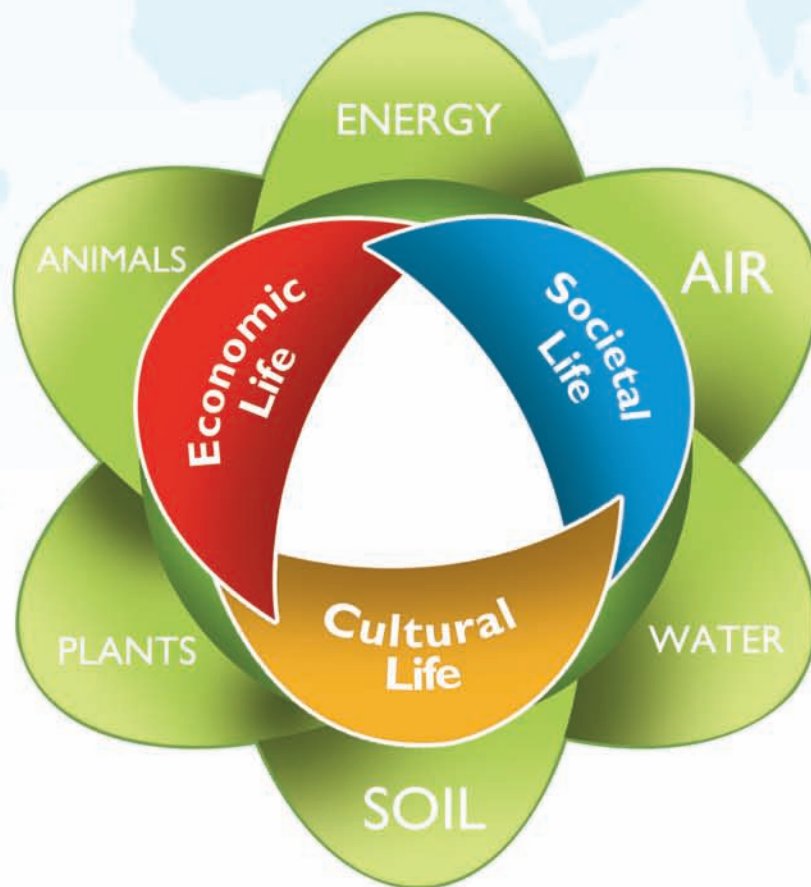




SEKEM

Report on Sustainable Development 2009





REPORT PROFILE

Reporting period: 2009

Date of previous report release: October 2009

Reporting cycle: Annually

Report scope: Sustainability Report incl.
Annual Financial Report for SEKEM Holding

The Concept of the Sustainability Flower

What is the Sustainability Flower?

- The SUSTAINABILITY FLOWER (SF) represents a communication and information management tool symbolizing the concept of sustainable development in its four dimensions (ecology with its six sub-dimensions, societal life, cultural life, and economic life). It was developed within a network of international organizations from the organic – biodynamic – green – sustainable movement cooperating under the umbrella of the “International Association for Partnership” (IAP).
- Each dimension has several Performance Aspects which themselves have different Performance Indicators (based on the Global Reporting Initiative standard) with specific targets.

Why does SEKEM use the Sustainability Flower?

