024)	(18,004,437)
NON-CURRENT ASSETS		
Fixed assets	467,484,524	382,695,500
Biological assets	5,534,157	5,005,458
Goodwill	53,867,282	-
Investments available for sale	93,500	93,500
Advances for purchase of fixed assets	1,008,000	53,867,282
Total non-current assets	527,987,463	441,661,740
TOTAL INVESTMENT	473,597,439	423,657,303
Financed as follows:		
NON-CURRENT LIABILITIES		
Term loans	134,849,093	144,417,668
Obligations under finance lease	32,762,295	35,138,306
Other long-term liabilities	3,680,982	24,838,479
Shareholders convertible loan	18,247,332	-
Deferred tax	8,002,054	7,118,320
Total non-current liabilities	197,541,756	211,512,773
EQUITY		
Reserve for shareholders convertible loan	1,752,668	-
Share capital	149,509,000	149,509,000
Legal reserve	9,575,739	9,089,613
Revaluation surplus	64,271,067	-
Foreign currency translation reserve	(9,189)	(69,314)
Retained earnings	37,331,901	40,893,570
Total equity attributable to equity holders of the company	262,431,186	199,422,869
Non-controlling interest	13,624,497	12,721,661
Total equity	276,055,683	212,144,530
TOTAL FINANCING	473,597,439	423,657,303

*changes in the wording and calculation basis in comparison to the Report on Sustainable Development 2010 are due to the change of the external assurance company

Income Statement SEKEM Holding for Investment Company S.A.E. for the year ending on 31st December 2011*

	2011 EGP	2010 EGP
Revenues	209,235,005	235,024,991
Export subsidy – incentive on export sales	4,409,757	4,717,014
Cost of sales	(117,532,937)	(136,980,106)
Gross profit	96,111,825	102,761,899
Investments income**	-	1,001,815
(Loss) / Gain on disposal of fixed assets	-	(618,961)
Marketing and distribution expenses	(38,480,750)	(36,877,295)
Administration expenses	(22,813,936)	(25,893,154)
Finance cost Finance cost	(29,728,805)	(25,386,735)
Foreign exchange losses	(9,370,281)	(5,053,591)
Provisions	(2,354,242)	(4,903,575)
Provisions no longer required	2,750,000	-
Fair value (loss)/gain arising on forward foreign exchange contracts	(1,045,468)	6,463,186
Realized losses from finished goods burnings	-	(3,828,524)
Other income	6,164,736	9,417,143
Profit before tax	1,233,079	17,082,208
Income tax	(262,227)	(842,924)
Deferred tax	(883,734)	(496,132)
Profit for the year	87,118	15,743,152
Profit for the year attributable to:	(87,086)	15,169,507
Equity holders of the company	174,204	573,645
Non-controlling interest	87,118	15,743,152
 (Loss)/Earnings per share	 (0.06)	 10.15

* changes in the wording and calculation basis in comparison to the Report on Sustainable Development 2010 are due to the change of the external assurance company

** Investment income is the return “credit interest” SEKEM Group received from holding time deposits and saving certificates with local banks, i.e. the deposit of the SEKEM Holding secures bank loans which SEKEM receives for its subsidiaries.

Status and Target Overview for SOCIETAL LIFE (1)



PA	Performance Indicator	Unit	Level										Total 2011		Total 2010	Evaluation	Comments
			HO	SLR	MI	LI	LU	ISIS	AT	NT	SDF	Total Target					
Labor Rights	% of purchase value of raw materials* with Fairtrade certificate	%	-	-	-	-	1.04	3.5	-	100	-	9.4	4.7				
	Target 2013	%					1.5	4	-	100	-	10					
	Number of social workers per company	number	-	1	1	1	1	1	1	1	1	8	8				More about social workers at page 26
	Target 2013	number	-	1	1	1	1	1	1	1	1	8	8				
Health	% employees with private health insurance partly financed by SEKEM	%	n.a.	3.6	6.2	15.5	21.7	62	83.8	5.6	21.6	33.9	n.a.				Share of employee depends on the salary level; Pupils of SEKEM School receive free health care
	Target 2013	%	n.a.	10	10	20	25	67	88	10	25	38	n.a.				
	Number of sick leave days for all employees	number	840	322	-	-	563	180	24	336	15	1440	n.a.				
	Target 2013	tendency	decrease	decrease	-	-	decrease	decrease	decrease	decrease	decrease	decrease	n.a.				
	Number of employees visiting Medical Center	number	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,996	6,954				In general we want our employees to be healthy so that they do not need to see the doctor. The decrease of 2011 is extraordinarily high. More about health at page 27
	% increase of visits	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	- 42.5	- 7.9				Decrease due to security reasons in the aftermath of the Egyptian 'revolution'
	Target 2013	tendency	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	decrease					
	Number of other visitors of the Medical Center	number	-	-	-	-	-	-	-	-	-	29,527	30,360				Less patients because of the circumstances during and after the popular uprising
	% increase of visits	%	-	-	-	-	-	-	-	-	-	- 2.7	- 3.7				
	Target 2013	%	-	-	-	-	-	-	-	-	-	+ 10					
	Number of injuries	number	n.a.	0	0	5	6	6	4	1	n.a.	22	26				See page 67 to injuries according to risk level
	% increase of injuries	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-15.4					
	Target 2013	%	0	0	0	0	0	0	0	0	0	0					
	Number of fatal injuries	number	0	0	0	0	0	0	0	0	0	0	0				
	Target 2013	number	0	0	0	0	0	0	0	0	0	0	0				

*raw materials: ATOS only herbs

PA	Performance Indicator	Unit	Level										Total 2011		Total 2010	Evaluation	Comments
			HO	SLR	MI	LI	LU	ISIS	AT	NT	SDF	Total Target					
Workforce diversity	Number of employees	number	216	140	32	71	78	534	235	358	176	1,840	2,127				
	% increase of employees	%	0	+14	-38	-34	-14	-16	-2	-5	-35	-13	+20				The high decrease was not caused by lay-off but rather through the special circumstances while and after the popular uprising
	Target 2013	%	+5	+5	+5	+5	+5	+5	+5	+5	+5	+5					
	% share of females	%	7.4	1.4	31.3	2.8	12.8	16.9	29.8	30.7	31.3	18.3	20.1				
	Target 2013	%	12	6	35	8	16	23	35	35	37	23					
	% share of females in managerial position	%	9.5	7.7	0	16.7	18.2	15	12.5	33.3	6.7	13.9	9*				
Workforce loyalty and motivation	Target 2013	%	15	13	5	20	23	20	18	33.3	10	18					
	% of employed disabled persons from all employees	%	0	3	0	9	1	2	4	1	3	2.9	n.a.				
	Target 2013	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5					
	% employee turnover	%	-	22	0	8	15	17	29	35	n.a.	22	18.5				Includes only employees which leave after a period longer than a year.
	Target 2013	%	-	15	0	8	10	12	20	20	n.a.	18					
	Number of part time workers	numbers	0	1	0	0	0	3	3	0	63	70					
Workforce Compliance	% share of part time workers	%	0	0.7	0	0	0	0.6	1.3	0	35.8	3.8	n.a.				
	Target 2013	%	0	0.7	0	0	0	0.6	1.3	0	35.8	3.8					
	% of non-monetary benefits against overall salaries	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.7*					Worker: 4.8% Middle Management: 4.1% Top Management: 5.2%
	Target 2013	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.7*					
	% of new employees received introduction to the CoC	%					started in 2012					0	0				100% of the SEKEM Group of companies is covered by a Code of Conduct (CoC)
	Target 2013	%	100	100	100	100	100	100	100	100	100	100					
Governance and Compliance	Number of training hours on CoC per employee	number					started in 2012					0	0				
	Target 2013	number	2	2	2	2	2	2	2	2	2	2					
	Number of events with Code of Conduct related topic	number	-	-	-	-	-	-	-	-	-	21	n.a.				= Monday Forum at the headoffice
	Target 2013	number	-	-	-	-	-	-	-	-	-	20					

* Revised after recalculation; last year we published 0.6%. This was the share of women in management position of all employees not only among management personnel
 ** partly based on estimations

Status and Target Overview for SOCIETAL LIFE (2)

PA	Performance Indicator	Unit	HO	SLR	MI	LI	LU	ISIS	AT	NT	SDF	Total 2011 Total Target	Total 2010	Evaluation	Comments
Advocacy for Sustainable Development	Number of articles in renowned publications on sustainable development per year (written by SEKEM) Target 2013	number	-	-	-	-	-	-	-	-	10	10	n.a.		Plus 61 web, 1 radio and 8 TV items
	Number of articles in renowned publications on sustainable development per year (written by others) Target 2013	number	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	50	n.a.		
	Number of active memberships in ILO and/or Millennium Goals related organisations Target 2013	number	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	60	n.a.		Though travelling was reduced during 2011, we upheld our engagement from Egypt
		number	13	-	-	-	-	-	-	-	-	13	14		
		number	13	-	-	-	-	-	-	-	-	13			
		number		-	-	-	-	-	-	-	-				

Awards and Memberships

Overview of most important Memberships (selection): In 2011, SEKEM won the IMPACT Business Award 2011 from the GIZ and the German Ministry for International Cooperation and Development. SEKEM also became one of 16 New Sustainability Champions which were presented by the World Economic Forum and the Boston Consulting Group. Dr. Ibrahim Abouleish won the Special Award in the category "International" from the German ecological economic initiative B.A.U.M. for his life's work revolving around SEKEM.

Board of Trustees: (Helmy Abouleish)

- The Egyptian Junior Business Association (EJB)

Board member in (Helmy Abouleish)

- Chair of the Egyptian National Competitiveness Council (ENCC)
- Egyptian Energy Saving Council for Industry
- Arab Sustainability Leadership Group (ASLG)
- Science and Technological Development Fund (STDF)
- The Federation of Egyptian Industries (FEI)
- Egyptian German High Joint Committee for Renewable Energy, Energy Efficiency and Environmental Protection
- Egyptian Environmental Affairs Agency (EEAA)