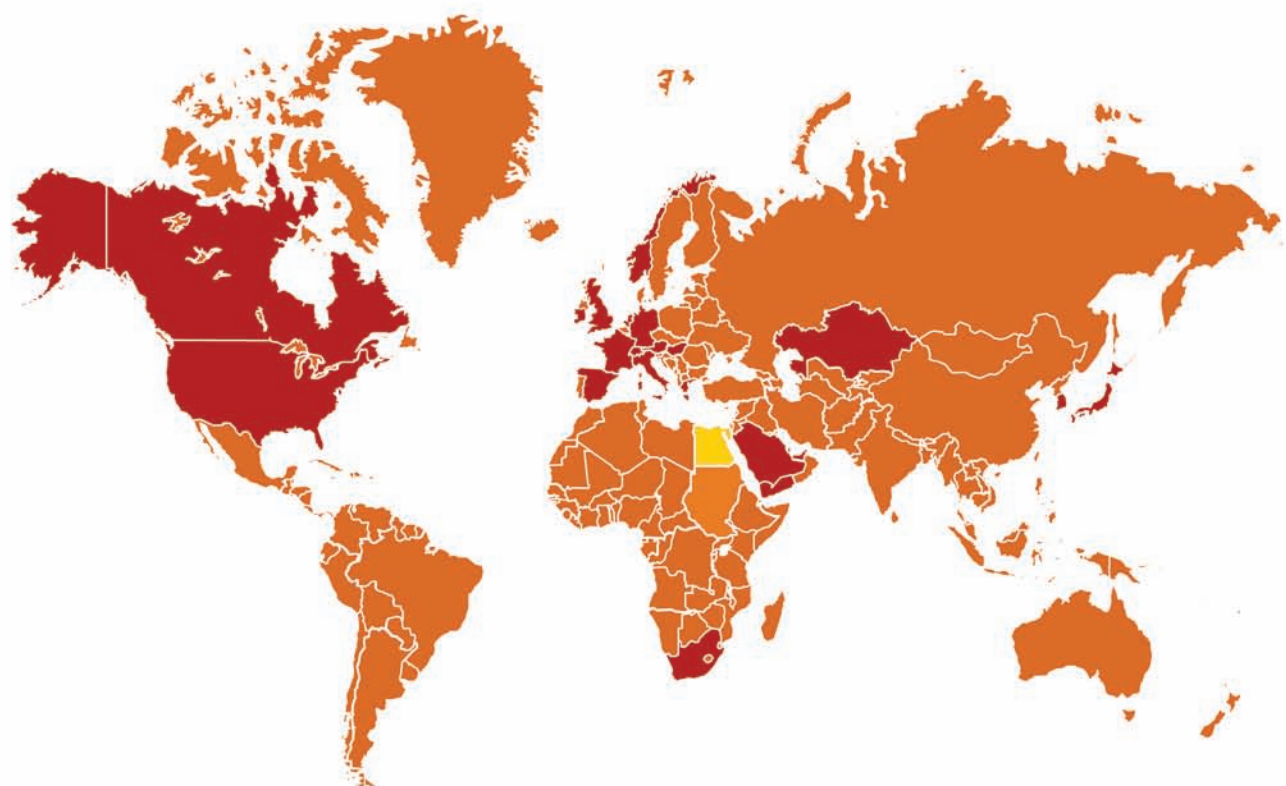
- As a communication for all stakeholders of SEKEM (clients, employees, customers, investors, business partners, media etc.), it helps to build an ethical / responsible image of SEKEM and to serves as a role model for other organizations that aim at sustainable development.
- As a strategic management tool for collecting data on SEKEM’s economic, social, cultural and environmental performance, the SF helps aligning the organisation to its vision, mission and policies. Most importantly, it supports management in setting targets, measuring progress, and identifying room for improvement.
- The contribution of the individual SEKEM companies to the overall sustainable development of the SEKEM Holding becomes more clear and transparent after applying the Sustainable Development Scorecard (SDS) also on company level.



Changes to last year’s report

- We changed the wording of the dimension “Society” into “Societal Life” with which we mean the social, political and legal relations between people. The other two inner dimensions were adapted accordingly. We also talk about the dimension “Ecology” rather than “Environment” because we want to emphasize the relations of natural organisms to one another.
- We now regard “soil” and “minerals” as a conjoined flower leaf because both elements are very much related to each other and especially in the agricultural sector minerals refer to soil and therefore do not make a separate treatment necessary.
- Different colours are used for the inner dimensions of the SF to facilitate orientation and provide guidance through this report.

SEKEM Home and Export Markets



AMERICA

United States of America
Canada

EUROPE

Germany
Austria
Switzerland

The Netherlands
Belgium

United Kingdom

Norway
Sweden

France
Italy
Greece
Hungary

Slovenia

ASIA

Japan
South Korea
China

AUSTRALIA

Australia
New Zealand

Africa

Egypt (home market)
South Africa

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) **Headquarter, Salam City, Cairo**
The SEKEM Headquarter 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).
- 3a) **New Farm Sinai**
- 3b) **New Farm Minia**
- 3c) **New Farm Bahareya**

Sekem Locations Abroad

SEKEM Europe, Bochum, Germany

Table of Contents

I	The Concept of the Sustainability Flower
II	SEKEM Home and Export Markets
III	SEKEM Locations

I	Table of Contents
2	CEO Statement
3	The SEKEM Idea
4	The SEKEM Group of Companies
6	Approach to Sustainable Development
8	Impact, Risks and Opportunities
9	The Sustainable Development Scorecard

ECONOMIC LIFE

10	Management Approach Status and Target Overview
11	News 2009
13	Financial Performance Overview
14	Economic Development and Growth
16	Supply Chain Management
17	Corporate Sustainability Management Customer and Product Responsibility
19	Waste Management
20	Consolidated Financial Statement

SOCIETAL LIFE

22	Management Approach Status and Target Overview
24	News 2009
25	SEKEM Code of Conduct
27	General Association with our Workforce
29	Impact on the Community
30	Public Policy Engagement and Networks
32	Corporate Governance Structure
34	Stakeholder Approach

CULTURAL LIFE

36	Management Approach Status and Target Overview
37	News 2009
39	The SEKEM Cultural Institutions
40	SEKEM Education
41	Vocational Training Centre Medical Centre
42	Adult Training Centre
44	Heliopolis Academy for Sustainable Development

ECOLOGY

46	Management Approach SEKEM and Sustainable Agriculture
48	Soil
50	Plants
52	Animals
54	Energy
56	Air
58	Water
61	Chairman's Epilogue
62	SEKEM's Advisory Board
63	Company Information & Evaluation
64	ATOS
66	ISIS
68	LOTUS
70	LIBRA
72	NATURETEX
74	Corporate Carbon Assessment
76	Independent Auditor's Report
77	Report Characteristics
78	Glossary
80	Sustainability Flower Guideline
84	GRI Index
86	Imprint

CEO Statement



Dear Readers, Dear Stakeholders of the SEKEM Group,

With this third SEKEM Report on Sustainable Development, we would like to share with you our progress, as well as our challenges, related to each of the four dimensions of Sustainable Development: Economic Life, Societal Life, and Cultural Life, embedded in Ecology.

Transparency and accountability are essential to enable an open and productive dialogue with all our stakeholders. Managing corporate impact, risk and opportunities related to sustainable development, however, is not mainly about communication. The SEKEM Group now completed the second cycle of monitoring and evaluation of the specific performance aspects of the Sustainability Flower framework. And already we realize the strategic value of this multidimensional evaluation of our performance and its development. On the one hand, we are proud to report that since 2008, there have been tangible improvements to report in a number of areas and also positive results from initiatives launched in the years before. The high number of R&D projects and a high rate of innovation and also the Gender Equality Award 2009 from UniFem are just some examples. On the other hand, we can see clearly now where our target achievement is not yet on track.

This year we took another step to further enhance our sustainability management. We now compile and analyse all data not only on an aggregate group level, but also separately for the SEKEM companies. This is why in the annex of this year's report, you can find the performance evaluation for our five main subsidiaries.

Food security and poverty, climate change and water scarcity, as well as environmental degradation are among the most critical challenges we all face in the 21st century. Inevitably, the scarcity of non-renewable natural resources will soon be reflected in the price of their consumption, water and energy prices will rise, and regulatory frameworks will have to be redesigned to ensure the sustainable competitiveness of nations. Over the short to medium term the SEKEM model of organic, resource efficient, and soil protecting sustainable agriculture will not only become cost-competitive with conventional production systems – it will be even cheaper.

For 2009, after many years of high growth rates of more than 20 percent annually we faced stagnation of overall sales. Due to the financial crisis and recession the global organic market suffered a downturn and our exports of textiles and fresh produce declined. However, on the local Egyptian market we continued to grow in sales, volumes as well as market shares in phyto-pharmaceuticals and food.

For the SEKEM Group, growth is not an objective of intrinsic value. It is there to support our business model building on constant innovation, and our objective to prove that an integrated approach to sustainable development is not only possible, but that in fact it is the only way to long-term competitiveness.

Cairo, 01st July 2010

A handwritten signature in black ink, reading 'Helmy Abouleish'.

Helmy Abouleish
Managing Director of SEKEM Group

The SEKEM Idea

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 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 of 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
- To spread knowledge about biodynamic agriculture, SEKEM actively supports the Egyptian Biodynamic Association (EBDA)
- SEKEM engages heavily in research & development for sustainable innovations

Societal Life

- SEKEM engages with all its stakeholders in a holistic and transparent way
- In 2009, the SEKEM Companies and Foundation employed 1,811 people (1,549 employees within the companies covered by this report)
- SEKEM actively endorses the UN Global Compact principles and promotes human rights together with the Cooperative of SEKEM Employees (CSE)
- SEKEM was awarded by UniFem to provide all its employees with equal opportunities
- 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, phyto-pharmaceutical, and textile production
- The SEKEM companies include the largest packer of organic tea and the leading producer of herbs in the Middle East
- The 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 more than 1,000 acres of farmland and its suppliers from the EBDA cultivate more than 8,000 acres
- Roughly 30 percent of raw materials used in processing come from SEKEM firms
- SEKEM focuses on organic products
- 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 and the biodiversity of plants and the related ecosystem
- Animal husbandry at SEKEM includes cattle, sheep, chicken, bees, pigeons all living according to Demeter standards



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. The 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.