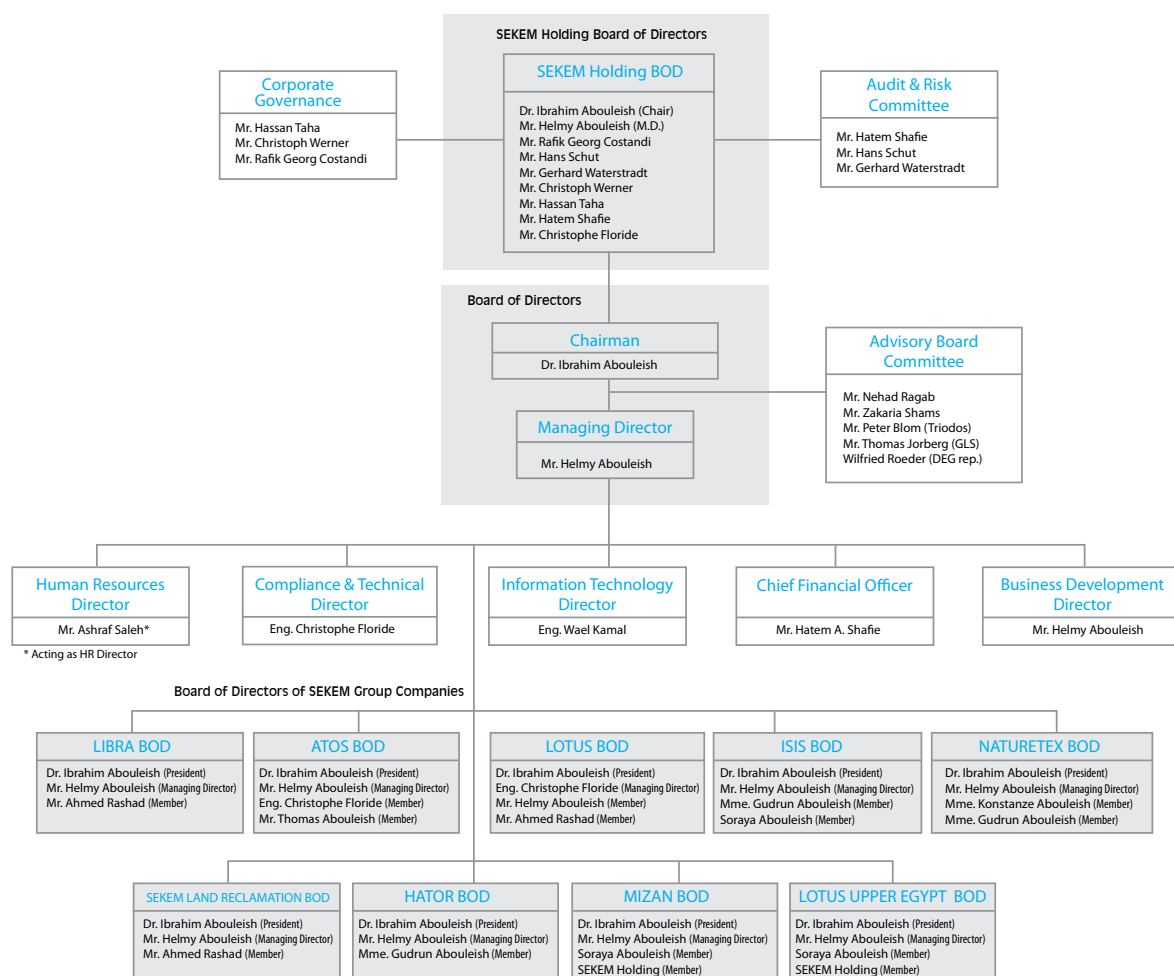
SEKEM is a member in

- Social Entrepreneur Council (Schwab Foundation)
- Schwab Fellow of the World Economic Forum (WEF)
- World Future Council (WFC) – Climate and Energy Commission
- Ashoka Foundation Selecting Panel in Egypt
- International Association of Partnership (IAP) with leaders of international organic movement

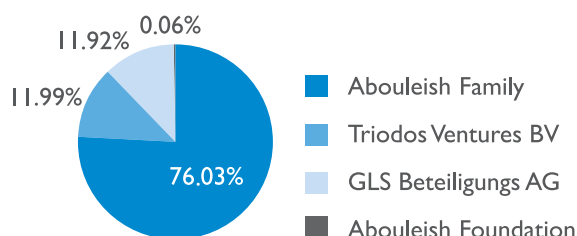
SEKEM is collaborating with and participating in

- United Nations Industrial Development Organization (UNIDO)
- United Nations Economic, Social and Cultural Organization (UNESCO)
- United Nations Development Fund for Women (UNIFEM)
- United Nations Global Compact (UNGC)
- United Nations University via the Regional Center of Expertise (RCE) on Education for Sustainable Development within Heliopolis University

Organizational Structure of the SEKEM Group

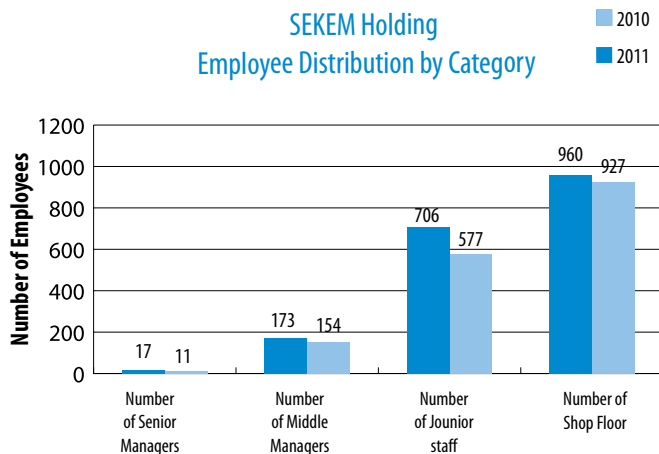


Distribution of SEKEM Holding Shares

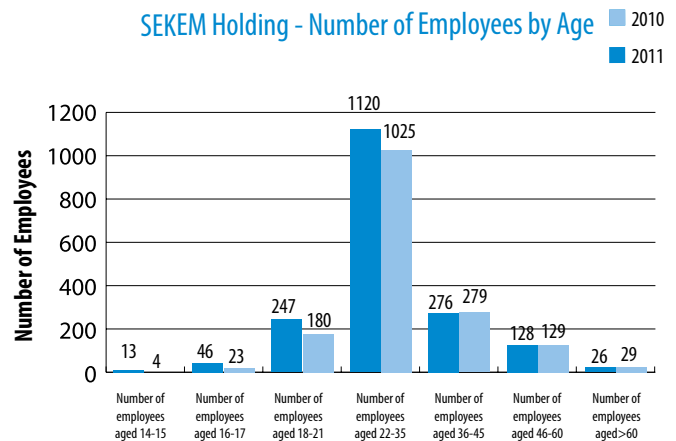


Compared to last year, there were no changes in the structure of financial ownership. The majority of the 1.5 million shares are owned by the Abouleish family.

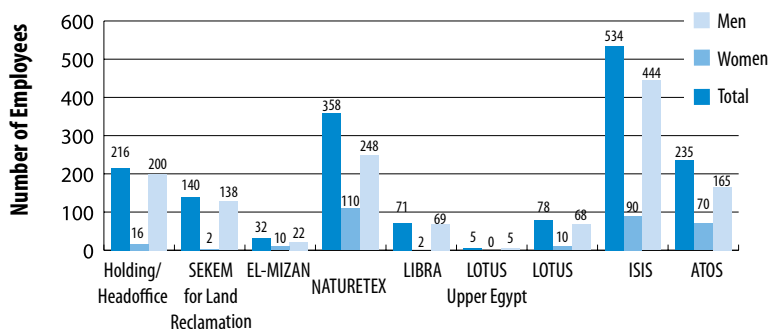
Since 2007, the GLS Bank and the Triodos Bank, each hold a share of 2.5 million EUR. Both banks are specialized in ethical-ecological financing with headquarters in Germany and the Netherlands respectively. The Abouleish Foundation was established to hold the Abouleish family capital of SEKEM in the future.

SEKEM Holding
Employee Distribution by Category

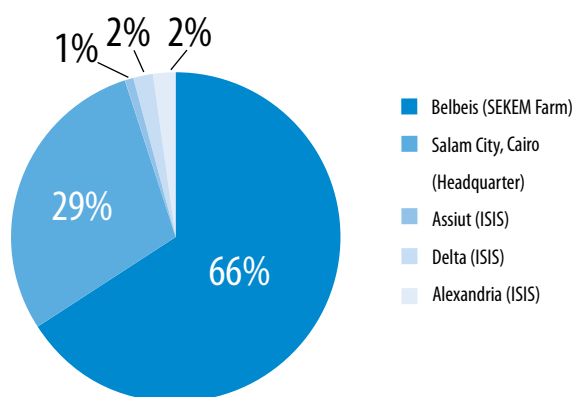
SEKEM Holding - Number of Employees by Age



Number of Employees and Gender Distribution 2011



Employee Distribution by Region



In 2011, the SEKEM Group had 38 women in managerial positions; a share of 23.03% within this employee category. Every eighth woman works in a managerial position while only every eleventh man is hired at that same level. The amount of female employees grew proportionally with the growth of the workforce. 310 women were employed, with a decrease in their share only slightly from 20.1% in 2010 to 18.6% in 2011. NATURETEX is, with 30.73%, by far the company with the highest share of female employees.

At SEKEM, the average annual female salary of 16,405 EGP lies below the annual average male salary of 21,881 EGP. The increase from last year for male and female salary averages was 16%. The gap between the two averages originated from a lower share of highly educated or long-time experienced female employees. Due to traditional rural habits, the majority of women marries early and concentrates on family life. The distribution of age among females shows that females older than 21 are under-proportionally represented compared to male employees.

Employee Turnover

Turnover rates Entity	2011 # employees	2011 turnover
ATOS	235	29%
ISIS (incl. HATOR)	534	17%
LIBRA	71	8%
LOTUS	78	15%
LOTUS U.E.	5	60%
EL-MIZAN	32	0%
NATURETEX	358	35%
SEKEM L.R.	140	22%
Holding / HQ	216	*
SDF	n.a.	n.a.
Total	1669	

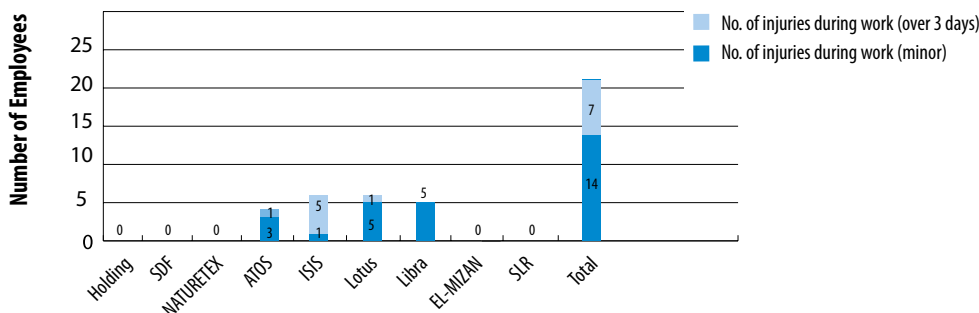
* Included in the numbers of the companies.

The overall employee turnover is 22% (2010: 18.5%) taking into account those employees that have worked for SEKEM for more than one year. The rate increased by 3.5% in comparison to the preceding year due to several reasons.

The public uprising brought change into the life of our employees and caused some turnover. Furthermore, employee groups that typically face a higher rate of turnover, like the sales department from ATOS and ISIS, have a significant share in the overall workforce and therefore increase the average rate. Another reason for the rather high fluctuation can be the fact that the SEKEM main farm and SEKEM Headquarters are far from the city and employees spend a lot of time in Cairo's traffic. The previously introduced five-days-week was extended again by one day and the working hours were evenly distributed over the days.

LOTUS Upper Egypt stopped working. The employees had the possibility to continue work in one of our other companies.

Number of Injuries 2011



SEKEM's Board of Directors

Dr. Ibrahim Ahmed Abouleish
 Chairman

Right Livelihood Award Laureate and Founder of the SEKEM Initiative

Dr. Ibrahim A. Abouleish (*1937) is chairman of the Board of Directors of the SEKEM Holding. Besides the eight firms operating under the umbrella of the SEKEM Holding, he founded several non-governmental organizations such as the SEKEM Development Foundation, the Heliopolis Academy for Sustainable Development and the Egyptian Biodynamic Association. He received the Right Livelihood Award in 2003 and in 2004 he was chosen as Outstanding Social Entrepreneur by the Schwab Foundation.