Agricultural Production



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 and profitable inand outdoor grafted seedlings shall be provided to Egypt's vegetable producers.



- Fairtrade criteria by FLO
- International Demeter Standards
- Global Gap
- EU regulation on organic farming
- ISO 9000 & 14001
- OHSAS 28001
- TÜV CO2 Footprint

LIBRA, founded in 1988, forms the agricultural foundation of the SEKEM supply chain following biodynamic principles producing fruits, vegetables, herbs, milk, eggs, beef, sheep, chicken, and compost. Besides farming and cattle management the organic cultivation company has evolved into a multifaceted production company that also dries its harvests and processes oil. LIBRA engages in assuring fair prices, security, crop rotation, and planning and production for the Egyptian Biodynamic Association (EBDA) members and stakeholders.



LOTUS Upper Egypt and **SEKEM for Land Reclamation** have been established in 2007 and 2008, respectively, to enlarge the cultivation area in Sinai, Baharia and Minya and to supply high-quality raw materials to the SEKEM companies. "SEKEM for Land Reclamation" is responsible for reclaiming and cultivating new pieces of land, and "LOTUS Upper Egypt" is mainly concerned with drying herbs and spices. Due to their recent foundation, they are not yet quantitatively assessed within the scope of this report.



Processing



- Fairtrade criteria (FLO)
- NOP
- ISO 9000 & 14001
- OHSAS 28001
- EU regulation on organic farming
- International Demeter Standard
- Kosher
- Hand-in-Hand by Rapunzel
- 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 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 priority.



Consumer Products



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



ATOS Pharma, founded in 1986, as the phyto-pharmaceutical branch of SEKEM, manufactures and markets an array of natural medicines and health care products of superior quality for effective causal treatment combined with maximum tolerability. ATOS products are marketed and distributed nationally and in the MENA region.



NATURETEX, founded originally under the name of CONYTEX in 1998, is an organic cotton producer of high quality fabrics, fashionable home textiles, dolls, and colourful baby wear. 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".



- Fairtrade criteria by FLO
- International Demeter Standards
- Global Gap
- NOP
- ISO 9000 & 14001
- EU regulation on organic farming



- International Demeter Standards
- GMP
- EU regulation on organic farming
- ISO 9000 & 14001
- ISO 17025 (Lab.)
- OHSAS 18001



- Fairtrade criteria by FLO
- International Demeter Standards
- EU regulation on organic farming
- ISO 9000 & 14001
- OHSAS 18001
- GOTS
- NOP

Trading & Distribution



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, and it provides services to SEKEM in the field of customer care, export marketing, market development and public relations.



Organic & More is the first organic supermarket chain in Egypt, operating since September 2009 and selling more than 1,500 organic products. These products are supplied by about 20 different suppliers in Egypt and Europe, which allows ORGANIC & MORE to have a huge and exclusive product portfolio so that customers can buy everything they need from one place in excellent organic quality. Due to its recent foundation, the shop is not yet quantitatively assessed within the scope of this report.





SEKEM employee circle during annual celebration

Approach to Sustainable Development

Our Vision

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

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.

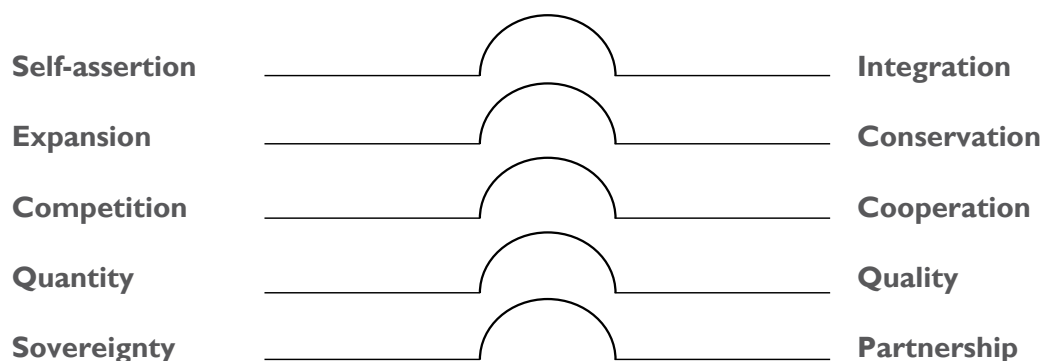
We build successful business models in accordance with ecological and ethical principles.

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

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

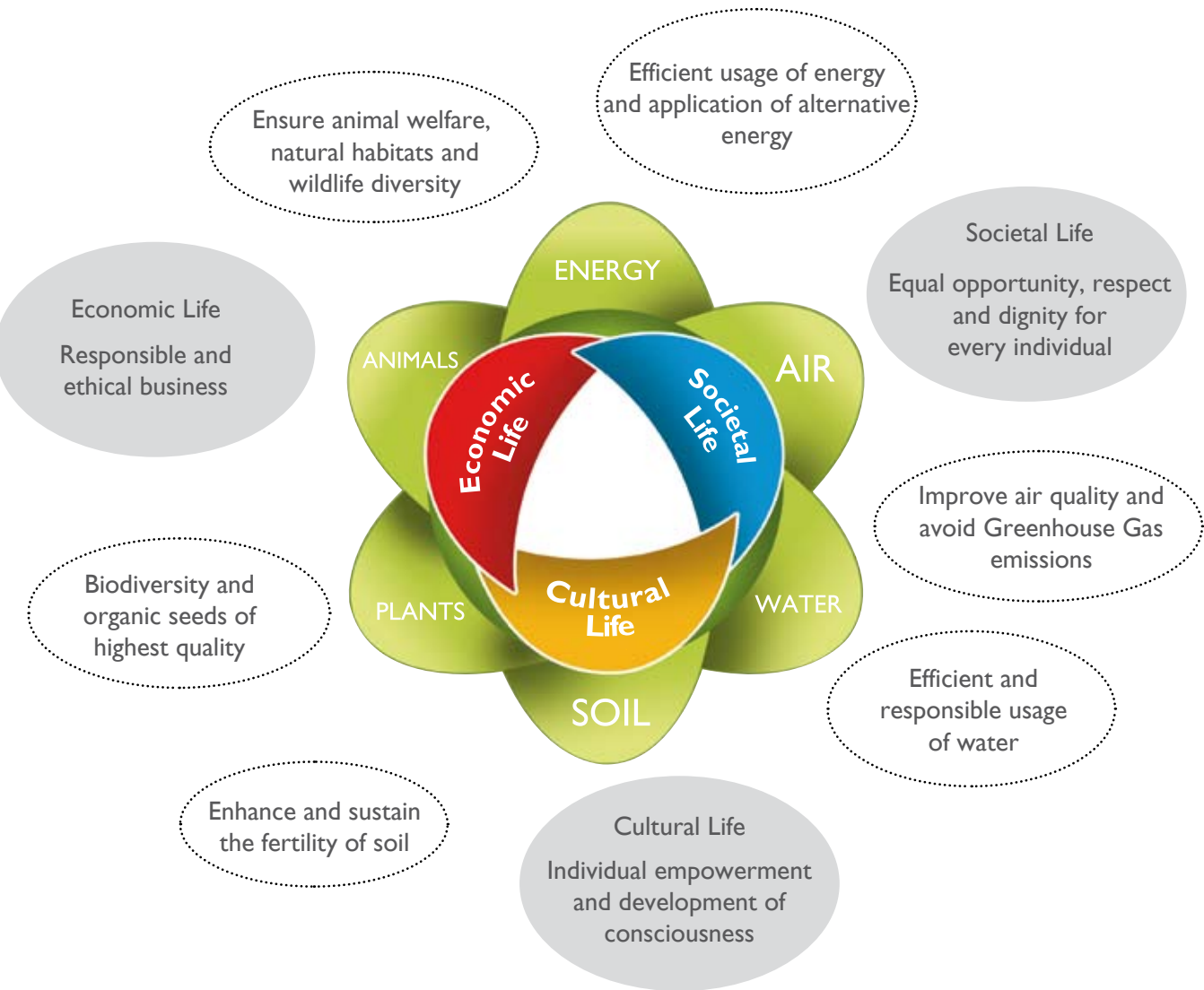
Our Values

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 polarities listed below and to integrate them into our development.



Our Goals

The Sustainability Flower builds the framework for our performance monitoring and evaluation, and its structure also guides the reader through this report. It reflects our four-dimensional concept 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 all the separate flower petals. For each of them, we have also defined an overall goal as depicted below.



Impact, Risks and Opportunities

In the following paragraphs important impacts, risks and opportunities for our organization are described. They are presented separately according to the dimensions of the Sustainability Flower but remain interrelated.