Mr. Helmy Ibrahim Abouleish
 Deputy Chairperson and Managing Director

Helmy Abouleish (*1961), in addition to serving as Deputy Chairperson and Managing Director of the SEKEM Group, also is a Schwab Fellow of the World Economic Forum as well as board member of the Arab Sustainability Leadership Group (ASLG) and the German-Arab Chamber of Industry and Commerce (GACIC). Helmy Abouleish also is a member of the International Federation of Organic Agriculture Movements (IFOAM), the International Demeter Organization (IDO) and Social Entrepreneur Council (Schwab Foundation).

Mr. Rafik Georg Costandi
 Member

Since 1990, Rafik Costandi (*1960) has been Head Teacher and founding member of the SEKEM school on the premises of the SEKEM farm. Before that he managed the purchasing department for all companies.

Mr. Gerhard Waterstradt
 Member

Gerhard Waterstradt (*1940) was a manager in the finance department at a German subsidiary of a large US company. After that he was appointed as treasurer and member of the committee at a nonprofit organization. Since 1995 he was a member of the Board of Directors of the GLS Bank. In 2007, he retired from the GLS board and is now working among others as freelancer for the GLS bank.

Mr. Hans Schut
 Member

Hans Schut (*1953) is a senior manager of Triodos Investment Management, part of the European Triodos Bank group. His focus is on renewable energy investment funds. Before joining Triodos Bank, he worked in industrial companies and an energy utility company development.

Mr. Christoph Werner
 Member

Christoph Werner (*1972) worked in Marketing at GlaxoSmithKline Consumer Health Care in France until the end of 2010. Before joining GlaxoSmithKline, he worked for four years in Marketing at L'Oréal in France. He holds an International Executive MBA from the University of Pittsburgh (USA). In 2011, Christoph Werner joined the retail chain dm established by his father; for the time being as Head of Marketing and Procurement.

Mr. Hatem Ahmed Shafie
 Member

Hatem Ahmed Shafie (*1961) came back to SEKEM Group in 2009 to be the Chief Financial Officer, a position he held already from 2004 to 2007. Between 2007 and 2009, Mr. Shafie was the assistant to the Chairman of Cairo & Alexandria stock exchange. Before joining SEKEM, Mr. Shafie served in several positions such as General Manager Corporate Finance in White House Securities and Senior Manager Marketing and Credit in Arab African International Bank.

Mr. Hassan Taha
 Member

Hassan Taha is founder and president of First Capital, LLC, a boutique financial advisory firm specialising in M&A and corporate finance activities. First Capital, LLC was involved as a sell-side advisor in the largest private equity transaction in the corporate history of Egypt involving the sale of a prestigious pharmaceutical company for over 3 billion EGP. Mr. Taha was also Chief Financial/Investment Officer in AWFI/Lokma and International Partner in Price Waterhouse Coopers, Cairo, Egypt.

Mr. Cristophe Floride
 Member

Christophe Floride (*1959) is Managing Director of LOTUS and since 1986 serving as Technical Manager for the SEKEM Group. Before joining SEKEM, Christophe Floride was head of CNC department of Feinmechanische Werkstaetten Baumgaertel GmbH in Malsch/Karlsruhe, Germany.

SEKEM's Advisory Board



Anette Burbank is representing the DEG, member of KfW Bankengruppe (KfW banking group), which finances investments of private companies in developing and transitioning countries. As one of Europe's largest development finance institutions, it promotes private business structures to contribute to sustainable economic growth and improved living conditions.



Thomas Jorberg represents the GLS Bank, which focuses on cultural, social and ecological projects that try to tackle challenges in our society by developing creative solutions. Loans are offered to projects like independent schools and kindergartens, organic farms, institutions using therapeutic pedagogy, nursing homes, projects for the unemployed, health-food stores and communal living projects, as well as sustainable businesses.



The European Triodos Bank, represented by its CEO Mr Peter Blom, finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage corporate social responsibility and a sustainable society. Triodos Bank has won the Financial Times Sustainable Bank of the Year Award 2009.



Nehad Ragab is the Chair of SIAC, an Industrial Construction & Engineering Company, which was established in 1986 to be a leading construction firm.



Zakaria Shams is Chair of Al Shams agro group, one of the leading companies in Egypt offering the ability to export fresh citrus around the world. The group is currently managing over 2,400 acres of cultivated ground raising citrus fruits, mangos, guavas and grapes.

Stakeholder Approach

When referring to our stakeholders, we include all groups of people who are affected by SEKEM in any form and on any level of cooperation. Stakeholder management at SEKEM consists of dialogue and empowerment through cooperative development.

Although we only disclose our management approach related to the primary stakeholders here in the report, we are aware of the secondary stakeholders such as

regulators or certification bodies and monitor their demands. The identification process of the stakeholder groups is ongoing and is ensured through a close interaction with all these groups.

Stakeholder group	Needs	Our management approach	Ways of engagement
Employees	<ul style="list-style-type: none"> • Feeling of respect and esteem through organizational culture • Clear job framework and job-related contact point for personal development • Contact point for social issues • A forum to discuss grievances and possible remedies 	The Cooperative of SEKEM Employees (CSE) is assigned with providing supportive working conditions, trainings on human rights as well as health and safety issues. It is a forum for collective bargaining or other interest discussions of the employees. To nurture close relations with SEKEM employees and farmers, founder Dr. Ibrahim Abouleish meets regularly with all employees to deepen their knowledge in specific topics or to address ways how to improve SEKEM's contribution to the community at large.	<ul style="list-style-type: none"> • Weekly meetings • Regular dialogue between managers and social workers of all companies
Farmers	<ul style="list-style-type: none"> • Fair and reliable contracting conditions and prices • Cooperative future planning of companies' needs • Training enabling to apply the organic and biodynamic agricultural method 	Our approach to supply chain integration means fair prices and Fairtrade regulations for all our 350 contracted farmers. Consulting and training along the way of organic and biodynamic cultivation characterizes the close collaboration. Within the quality management, supplier profiles help us to clarify quality, communication, planning, delivery and pricing issues with the individual suppliers via regular ratings and reviews.	Weekly meetings and regular dialogue with the FDA and the EBDA
Sub-contractors	<ul style="list-style-type: none"> • Fair and reliable contracting conditions and prices • Cooperative future planning of companies' needs • Support in applying technical and quality standards 	Our subcontractors are companies that cover certain pre-processing activities for our companies ISIS and NATURETEX. In general, we apply the same technical standards as in our own production facilities and try to foster long term cooperation. A future goal is to encourage these companies to comply with our management and human rights standards to ensure an even higher quality.	<ul style="list-style-type: none"> • Regular planning meetings • Regular quality certification process

Stakeholder group	Needs	Our management approach	Ways of engagement
Shareholders	<ul style="list-style-type: none"> • Excellent performance to ensure a profitable investment on all dimensions • Reliable forecasting and long-term sustainable development of the company 	With our internal performance management, we are not only ensuring our business case profitability but we also set the foundation for the identification of gaps and the need for improvements.	Quarterly board meetings
Retailers & Wholesalers	<ul style="list-style-type: none"> • Excellent quality meeting the customers' standards • On-time and on demand delivery • A story to tell the consumer 	By constantly applying general and specific quality standards and guidelines we cooperate with our retailers and wholesalers by monitoring and improving quality, availability and on-time delivery of our products.	Regular planning meetings and satisfaction questionnaires once a year
End-consumers	<ul style="list-style-type: none"> • Excellent quality of healthy products with benefits for social and environmental development • Easy availability and access 	In order to react to our consumers' wishes and inquiries in the most personal and flexible way possible, we have established a free customer service hotline which helps to answer any questions and notes complaints for adjacent improvement.	Customer satisfaction surveys every 1-2 years
Broader community	<ul style="list-style-type: none"> • Benefit from the companies' profits through in kind contribution • Support of deficient areas like education, health care and other development needs 	The surrounding and broader community of SEKEM is the basis for our sustainable development approach. Therefore, we engage with our associated NGO, the SEKEM Development Foundation, in development projects aligned to the communities' needs.	<ul style="list-style-type: none"> • Dialogue through service provision • Weekly meetings • Outreach programs
National/ International Partnership Organizations	A project and development partner	With our associative approach, we facilitate collaborations inside and between networks and organizations in the different fields of economy, human rights, politics and culture. Nationally and internationally, we benefit from these relationships and try to give back as much knowledge and commitment as we can.	<ul style="list-style-type: none"> • Regular engagement in conferences • Strategic cooperation

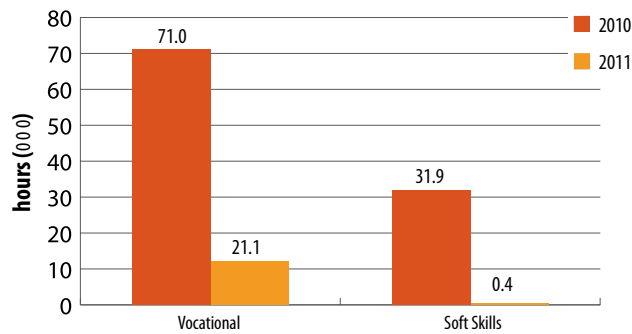
Status and Target Overview for CULTURAL LIFE

PA	Performance Indicator	Unit	Group	SDF	Total 2011	Total 2010	Evaluation	Comments
					Total Target			
Training and education	Total man hours of vocational training	number	11,954	-	11,954	71,037		For detailed data see page 72
	Target 2013	number	71,000	-	71,000			
	Total man hours of soft skills training	number	371	*	371	31,858		See page 72; low number due to temporary reallocation of working hours
	Target 2013	number	32,000	*	32,000			
	Total man hours of management system training	number	1,629	-	1,629	n.a.		E.g. for our health and safety management system acc. to OHSAS 18001
	Target 2012	number	705	-	705			
	Total man hours of arts training	number	6,130	*	6,130	n.a.		For detailed data see page 72
	Target 2013	number	13,000	*	13,000			
	Average hours of arts and soft skills training for teachers	number	-	255*	255	255		
	Target 2013	number	-	255*	255			
	Number of children in SEKEM Kindergarten	number	-	47	47	46		
	Target 2013	number	-	50	50			
	Number of students in SEKEM School	number	-	347	347	335		For detailed data splitted according to school level see page 75
	% increase of student number	%	-	+3.5	+3.5	+3.6		
	Target 2013	%	-	0	0			
	Total number of SEKEM School graduates since 1998	number	-	148	148	139		
	Target 2013	number	-	168	168			
	Number of students in Vocational Training Center	number	-	249	249	173		High increase after having before a year without new pupils because of the reintroduction of sixth grade in Egyptian school curricula in 2004; For detailed data splitted according to section see page 75
	% increase of student number	%	-	+30	+30	+6.4		
	Target 2013	%	-	0	0			
	Total number of VTC graduates since 2000	number	-	423	423	346		
	Target 2013	number	-	583	583			
	Number of students in SEKEM Special Education	number	-	28	28	26		
	Target 2013	number	-	30	30			
	Total number of Chamomile Children since 1987	number	-	1480	1480	1460		The project started earlier but the project was full-time since 1987, the number was estimated
	Target 2013	number	-	1490	1490			
	Number of students in professional training for eurythmy	number	-	8	8	9		1 Egyptian and 1 German student received their eurythmy diploma in 2010; numbers include ongoing training of the Egyptian graduate
	Target 2012	number	-	6	6			
	Number of art events per year	number	n.a.	n.a.	3	9		Arts events = International and/or high scale events in music, eurythmy, fine arts exhibitions and/or theater
	Target 2013	tendency	n.a.	n.a.	increase			
	% of agricultural suppliers with membership in the EBDA	%	100	-	-	100		
	Target 2013	%	100	-	-			

*SDF: Teachers receive daily training in soft skills and arts; stated in separate indicator for training in the companies

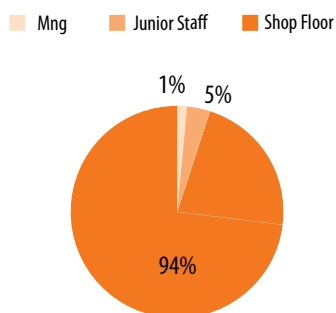
PA	Performance Indicator	Unit	Group	SDF	Total 2011	Total 2010	Evaluation	Comments
					Total Target			
Research and development	Number of ongoing science projects	number	-	14	14	17		
	Target 2013	number	-	10	10			
	Number of science project proposals in evaluation	number	-	7	7	n.a.		
	Target 2013	number	-	7	7			
	Number of science project proposals accepted	number	-	3	3	n.a.		
	Target 2013	number	-	6	6			
	Number of science projects successfully completed	number	-	2	2	n.a.		2012: Four projects 2013: Six projects
	Target 2013	number	-	10	10			
	Total number of direct beneficiaries from all social projects	number	-	1389	1389	1389		Farmers, children, youth and women, excluding Chamomile Children.
	Target 2013	number	-	increase	increase			
	Total number of loans in micro credit program	number	-	597	597	468		Average credit volume per person: EGP 5,000
	Target 2013	tendency	-	increase	increase			
	Total number of established and sustained products / services / expertise / social links through research & development projects	number	-	22	22	n.a.		Results range from bio-fertilizer and development methods to curricula and building up infrastructure.
	Target 2013	tendency	-	increase	increase			
Self-Fulfillment	Employee analysis on values, motivation and perception of the workplace	number	0	0	0	0		Planned for 2012
	Target 2013	number	1	1	1			
Values and spirituality	Number of prayer rooms	number	n.a.	n.a.	10	10		We plan to build a mosque at the Minya farm
	Target 2013	number	n.a.	n.a.	11			
	% of employees who can reach a prayer room within five minutes	%	100	100	100	100		
	Target 2013	%	100	100	100			

Training per man-hours and share of employee categories
(SEKEM Group)

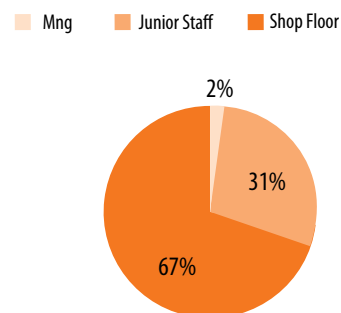


The reason for the strong decrease of training hours can be found in the difficult situation SEKEM found itself in the aftermath of the Egyptian 'revolution' when the staff focused on short-term crisis management instead of improvement of long-term qualifications.

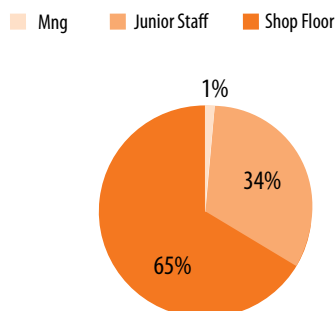
Share of total hours of vocational training by
employee category 2011



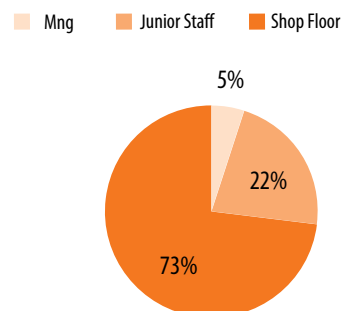
Share of total hours of soft skills training by
employee category 2011



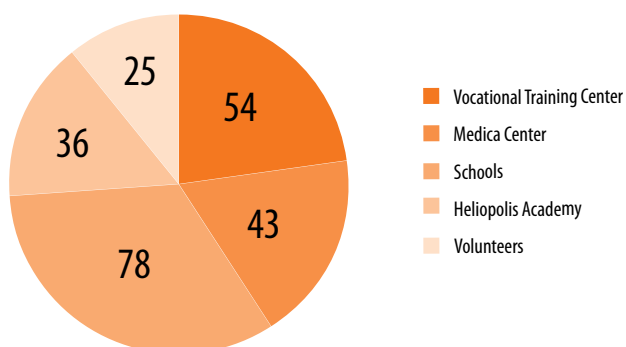
Share of management system training by employee category 2011



Share of cultural training by employee category 2011



Number of Employees in the SDF



Number of students enrolled in SEKEM Primary School, class size and student/teacher ratios during the period 2003-2011

Year	No. of classes	No. of teachers	Number of children			Average Class size	Student/Teacher ratio
			Males	Females	Total		
2003	5	10	72	52	124	24.8	12.4 to 1
2004	5	10	71	50	121	24.2	12.1 to 1
2005	6	10	80	72	152	25.3	15.2 to 1
2006	6	10	90	64	154	25.6	15.4 to 1
2007	6	10	89	66	155	25.8	15.5 to 1
2008	6	10	90	70	160	26.6	16 to 1
2009	6	10	90	73	163	27.1	16.3 to 1
2010	6	10	92	73	165	27.5	16.5 to 1
2011	6	11	92	75	167	27	15.1 to 1

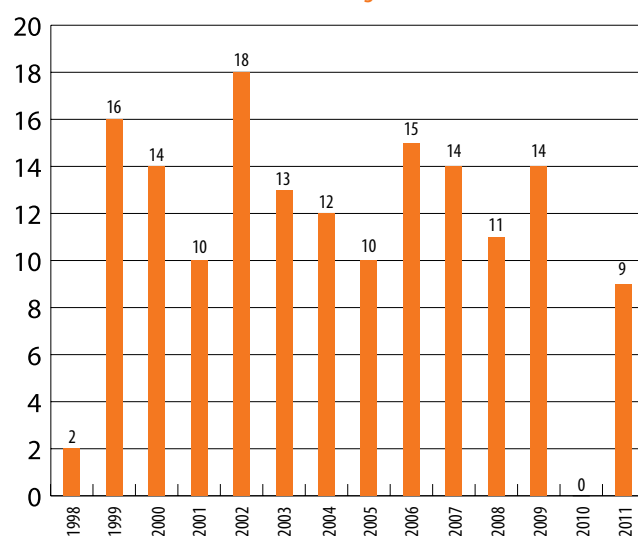
Number of students enrolled in SEKEM Preparatory School, class size, and student/teacher ratio during the period 2003-2011

Year	No. of classes	No. of teachers	Number of students			Average Class size	Student/Teacher ratio
			Males	Females	Total		
2003	3	9	20	37	57	28.5	6.3 to 1
2004	3	9	41	30	71	23.6	7.9 to 1
2005	2	9	26	23	49	24.5	5.4 to 1
2006	2	9	27	27	54	27	6.0 to 1
2007	2	9	24	25	49	24	5.4 to 1
2008	3	9	42	33	75	25	8.3 to 1
2009	3	9	41	39	80	26.6	8.8 to 1
2010	3	9	42	43	85	28.3	9.4 to 1
2011	3	9	44	46	90	30	10 to 1

Number of students enrolled in the Secondary School, class size, and student/teacher ratio during the period 2003-2011

Year	No. of classes	No. of teachers	Number of students			Average Class size	Student/Teacher ratio
			Males	Females	Total		
2003	3	9	20	37	57	28.5	6.3 to 1
2004	3	9	41	30	71	23.6	7.9 to 1
2005	2	9	26	23	49	24.5	5.4 to 1
2006	2	9	27	27	54	27	6.0 to 1
2007	2	9	24	25	49	24	5.4 to 1
2008	3	9	42	33	75	25	8.3 to 1
2009	3	9	41	39	80	26.6	8.8 to 1
2010	3	9	42	43	85	28.3	9.4 to 1
2011	3	9	44	46	90	30	10 to 1

Number of graduates



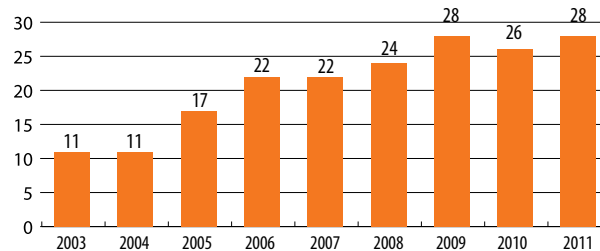
Note on low number of graduates in comparison to total number of students: In general, many students leave the secondary school without graduating and decide to continue vocational training instead. The preparatory school certificate (successful graduation of 9th class) is sufficient for this.

In 2010, we had no graduates because the Egyptian primary school was extended by one year in 2004.

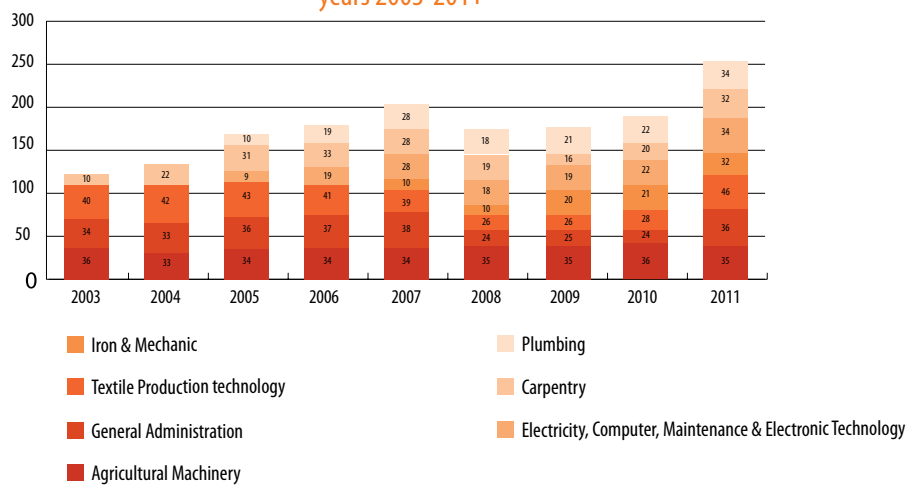
Number of children enrolled in SEKEM Kindergarten from 2003-2011

Year	Number of children		Total
	Males	Females	
2003	22	24	46
2004	23	24	47
2005	22	22	44
2006	21	22	43
2007	21	22	43
2008	23	25	48
2009	22	26	48
2010	24	22	46
2011	30	17	47

Number of children with special needs



Number of students at SEKEM Vocational Training Center in the years 2003-2011



Status and Target Overview for ECOLOGY (1)

Dimension	PA	Performance Indicator	Unit	Total 2011	Total 2010	Evaluation	Comments
				Total Target			
SOIL	Soil fertility	Size of reclaimed land	feddan	1,628	1,628		
		% of reclaimed land of total land owned (6,000 feddan)	%	26	26		
		Target 2013	%	0			
		* % Organic matter of farm soils	%	0.8 - 7.5	n.a.		Minya: 0.80 - 2.3% Bahareya: 5.80 - 7.5% Adleya: 2.1 - 4.5% Sinai: 0.75 - 1.72 %
		Target 2013	%	1.72 - 5.1			
		* % of soil organic carbon (0-10 cm)	%	0.43 - 4.4	2009: 0.24-1.39		Minya: 0.5 - 1.3% Bahareya: 3.4 - 4.4% Adleya: 1.1 - 2.6% Sinai: 0.43 - 1.0%
		Target 2013	%	> 4%			
	Compost quality	% organic matter of produced compost	%	30-32	37.4		
		Target 2013	%	25-60			
		Amount of beneficiary nematodes in produced compost	juv/100g	105 - 300	n.a.		
		Target 2013	juv/100g	2000 - 3000			
		Amount of micro-organisms per gr of produced compost	CFU/g	1.5x10 ³ - 4.2x10 ⁷	n.a.		
		Target 2013	CFU/g	1.5x10 ³ - 4.2x10 ⁷			
		Amount of compost produced	tonne	64,847.12	66,916		
		% of tonnes sold to conventional customers	%	81.25	26.82		
		Target 2013	%	90			
	Soil use	Non-organic fertilizer application	kg/ha	0	0		
		Target 2013	kg/ha	0			
		Amount and volume of significant spills or other impact on soil	liter	0	0		
		Target 2013		0			
PLANTS (1)	Seeds	% of seeds used by SLR from own production	%	73.6	50		
		Target 2013	%	100			
		% of our seeds varieties that we improved during reporting year	%	25	15		equals approx. 75% of the seed production
		Target 2013	%	25			
		Number of varieties in own seed bank	number	136	85		
		Target 2013	number	220			
		% of used seeds that are organic and untreated	%	100	100		
		Target 2013	%	100			

* In future, the soil laboratory will use another method as the data for 2011 were too high.