ECONOMIC LIFE

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 pharma production, depend on our capability to assure that our products are organic and compliant with Demeter, and as far as possible, Fairtrade. We are aware of the risk of noncompliant behaviour of our suppliers that we try to compensate through direct control by each company and support of the EBDA (our pool of suppliers) that helps its members to assure compliance. We expect the global demand for organic products to increase, especially in Egypt due to a general increase of health awareness and a growing customer base. To satisfy that demand we have already started the cultivation of our new farm lands on three new sites throughout Egypt, where we will develop over 5,000 feddan (7,200 ha) of desert land into fertile agricultural land. The responsible and efficient use of water and energy is not only in our interest because of reduced costs, the reduced negative impact on the environment is the basis for our competitive advantage.

SOCIETAL LIFE

Human relations are essential for all of our activities and part of the SEKEM vision of sustainable development. Therefore, the adherence to the principles of human rights is substantial to our business and thus governs all our operations. To apply the same transparency and enforcement of human rights along our value chain is challenging but a very important task. Furthermore, the guarantee of 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 aimed towards sustainable development. We see it as our duty and opportunity to get involved with this momentum on national and international levels.

CULTURAL LIFE

SEKEM is exposed to a multitude of different cultural and religious influences and therefore supports cultural and spiritual diversity. With our artistic activities we stimulate human development of people and the consciousness of people as being integrated into the community and nature. A free and educated mind is aware of its responsibilities and understands the concept of sustainable development, which is essential for SEKEM. We want to have a culture of learning that leads to innovation, our main driver for growth and development both for us and for Egypt. We focus on a multitude of different research and development topics with high practical relevance and want to send out an impulse of knowledge and development, ultimately benefitting from the stimulus that is returned.