Dimension	PA	Performance Indicator	Unit	Total 2011 Total Target	Total 2010	Evaluation	Comments
PLANTS (2)	Biodiversity	Area not-compliant to planting legume every fifth cycle	%	10.9 - 15.3	n.a.		Adleya: 10.9 % Minya: n.a. (3 seasons: 100.0%) Bahareya: n.a. (3 seasons: 33.3%) Sinai: 15.3%
		Target 2013	%	<10			
		% of reclaimed land not used for cultivation categorized* by increasing biodiversity	%	SEKEM 1,2,3 Adleya 2. ** 4.* = 7.6	n.a.		Alone in 2011 we planted 48,820 trees at all farms
		Target 2013	%	7.6			
ANIMALS	Animal Husbandry	% of animals that are kept according to Demeter standards	%	100	100		
		Target 2013	%	100			
		Mortality rate of cows	%	2.4	1.4		
		Target 2013	%	1.2			
		Mortality rate of sheeps	%	0.7	0.9		
		Target 2013	%	0.35			
		Average number of days between giving birth of cows	number	420	n.a.		
		Target 2013	number	400			
		Average number of lambs per mothership in two years	number	3	n.a.		
		Target 2013	number	3			
	Natural Habitat	Number of seldom birds found space at SEKEM farms	number	11	11		Constant: 4 Visitor: 7
		Target 2013	number	11			
ENERGY	Energy Use**	Total amount of electricity usage	'000 kWh	4,020	4,620		Total 2011 equals 14,472 GJ 100% of organization entities under full energy assessment and monitoring;
		Relative amount of electricity usage	kWh/1,000 EGP sales	19.2	19.7		
		% of increase of relative electricity usage	%	- 2.4	- 8.5		
		Target 2013	%	- 5			
		Total amount of gasoline consumption	'000 liters	828	922		Total 2011 equals 27,341 GJ Increase mainly due to gasoline use at the new farms. For more details see page 77
		Relative amount of gasoline consumption	liters/1,000 EGP sales	3.95	3.92		
		% of increase of relative gasoline consumption	%	+ 0.7	- 14.4		
		Target 2013	%	- 5			

* Categories with increasing biodiversity: 1. green grass, 2. flower and plants, 3. different types of shrubs, 4. trees

** The performance aspect "Energy Sources" is discussed at page 44.

Status and Target Overview for ECOLOGY (2)

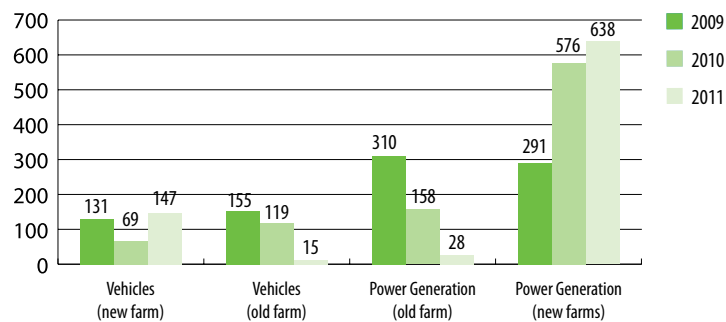
Dimension	PA	Performance Indicator	Unit	Total 2011	Total 2010	Evaluation	Comments
				Total Target			
AIR	Emission reduction	Total amount of emissions	tCO ₂ e	7,925.7	7,850*		100% of organization entities under full emission assessment and monitoring Detailed carbon footprint on page 81
		Relative amount of emissions	kgCO ₂ e/1,000 EGP sales	33.8	33.4		
		% of increase of relative emission reduction	%	+ 13.2	+ 17.7		
		Target 2013	%	- 5			VERs = Verified Emissions Reductions
		Number of successfully audited carbon credits for compost production	VERs	79,500	80,001		
		Target 2013	VERs	80,000			
WATER	Water Use	Total amount of water usage for company and personal use	'000 m ³	104.3	136.3		100% of organization entities under full water usage assessment and monitoring
		Relative amount of water usage for company and personal use	m ³ /1,000 EGP sales	0.5	0.6		
		% of increase of relative water usage	%	- 14.1	+ 26.4		
		Target 2013	%	- 5			
		Total amount of water usage for agricultural use	'000 m ³	1,766.9	4,519		The calculation of the relative amount of water includes that the agricultural activities were interrupted for one season at the farms in Minya and Bahareya in 2011
		Relative amount of water usage for agricultural use	m ³ /feddan	1,729.6	2775.8		
		% of increase of relative water usage	%	- 38	n.a.		
		Target 2013	%	- 5			
	Water Source	% recycled water in litres of total water used (as watering for trees)	%	100	100		
		Target 2013	%	100			
		% difference from actual to old level of ground water in last 3 years	%	0	n.a.		
		Target 2013	%	0			
		Amount of significant spills in litres or other impact on water	liters	0	0		
		Target 2013	liters	0			
		Monitoring of salinity of wells	-	-	n.a.		Adleya and main farm wells are analysed regularly; wells in Minya and Bahareya are tested organoleptic
		Target 2013	Improvement of consistency of well water analysis				

*revised, see page 81

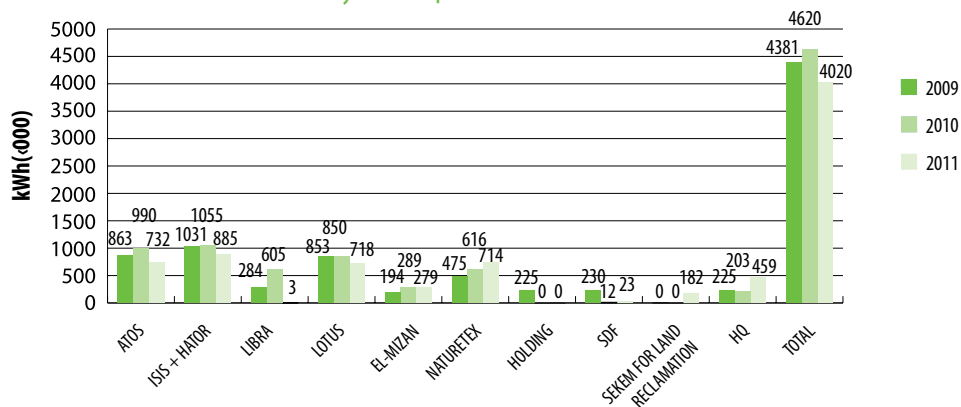
Number of animals (husbandry) on the farm

	2008	2009	2010	2011
Fattening bulls	57	29	64	61
Dairy cows	236	276	403	271
Calves	220	189	63	59
Sheep	464	396	492	423
Laying hens	27,000	25,000	35,500	0
Broilers	0	12,000	0	0
Pigeons	600	600	600	600
Bee colonies	45	65	82	85

Gasoline consumption by end usage ('000 liters)



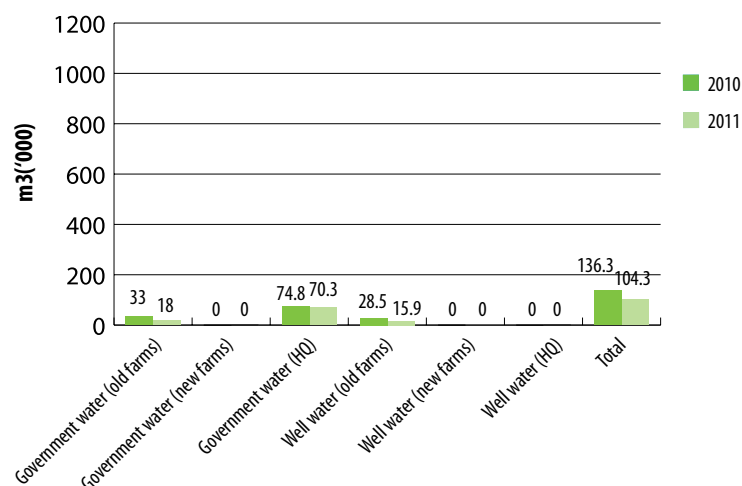
SEKEM Electricity consumption from bills ('000 kWh)



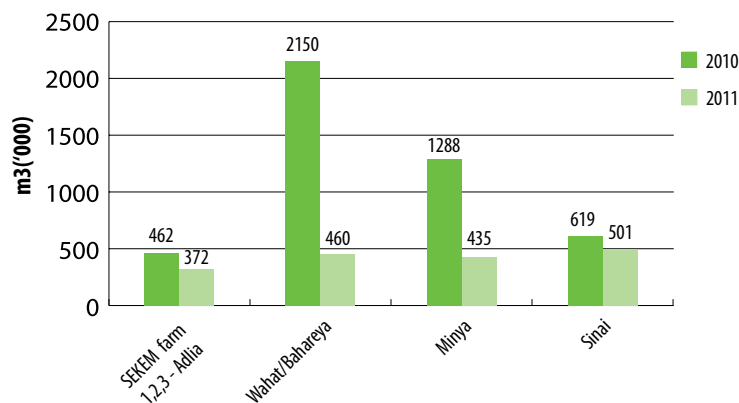
Entity	Electricity	Diesel*	Commuting*	Waste	Total	%
ATOS Pharma	329,336	60,083	152,928.50	925.55	543,272	7%
ISIS	398,160	1,402,984	347,505.62	53,099.54	2,201,749	28%
LIBRA	76,126	95,724	46,203.93	3,343.84	221,398	3%
LOTUS	323,270	346,972	52,060.77	17,900.68	740,203	9%
EL-MIZAN	125,334	162,260	20,824.31	9,530.17	317,948	4%
NATURETEX	333,234	60,794	232,971.93	12,806.88	639,807	8%
SDF	134,557	134,635	-	9,613.44	154,492	2%
SEKEM for Land Reclamation	81,720	2,147,594	91,106.34	55,127.65	2,428,385	31%
Headquarters	206,352	3,200	439,325.78	-	648,878	8%
Total	1,936,612	4,414,245	1,382,927.18	162,347.76	7,896,132	100%

* Diesel emission factor is 2.66 according to Defra 2009

Water consumption for company and personal use



Water consumption for Agricultural Use



The agricultural activities were interrupted for one season at the farms in Minya and Bahareya in 2011

Corporate Carbon Assessment 2011



Electricity Consumption Related Greenhouse Gas Emissions

In order to calculate the Greenhouse Gas (GHG) emissions related to the electricity consumption at the SEKEM Holding's facilities (factories, farms and offices), the documented consumed kWh's for the period from January 1st to December

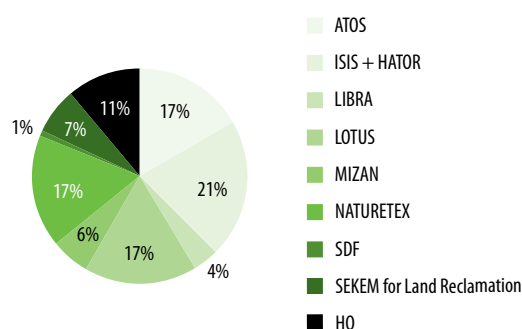
31st 2011 were collected and multiplied with the generic grid emission factor, as provided by UNEP. The individual entity consumption results from a distribution based on head counts.

kWh-Consumption and kgCO₂e

2010	kWh	KgCO ₂ e
ATOS	731,857	329,336
ISIS +HATOR	884,800	398,160
LIBRA	169,169	76,126
LOTUS	718,377	323,270
EL-MIZAN	278,520	125,334
NATURETEX	740,520	333,234
SLR*	299,016	134,557
SDF	22,764	10,244
HQ	458,560	206,352
Total	4,303,583	1,936,612

* Since 2011, SEKEM for Land Reclamation was established which was formerly under LIBRA

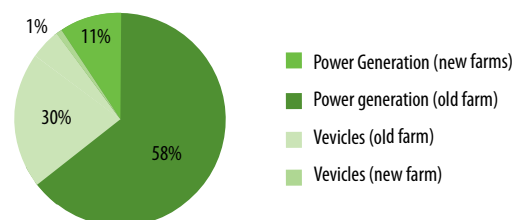
Electricity Consumption by Company



Fuel consumption related GHG emissions incl. employee commuting.

In order to calculate the GHG emissions related to the fuel (diesel and petrol) consumption at the SEKEM Holding's facilities (factories, farms and offices) including employee commute, the documented consumed liters of diesel and fuel for the period from January 1st to December 31st 2011 were collected and multiplied with the generic fuel specific emission factor, as provided by the IPCC.

Emissions from Diesel and Fuel Consumption
by Area of Use



Fuel Consumption by end use

	Diesel (Liters)	kgCO ₂
Power Generation (new farms)	185,067	492,278
Power Generation (old farms)	952,043	2,532,434
Vehicles (old farm)	500,130	1,330,346
Vehicles (new farm)	22,250	59,185
Total	1,659,490	4,414,243

To calculate the employee commute, the following assumptions were taken into account: 1,099 employees at SEKEM Farm, 567 employees in the head office (this includes also employees from the SDF), 300 working days per year, 100 km daily travelled distance (return trip) for farm employees except for 15% of the farm employees who walk to work or come by bike, 50 km daily travelled distance (return trip) for head office employees using public transport and 20 km daily travelled distance (return trip) for head office employees using private cars. The different passenger capacities to use public transport and the different fuel consumption amounts per vehicle type were taken into account.

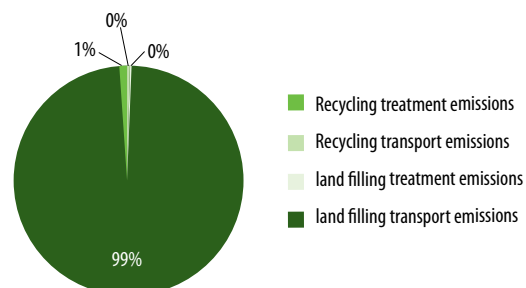
Total Travel/Commuting of Employees

	Total km travelled	Total fuel consumption (l)	Total emissions (kgCO ₂ e)
SEKEM Farm			
public transport (farm)	706,500	141,300	375,858
Private cars (farm)	1,648,500	164,850	392,343
total	2,355,000	306,150	943,601
	Total km travelled	Total fuel consumption (l)	Total emissions (kgCO ₂ e)
SEKEM HQ			
public transport (HQ)	362,475	58,624	155,939
Private cars (HQ)	1,190,700	119,070	283,387
total	1,553,175	177,694	439,326
Total	3,908,175	483,844	1,382,927

Waste treatment and transport related GHG emissions

To calculate the GHG emissions related to the transport and treatment of waste at the SEKEM Holding's facilities (factories, farms and offices), the total amount of waste occurring during the period from January 1st to December 31st 2011 was assessed regarding its transport and treatment and the total tonnage was factored in with the applicable emission factors for recycling or solid waste disposal.

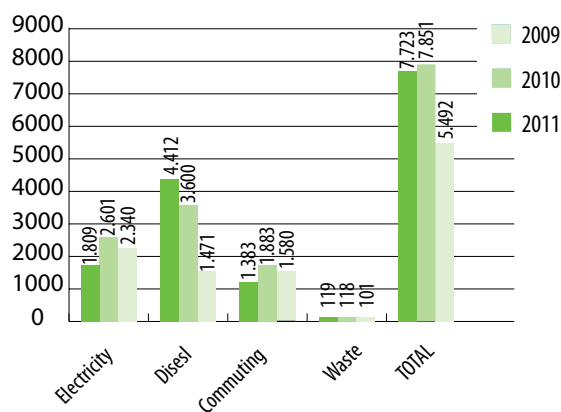
Emissions related to waste treatment and transport



	Tonnes of Waste	Waste Treatment emission (kgCO ₂ e)	Waste Transport emission (kgCO ₂ e)	Total Emission (kgCO ₂ e)
Treatment				
Recycling & composting	534.34	3,976.25	1,681.12	5,657.37
Landfilling	191.34	154,487.92	2,202.48	156,690.40
total	725.68	158,464.16	3,883.60	162,347.76

Note: Recycling has only waste transport related emissions. The waste treatment related emissions from recycling are out of our scope and belong to the subcontractors that do the recycling.

Overall Carbon Footprint by type (tCO₂e)



Sustainable Development Balance Score Card - Evaluation Methodology

The aim of the Sustainable Development Flower is to be a facilitating framework for building up a corporate strategy, Key Performance Indicators (KPIs) and a rough measurement tool to classify performance statements according to a red, yellow, green scheme as detailed on the following pages. It is important to know that the criteria given in the tables express minimum requirements for a specific classification. While 'green' stands for excellence, 'yellow' covers a potentially broad range from initial steps up to significant engagement.

The targets presented in the Status and Target Overview sections are related to the SEKEM Sustainable Development Scorecard (SDSC) but are evaluated independently. A 'green' SDSC evaluation does not necessarily mean that we have achieved all our targets and vice versa.

The comments in italic are concerning any changes from the old Sustainable Development Flower to the new (more information at the fold-out cover).

Performance Aspect	No Action / Negative Impact	Initiatives for Positive Impact (below: min. requirements)	Comprehensive Positive Impact
ECONOMIC LIFE			
Product Portfolio <i>(merged from "Eco- and Socio-friendly products")</i>	No assessment / negative eco-effect and socio-effect of products	First single issue initiatives to improve eco-and socio-friendliness	Eco- and Socio-friendly product portfolio proven by labels and certificates
Responsibility to Customer and Consumer <i>(added end-consumer)</i>	Basic product information but no engagement in Customer Relationship Management (CRM); rather low distribution rates	Single issue CRM (at customer and end-consumer level) and consumer research	Comprehensive CRM (at customer and end-consumer level) and consumer research
Innovation	No innovation, rather business-as-usual technologies	Random innovations without a specific strategy and process	Comprehensive innovation strategy and process which does not set the company at risk
Organizational Process <i>(was before partly "Eco-effective Packaging and Transportation"; "Sustainable Waste Management", "Sustainability Strategy Performance Management")</i>	No waste management nor initiatives for efficiency in material use; no proper management systems for quality, environmental, health and safety issues	Single issue waste management and efficiency in material use; management systems implemented but not audited by external experts	Complete, continuous management of waste life cycle; management systems certified by external expert
Partnerships <i>(is completely new)</i>	No transparency towards business partners, no long-term commitments	Some long term agreements with business partners	Longterm commitments towards business partners
Economic Value Distribution <i>(was before "Economic Development and Growth"; partly "Supply Chain Management"; partly "Company's cultural development strategy")</i>	Negative economic development without good reason, No specific management of supply chain or transparency about fair value distribution	Economic growth, Single issue management improvement, fair distribution of value created partly assured	Healthy economic growth and plan for next 20 years, Fair distribution of created value along the value chain

Performance Aspect	No Action / Negative Impact	Initiatives for Positive Impact (below: min. requirements)	Comprehensive Positive Impact
SOCIETAL LIFE			
Labor Rights (was before Human Rights adherence and impact over the company's value chain)	No human rights considerations or assessment	Single issue human rights initiatives implementation	Full compliance with ILO and UN Global Compact requirements
Health and Safety (before: work force and the company's impact on labor conditions and health & safety)	No consideration of labor conditions as well as health and safety risks at employee and community level	Assessment and action plan for the reduction of risks for employees	Labour conditions support employees' development, fully implemented and reviewed H&S management. Provision of health services to the community
Diversity (was before Work force diversity and equal treatment)	No diversity, discrimination of certain groups / minorities	Identified lack of diversity, discrimination issues, action plan for improvement	Diversity and tolerance throughout the company regarding all aspects
Employee Loyalty and Motivation	No support	Single issue support	Deeply-seated community support for self-organization and enforcement of their rights
Governance and Compliance	Anti-compliance issues recorded	Code of Conduct development / efforts to minimize anticompliance issues	Implemented value management system; anti-corruption organizational culture; no anticompliance issues
Advocacy for Sustainable Development (Policy work for sustainable development and world challenges)	No activities	Awareness and slight involvement	Heavy involvement
CULTURAL LIFE			
Training and Education (was before Company's cultural development strategy)	No training plan	Single issue training initiatives with plans for some employees	Target driven training plans for all employees with performance evaluation on individual & corporate level; provision of education to the community
Research and Development (was before Scientific research engagement)	No research activities	Single issue research activities	Comprehensive and long-term research goals and implementation
Employee Self-fulfillment and Vitality (is completely new; "Health" was merged in SOCIETAL LIFE)	Employees have very limited possibilities for self-fulfillment	Single activities to enable employees for self-fulfillment	Comprehensive program with measurable success
Values and Spirituality (was before "Religious and Spiritual Activities")	Forbidding religious activities	Tolerating religious practices	Spiritual work; Religion supported in the employee's work environment