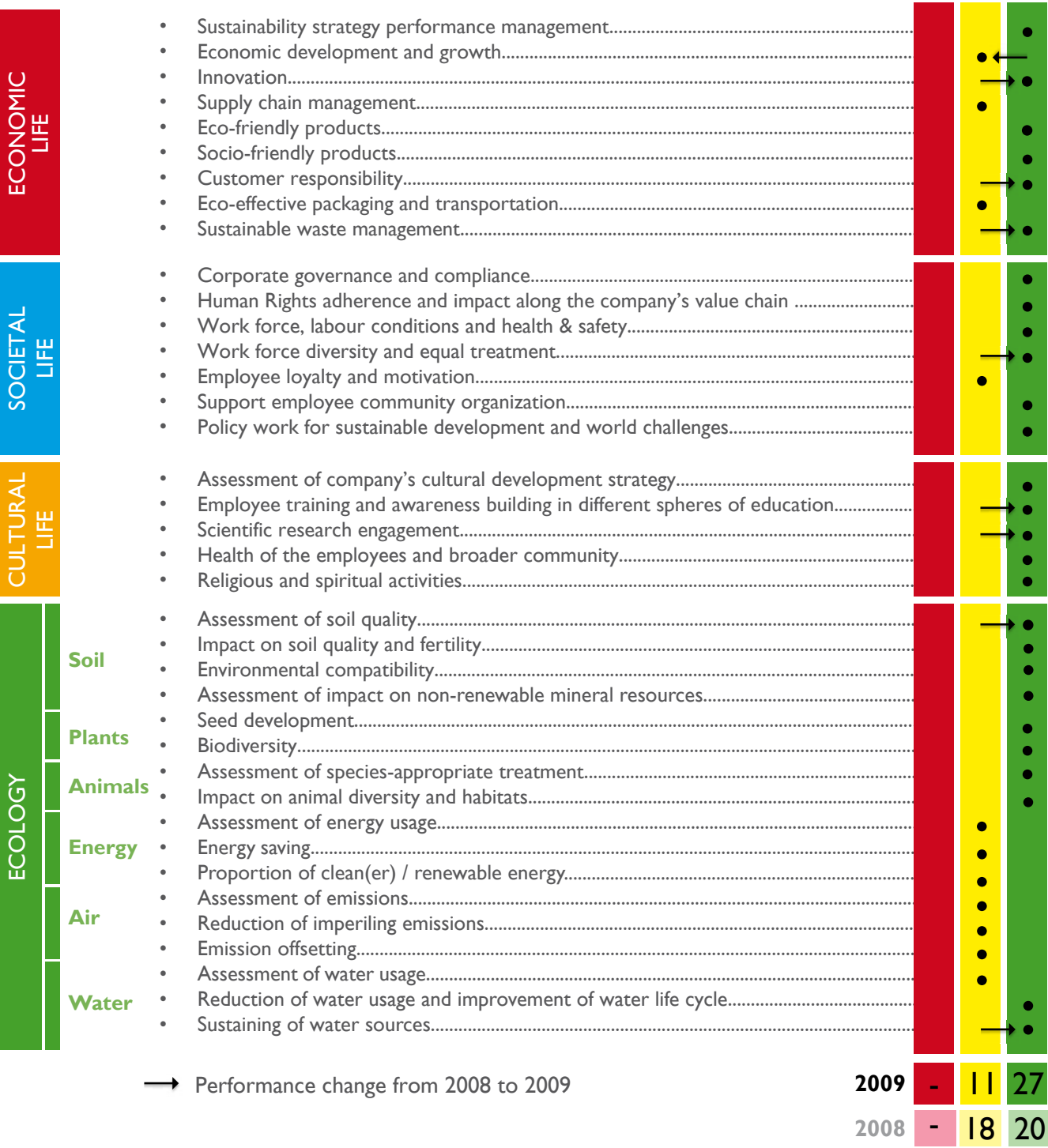
ECOLOGY

Based on a biodynamic approach of cultivation we constantly monitor our impact on soil, 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 effects harvest patterns due to gradual shifts in heat and cold periods. This can lead to higher cost 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 in the long run 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.

The Sustainable Development Scorecard

The multidimensional framework shows the performance of SEKEM with regard to sustainable development. The logic of the Sustainable Development Scorecard follows traffic light colours – green stands for excellence, red for no action / negative impact, and yellow means that awareness exists and actions have been taken, but there is room for improvement. The concrete explanation for the classification and some re-evaluations of last year's performance are presented in the Annex (page 80ff).

In comparison to last year's performance, improvements were made for example in the aspects of innovation, sustainable waste management, employee training and education, scientific research engagement, and work force diversity and equal treatment. The global financial crisis had a negative impact on the aspect of economic development and growth. The section Ecology is presented in more detail than last year which explains the higher number of evaluated Performance Aspects.














ECONOMIC LIFE

Modern societies worldwide are characterized mainly by the division of labour in economic activity. Through cooperation, values are created and exchanged as products and services. In this exchange, it is essential that those creating these values are rewarded for their effort with a fair income enabling them to achieve and also to improve such results also in the future. Therefore, the establishment of a worldwide and cooperative network of value creation, accumulating values for fair interchange relations, is fundamental for sustainable development of the economy.














Management Approach

All SEKEM companies conduct their businesses in a responsible and ethical way. We aim for the highest product quality based exclusively on organic raw materials. We always take a long-term perspective towards our development and prioritize the preservation of nature for future generations. Our certification of the management standards ISO 9000 and ISO 14001 confirms that we are able to satisfy quality requirements, enhance customer satisfaction in supplier-customer relationships, and operate in an environmentally sustainable manner. We strive towards long-lasting partnerships with other organizations and are committed to support our suppliers to assure their appropriate share in the value creation and are constantly improving to satisfy our social and environmental requirements. Our currency is not reduced only to financial figures. We measure success throughout all dimensions of the Sustainability Flower. This extensive performance evaluation framework with all the Performance Aspects and related monitoring of key performance indicators is our way to address the precautionary approach (Article 15 of the Rio Principles) and part of our risk management. Any operational planning or product related decision is evaluated for its influence on SEKEM's sustainable development path.

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Sustainability strategy performance management	<ul style="list-style-type: none"> Alignment of strategy, measurement methodology and continuous improvement Gap analysis 	<ul style="list-style-type: none"> Roll-out of SDS system on company level Gap Improvements on group level, Gap-Analysis and risk assessment on company level 	<ul style="list-style-type: none"> 100 percent alignment and permanent monitoring Sustainability-based risk assessment Gap improvements 	  
Economic development and growth*	<ul style="list-style-type: none"> 19.5 percent growth Profit margin : 5.85 percent Total investments: 94,326,958 LE Started cultivation of new land 	<ul style="list-style-type: none"> (-1.4 percent) growth PM: 2.67 percent Total investments: 62,376,966 LE First harvest on new land 	<ul style="list-style-type: none"> 15-20 percent growth Increase of profit margin to 10 percent Total investment: 85 million LE Gaining some harvests on the new farms in highest quality 	   
Innovation	<ul style="list-style-type: none"> 9 percent of sales from new products Increase of R&D projects for all companies 	<ul style="list-style-type: none"> 30.9 percent of sales from new products R&D: status quo maintained 	<ul style="list-style-type: none"> 15 percent of sales from new products Comprehensive needs analysis and coverage 	 
Supply chain management	<ul style="list-style-type: none"> All suppliers are covered by Organic and Demeter standards Some Fairtrade certified suppliers Compliance Manager on Group level 	<ul style="list-style-type: none"> All suppliers are covered by Organic and/or Demeter standard More Fairtrade certified suppliers Suppliers management on company level Further vertical integration 	<ul style="list-style-type: none"> Compliance Manager with duty for comprehensive monitoring and improvement Enforcement of further standard application of subcontractors and supplier 	 

* The total investment target has been increased and the profit margin target has been decreased compared to 2008; the investments include SEKEM for Land Reclamation and LOTUS Upper Egypt and are related to land and infrastructure of the new farms.