Performance Aspect		No Action / Negative Impact	Initiatives for Positive Impact (below: min. requirements)	Comprehensive Positive Impact
ECOLOGY				
SOIL	Soil Quality (includes “Impact on soil quality and fertility”)	No assessment; Heavy depletion of soils	Testing single criteria for soil quality; No impact on soil quality	Testing comprehensive criteria catalogue for soil quality; Raising soil quality
	Soil Use (before: “Environmental compatibility” and “Impact on non-renewable mineral resources”)	Heavy use of non-organic pesticides and fertilizers; significant spills	Single issue risk assessment; single use of non-organic pesticides and fertilizers	Comprehensive risk assessment; no use of non-organic pesticides or fertilizers; no significant spills
PLANT	Seeds	Use of genetically modified (GMO) and/or treated seeds	Commitment not to use GMO and treated seeds	Participation in seed banking; “No GMO” policy
	Biodiversity	Negative impact / no assessment on plant biodiversity	Single actions for assessment, no visible positive impact	Assessed, positive contribution through building up biodiversity next to cultivation
ANIMALS	Animal Husbandry (before: “Species-appropriate treatment”)	Inappropriate treatment	Improvement initiatives for appropriate treatment	Completely species-appropriate treatment
	Natural Habitats (before: “Impact on animal diversity and habitats”)	Negative impact / no assessment	Single actions for assessment, no visible positive impact	Creation of new habitats and advancement of seldom endangered animals
ENERGY	Energy Use (includes “Energy saving”)	No assessment; no initiatives to save energy	First pilot assessments, Single issue projects	Full assessment, Comprehensive saving goals and implementation
	Energy Sources (before: “Proportion of clean(er) / renewable resource usage i. t. energy mix”)	No action	First single initiatives to implement clean energy	Carbon neutral company
AIR	Emission Reduction (includes “Emission offsetting” and partly “Eco-effective Packaging and Transportation”)	No action	First single issue initiatives	Comprehensive reduction goals, complete carbon footprint of the company at all scope levels
WATER	Water Use (includes “Reduction of Water Usage and Improvement of Water Life Cycle”)	No assessment / action	First single issue initiatives	Implemented action plan for comprehensive reduction and re-usage goals
	Water Sources (before: “Sustaining of Water Sources”)	No assessment and action / potential depletion	First single source analysis and action	Comprehensive analysis, goals and implemented action plan

GRI Indicator Overview

The Report on Sustainable Development 2011 of the SEKEM Group of Companies is guided by the internationally recognized G3 Guidelines of the Global Reporting Initiative (GRI).

These guidelines require the disclosure of information on management approach, strategy and goals with respect to sustainability, as well as of numerous performance indicators in the categories of Economy, Product Responsibility, Labor Practices, Environment, Society and Human Rights. Applying these guidelines boosts

transparency and renders the Group's sustainability performance comparable with that of other companies. Further information can be found on the website at www.globalreporting.org.

With regard to the application of GRI's G3 guidelines the Report on Sustainable Development 2011 of the SEKEM Group of Companies attains Level B, checked also by the GRI. Please, find the GRI Application Level Check online at www.SEKEM.com.

PROFILE		COMMENT	STATUS	REF.
I. Strategy and Analysis				
I.1	CEO Statement		■ ■	2
I.2	Description of key impacts, risks and opportunities		■ ■	11, 21, 29, 39
II. Organisational Profile				
2.1	Name		■ ■	96
2.2	Primary brands, products and services		■ ■	14
2.3	Operational structure		■ ■	63
2.4	Headquarters		■ ■	FC
2.5	Countries where the organisation operates		■ ■	FC
2.6	Nature of ownership and legal form		■ ■	24, 63
2.7	Markets served		■ ■	FC
2.8	Scale of the organisation		■ ■	18-19, 56, 64
2.9	Significant changes during the reporting period regarding size, structure or ownership		■ ■	2, 63
2.10	Awards		■ ■	62
III. Report Parameters				
3.1	Reporting period	January-December 2011	■ ■	FC
3.2	Date of most recent previous report	August 31st, 2011	■ ■	FC
3.3	Reporting cycle	Yearly	■ ■	FC
3.4	Contact point for questions regarding the report		■ ■	96
3.5	Process for defining report content	acc. to Sustainable Development Flower framework	■ ■	FC
3.6	Scope of the report		■ ■	FC
3.7	Specific limitations on the scope or boundary of the report		■ ■	FC
3.8	Basis for reporting on enterprise entities with significant affect on comparability		■ ■	FC
3.9	Data measurement techniques and bases of calculations		■ ■	FC
3.10	Explanation of the effect of any re-statements of information		■ ■	FC
3.11	Significant changes from previous reporting periods		■ ■	FC
3.12	GRI content index		■ ■	84
3.13	External assurance for the report	Audit only of Financial Statement	■ ■	92-93

Legend

■ ■ : Fully reported
 ■ □ : Partially reported
 □ □ : Not reported

FC: Fold-out Cover
 BC: Back Cover
 REF.: Reference to site number

Black: Core Indicator
 Grey: Added Indicator

PROFILE	COMMENT	STATUS	REF.
II. Corporate Governance, Commitments and Engagement			
4.1	Governance structure	■ ■	25, 66 - 67
4.2	Indicate whether the Chairman of the Supervisory Board is also an executive officer	■ ■	25
4.3	Number of independent members of the highest governance body	■ ■	25
4.4	Mechanisms for shareholders and employees to provide recommendations	■ ■	68 - 69
4.5	Linkage between compensation for members of the highest governance body	No general linkage, only in case of distributing dividends by the company	■ ■
4.6	Ensure conflicts of interest are avoided	■ ■	24
4.7	Qualifications and experience of members of the highest governance body	■ ■	64
4.8	Internal mission or value statements, codes of conduct and principles	■ ■	8, 24
4.9	Procedures of the highest governance body for overseeing the organization's sustainability performance	■ ■	FC, 25
4.10	Evaluating the highest governance body's own sustainability performance	No general process in place	■ ■
4.11	Whether and how the precautionary approach or principle is addressed by the organization	■ ■	11
4.12	Externally developed sustainability charters, principles or other initiatives	■ ■	28, 62
4.13	Memberships in associations and advocacy organizations	■ ■	62
4.14	List of stakeholder groups engaged	■ ■	68-69
4.15	Basis for identification and selection of stakeholders	■ ■	68-69
4.16	Approaches to stakeholder engagement	■ ■	68-69
4.17	Topics and concerns raised through stakeholder dialogue	■ ■	68-69

Management Approach and Performance Indicators

EC: Economic Performance Indicators			
Management Approach		■ ■	11, 14-17
EC1	Direct economic value generated and distributed	■ ■	20, 56-59
EC2	Financial implications for the organization's activities due to climate change	■ ■	39
EC3	Organization's defined benefit plan obligations	■ ■	20
EC4	Significant financial assistance received from government	■ ■	59
EC5	Local minimum wage	■ ■	20
EC6	Locally-based suppliers	■ ■	17, 54
EC7	Locally-based employees	■ ■	26, 64
EC8	Infrastructure investments and services provided primarily for public benefit	■ ■	20, 32, 70-71
EC9	Indirect economic impacts	■ ■	11, 21, 29, 39

GRI Indicator Overview, Part 2

PERFORMANCE INDICATOR		COMMENT	STATUS	REF.
EN: Environmental Performance Indicators				
Management Approach			■ ■	15, 39-45
EN1	Materials used		■ □	56
EN2	Materials used that are recycled input materials		■ □	54
EN3	Direct energy consumption		■ ■	77
EN4	Indirect energy consumption		■ ■	77
EN5	Energy saved and energy efficiency		■ ■	40-41, 44, 77
EN6	Energy-efficient or renewable energy-based products and services		■ □	14, 44, 77
EN7	Initiatives to reduce indirect energy consumption		■ ■	40-41, 77
EN8	Total water withdrawal		■ ■	78
EN9	Water sources significantly affected by withdrawal of water		■ ■	78
EN10	Percentage and total volume of water recycled and reused		■ ■	78
EN11	Land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value	SEKEM is not situated in or next to protected areas and areas of high biodiversity	■ ■	77
EN12	Impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity	Not relevant (see EN 11)	■ ■	
EN13	Habitats protected or restored	Not relevant (see EN 11)	■ ■	
EN14	Strategy, aims and measures for managing impacts on biodiversity	Not relevant (see EN 11)	■ ■	
EN15	Endangered species in areas affected by operations	Not relevant (see EN 11), no species at risk	■ ■	
EN16	Direct and indirect greenhouse gas emissions		■ ■	44, 79-80
EN17	Other relevant indirect greenhouse gas emissions		■ ■	44, 79-80
EN18	Initiatives to reduce greenhouse gas emissions		■ □	44
EN19	Emissions of ozone-depleting substances	Not relevant as no ozone-depleting substances are released	■ ■	
EN20	NO _x , SO _x and other significant air emissions	Not relevant as no NO _x , SO _x and other significant air emissions are released	■ ■	
EN21	Total water discharge		■ ■	45, 76
EN22	Waste by type and disposal method		■ ■	15, 53, 56
EN23	Significant spills	No significant spills	■ ■	
EN24	Waste deemed hazardous transported		■ ■	15, 56
EN25	Water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	No significantly affected water bodies and habitats through water and runoff	■ ■	
EN26	Mitigate environmental impacts of products and services		■ ■	14-15
EN27	Percentage of products sold and their packaging materials that are reclaimed		■ □	15
EN28	Significant fines and sanctions for noncompliance with environmental laws and regulations	No fines	■ ■	
EN29	Environmental impacts of transport activities		■ □	79-80
EN30	Total environmental protection expenditures		□ □	

PERFORMANCE INDICATOR		COMMENT	STATUS	REF.
LA: Labor Practices and Decent Work Performance Indicators				
Management Approach			■ ■	26-27, 35
LA1	Total workforce		■ ■	26, 60-61, 64
LA2	Total number and rate of employee turnover		■ ■	65
LA3	Benefits provided to full-time employees only		■ ■	20, 61
LA4	Percentage of employees covered by collective bargaining agreements		■ □	24, 26, 68
LA5	Minimum notice period(s) regarding operational changes		■ □	26, 68
LA6	Percentage of total workforce represented in management-worker health and safety committees		■ □	28
LA7	Injuries, occupational diseases, lost days and absenteeism		■ ■	60, 67
LA8	Health care and consulting		■ ■	27
LA9	Health and safety agreements with trade unions	No agreements existing	□ □	
LA10	Average hours of training per year per employee		■ ■	70, 72
LA11	Programmes for skills management and lifelong learning		■ ■	35, 38
LA12	Percentage of employees receiving regular performance and career development reviews		■ ■	35
LA13	Diversity in the workforce and governance bodies		■ ■	61, 64
LA14	Ratio of basic salary of men to women		■ ■	26, 64

HR: Human Rights Performance Indicator				
Management Approach			■ ■	24, 26, 34
HR1	Investment agreements that include human rights clauses		■ □	24
HR2	Suppliers and contractors that have undergone screening on human rights		■ ■	17, 54
HR3	Employee training on aspects of human rights		■ ■	24, 61
HR4	Total number of incidents of discrimination and actions taken	No incidents	■ ■	26
HR5	Right to exercise freedom of association and collective bargaining may be at risk	No operations identified	■ ■	27
HR6	Child labor		■ ■	17, 24-25, 34
HR7	Compulsory labor		■ ■	17, 24-25, 34
HR8	Security personnel trained in aspects of human rights		■ □	24
HR9	Incidents of violations of the rights of indigenous people	No incidents	■ ■	

Legend

■ ■ : Fully reported
 ■ □ : Partially reported
 □ □ : Not reported

FC: Fold-out Cover
 BC: Back Cover
 REF.: Reference to site number

Black: Core Indicator
 Grey: Added Indicator

GRI Indicator Overview, Part 3

PERFORMANCE INDICATOR		COMMENT	STATUS	REF.
SO: Society Performance Indicators				
Management Approach			■ ■	24, 26, 34
SO1	Programmes and practices that assess and manage the impacts of operations on communities	No comprehensive impact assessment of operation in the community	■ □	17
SO2	Business units analysed for risks related to corruption	No risk analysis	■ □	25
SO3	Employees trained in anti-corruption policies/procedures		■ ■	24, 61
SO4	Actions taken in response to incidents of corruption		■ ■	2
SO5	Participation in public policy development and lobbying		■ ■	28, 62
SO6	Contributions to political parties and politicians	No contributions	■ ■	
SO7	Number of legal actions for anticompetitive behaviour	No relevance for a niche market company, no actions taken	■ ■	
SO8	Fines and sanctions for noncompliance with laws and regulations	No fines	■ □	2

PR: Product Responsibility Performance Indicators				
Management Approach			■ ■	14-15, 24-25
PR1	Life cycle stages in which health and safety impacts of products are assessed		■ ■	17, 52
PR2	Incidents of non-compliance with regulations concerning health and safety impacts of products and services	No incidents	■ ■	
PR3	Product and service information required by procedures		■ ■	14-16
PR4	Incidents of non-compliance with regulations concerning product and service information	No incidents	■ ■	
PR5	Practices related to customer satisfaction		■ ■	16, 53
PR6	Responsible advertising	Only engagement in general advertisement	■ ■	
PR7	Incidents of non-compliance with regulations and voluntary codes concerning advertising	No incidents	■ ■	
PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	No collection of customer data	■ ■	
PR9	Fines for noncompliance with laws and regulations concerning the provision and use of products	No fines had to be paid	■ ■	

Legend

■ ■ : Fully reported
 ■ □ : Partially reported
 □ □ : Not reported

FC: Fold-out Cover
 BC: Back Cover
 REF.: Reference to site number

Black: Core Indicator
 Grey: Added Indicator

GRI Level Check



Statement GRI Application Level Check

GRI hereby states that **SEKEM Group** has presented its report “SEKEM Report on Sustainable Development 2011” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14 May 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

UN Global Compact: Communication on Progress 2011

SEKEM joined the Global Compact initiative of the United Nations (UN) in 2003. The company is committed to the ten principles of the UN Global Compact concerning human rights, labor standards, environmental protection as well as anti-corruption and their implementation in all business processes. Since its foundation in 2000, the UN Global Compact has been and continues to be an international leadership network for business, government, labor and civil society through a common goal: to realize the implementation of the ten UN Global Compact principles in day-to-day business and to enforce broader UN goals, including the



Millennium Development Goals.

The UN Global Compact principles are based on:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The Report on Sustainable Development 2011 forms the newest Communication on Progress (CoP) that gives detailed insights into how the UN Global Compact principles are implemented at SEKEM. The table below refers to the relevant pages in this report.

UN Global Compact principles	Relevant content	Page
HUMAN RIGHTS		
Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> • International human rights adherence along our value chain including risk and impact assessments 	17, 24
Principle 2 – Businesses should make sure they are not complicit in human rights abuses	<ul style="list-style-type: none"> • Code of Conduct of SEKEM; refers to international conventions and other international instruments (e.g. the Universal Declaration of Human Rights (UDHR)) • Employee Health and Safety • Inclusion of minimum human rights standards in contracts with suppliers and other relevant business partners • Process for dealing with incidents 	24, 25 27, 66 24 24
LABOUR		
Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> • Support employee community organization • Reflection on the relevance of the labor principles for the company 	24, 27 21-23, 26
Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> • International human rights adherence along our value chain • Impact on the community 	24 11, 21, 29, 39 60ff
Principle 5 – Businesses should uphold the effective abolition of child labour	<ul style="list-style-type: none"> • Performance related to adherence of the International Labor Organization Standards 	
Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> • Performance related to work force diversity and equal treatment • Salary for decent living and benefits • Hiring procedure that secures equal rights • Rate of employee turnover 	26, 61 20, 54 26 65
ENVIRONMENT		
Principle 7 – Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> • Biodynamic agriculture, environmental stewardship and biodiversity • Environmental risk and impact assessments 	39ff 39, 76ff
Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> • Product and customer responsibility • Saving of natural resources • Partner- and Membership in initiatives for environment protection 	14-15 42ff 16, 62 17
Principle 9 – Businesses should encourage the development and diffusion of environmentally-friendly technologies	<ul style="list-style-type: none"> • Audits/screenings for compliance in the value chain 	
ANTI-CORRUPTION		
Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> • Code of Conduct of SEKEM; refers to Anti-Corruption and Anti-Bribery • Risk and impact assessments in the area of anti-corruption 	24, 25 25

Independent Auditor's Report



**TO THE SHAREHOLDERS OF
SEKEM HOLDING FOR INVESTMENT COMPANY - S.A.E.**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sekem Holding for Investment Company - S.A.E., which comprise the consolidated balance sheet as of 31 December 2011, and the consolidated statements of income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Company's Management as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit, we conducted our audit in accordance with Egyptian Standards on Auditing and in the light of relevant Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

As mentioned in Note (17) to the consolidated financial statements, four of the subsidiary companies "Isis for Food Processing, Lotus for Organic Products Company, Naturetex for Clothes Company, and ATOS Company for Herbal Medicine Manufacturing" account for the sale and lease-back arrangements in accordance with the International Accounting Standard No. 17 Leases, instead of the Egyptian Accounting Standard No. 20 "Accounting for Finance Leases" which resulted in increase in the profit for the year before tax by L.E. 5,292,547 (2010: L.E. 1,837,730) and increase in retained earnings by L.E. 9,736,882 (2010: L.E. 4,542,207).

Qualified Opinion

In our opinion, except for the effect of the matter referred to in the preceding paragraph on the consolidated financial statements, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sekem Holding for Investment Company - S.A.E. as of 31 December 2011, and its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention that:

- a) Two subsidiaries of the Group "Lotus Upper Egypt for Organic Products Co., and Organic and More Egypt Co." had accumulated losses amounting to L.E. 6.5 million as of 31 December 2011 which exceed 50% of their paid up capital resulting in a deficiency of assets amounting to L.E. 1.4 million which indicates that these subsidiaries will not be able to meet their liabilities as they fall due. However, the financial statements have been prepared under the going concern concept. According to Article No. 69 of the Companies Law No. 159 of 1981, an Extraordinary General Assembly Meeting is required to be held to decide on the continuity of the two subsidiary companies operations.
-
- b) the financial statements, that during the year 2011, the fixed assets' depreciation rates have been modified according to the applied rates by company's management as a result of the increase in the expected future economic benefits. This resulted in decreasing depreciation expenses and increasing the profit of the year by L.E. 8,994,196.

Taha M. Khaled
Chartered Accountant
R.A.A. 5136



Cairo, 13 June, 2012

Glossary

AA1000

The AA1000 Framework is a standard for measuring and reporting of ethical behaviour in business. It includes the principles of accountability, transparency, materiality, stakeholder engagement and reporting.

Biodynamic agriculture

Biodynamic agriculture is a method of organic farming that treats farms as unified and individual organisms, with emphasis on balancing the holistic development and interrelationship of the soil, plants, animals as a closed, self-nourishing system.

Carbon Footprint

The total amount of greenhouse gases produced to directly and indirectly support human activities, usually expressed in equivalent tonnes of carbon dioxide (CO₂e).

CO₂ equivalent emissions (CO₂e)

Carbon dioxide equivalents provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.

Low-carbon economy

A low-carbon economy is a concept that refers to an economy that has a minimal output of greenhouse gas emissions (e.g. carbon dioxide) into the biosphere.

Stakeholder

A stakeholder is a person, a group, organization, or system who affects or can be affected by an organization's actions.

Sustainable Development Flower

The Sustainable Development Flower is a framework for a holistic perspective on sustainability performance and communication for food and agriculture-related companies. Its design is based on the GRI principles and was developed in cooperation with the IAP companies.

Threefold order

The threefold order is a sociological theory developed by Rudolf Steiner. It distinguishes between three realms of society: the economy, politics & human rights and cultural institutions. According to Steiner the three can only function together in harmony if each is granted sufficient independence.

“True cost” prices

True cost pricing attempts to include negative externalities (e.g. environmental, economic and social costs) of products and services into the price for the consumer and thereby arrive at the “true costs”.

Turnover (Employment)

Employment turnover is the rate at which an employer gains and loses employees.

UN Global Compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies.

I3-villages project

The I3-villages project was an EU-funded social development project for the I3 villages in the surrounding area of SEKEM including trainings on hygiene, medical services and waste management.

Abbreviations

BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COO	Chief Operating Officer
CPO	Cotton People Organic
COPI5	15th Conference of the Parties to the United Nations Framework Convention on Climate Change
CSE	Cooperative of SEKEM Employees
DEG	Deutsche Entwicklungsgesellschaft
EBDA	The Egyptian Biodynamic Association
EGP	Egyptian Pound
ENCC	Egyptian National Competitiveness Council
EU	European Union
Expolink	Egyptian Exporters Association
FAO	Food and Agriculture Organization of the United Nations
FDA	Famers Development Association
Feddan	1 feddan = 0.42 hectare
FLO	Fairtrade Labeling Organization
GA	General Assembly
GDP	Gross Domestic Product
GERPI	Genetic Resources Policy Initiative Egypt
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
Gt	Giga tonnes
HQ	Headquarters
HR	Human Relations
IAP	International Association for Partnership
IMC	Industrial Modernization Center
ISO	International Organization for Standardization
IT	Information Technology
kg	Kilogram
kWh	Kilowatt hour
MENA	Middle East North Africa
mio	Million
NGO	Non-Governmental Organization
NOP	National Organic Program
NREA	New & Renewable Energy Authority
OHSAS	Occupational Health & Safety Standards
PR	Public Relations
R&D	Research & Development
SDF	SEKEM Development Foundation
SESC	SEKEM Environmental Science Center
TUEV	Technischer Überwachungsverein / Technical Inspection Association
UNIDO	United Nations Industrial Development Organization
WEF	World Economic Forum
WFC	World Future Council

Imprint

Issuer/Publisher

SEKEM Holding for Investment Company S.A.E.

Responsible for Content

Helmy Abouleish, Managing Director, SEKEM Group

Consultancy Services and Scientific Guidance

Sustainable Development Center
at the Heliopolis Academy for Sustainable Development;
Compliance Manager, SEKEM Group of Companies

Concept and Realization: Anne Mordhorst

Text of SEKEM Story (pages 4-7): Daniel Baumgartner

Texts: Matthias Keitel, Anne Mordhorst

Layout

Ahmed Mokhtar, ISIS Graphics Design Studio

Photos

Ahmed Mokhtar, ISIS Graphics Design Studio

Anne Mordhorst, Heliopolis Academy

Evelyn Schindler, SDF

Yvonne Floride, SDF

SEKEM Photo Archive

Drawings, page 4-7

Lone Hertel

Printing

Printed in Egypt

Publication Date

July 4th, 2012

Contact

SEKEM Group

P.O. Box 2834

11361 El Horreya, Cairo, Egypt

Email: sustainabledevelopment@SEKEM.com



3, Cairo-Belbeis Desert Road,
El-Salam City. P.O. Box: 2834 El-Horreya,
11491 Cairo, Egypt
Tel.: (+20) 2 265 64 124/5
Fax: (+20) 2 265 66 123
Email: info@sekem.com
www.sekem.com
facebook.com/sekemgroup



3 Cairo-Belbeis Desert Road, El-Salam City. P.O. Box: 2834 El-Horreya, 11491 Cairo, Egypt
Tel.: +20 2 265 64 124/5 Fax: +20 2 265 66 123 Email: info@sekem.com
www.sekem.com