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Eco-friendly products	<ul style="list-style-type: none"> Certified high-quality, environmentally beneficial product portfolio 	<ul style="list-style-type: none"> Status Quo of product portfolio maintained Nine product carbon emission assessments in progress (ISIS, LOTUS, LIBRA) 	<ul style="list-style-type: none"> Certified high-quality, environmentally beneficial product portfolio Emission footprint of all products 	 
Socio-friendly products	<ul style="list-style-type: none"> Social standards in supply chain covered by 100 percent Organic and Demeter certification High share of Fairtrade certified suppliers "True cost pricing" via internalization of eco-friendliness that respects regional differences Healthy products that aim to satisfy the basic human needs 	<ul style="list-style-type: none"> Social standards status quo maintained Increased number of suppliers and Fairtrade label ratio "True cost pricing" maintained Health and customer need status quo maintained 	<ul style="list-style-type: none"> Maximum of social standards throughout supply chain Maximize Fairtrade ratio Pricing based on comprehensive product impact assessment (economic, social, cultural, environmental) Healthy products that aim to satisfy the basic human needs 	   
Customer responsibility	<ul style="list-style-type: none"> Good product quality Product information often above legal requirement Customer relationship management (CRM) in place 	<ul style="list-style-type: none"> Status quo maintained Status quo maintained CRM maintained and customer hotline for some companies Own organic retail channel 	<ul style="list-style-type: none"> Product quality improvement to reach excellence Improvement of product availability, information and marketing Customer Relationship Management improvement 	  
Eco-effective packaging and transportation	<ul style="list-style-type: none"> Single pilot projects for eco-effective packaging Recycled packing material ratio: 10.9 percent 10 percent air freight in food export 	<ul style="list-style-type: none"> Research into alternative packaging Recycled packing material ratio: 15.4 percent 19 percent air freight in food export 	<ul style="list-style-type: none"> Continuous improvements and definition of realistic long-term targets 5 percent air freight in food export 	 
Sustainable waste management	<ul style="list-style-type: none"> Capacity increase of waste recycling facility Nonorganic waste recycling ratio: ca. 50 percent 	<ul style="list-style-type: none"> Further capacity increase of waste recycling facility Nonorganic waste recycling ratio: 47 percent 	<ul style="list-style-type: none"> Support full waste recycling capacity 100 percent nonorganic waste recycling 	 

Target Achievement Evaluation (TAE):  achieved  on track  at risk

News 2009

New Farmlands

Orange trees have started to grow on a new farm in Sinai. In order to protect the plants from the heat, sand, and soil erosion, rows of corn have been seeded between the trees. SEKEM farmers have also sown peanuts on 100 ha of land to inject nitrate into to prepare the soil for the next cultivation period. In April new facilities for drying onions, garlic, herbs and regional spices were inaugurated in the city of Minya. Approximately 800 ha of new farmland has been purchased close to the city and will become the chief supplier of raw materials for the drying facilities. The first harvests in Minya and Baharia successfully took place at the end of the year.

News 2009 (cont.)

ATOS

ATOS registered a new product called “Pentox” for arterial diseases which will be launched in 2010. Several projects were conducted in cooperation with the Industrial Modernization Centre (IMC). Of them was a project to improve the company’s salary scheme. The strong sales increase of the tea “Baby Calm” had a big impact on growth. On the operational level improvements have been made with regards to machinery running rate, productivity and waste generation during production.

ISIS

Sixteen products were introduced in 2009, including some new tea blends, various sauces, honey, and mango jam which are very popular in both, national and international markets. Also, the introduction of organic olive oil in different sizes exceeded the expectations of the ISIS Marketing team. Additionally, the complete ISIS fleet was equipped with refrigeration to maintain the cold chain and ensure product quality during transportation. The fluctuation of sales representatives and of the drivers for the distribution were relatively high. In retailing, ISIS established its own supermarket “Organic & More” which provides our customers with superior service and product availability in Egypt. The store does not only sell SEKEM products but also organic products from other firms.

LIBRA

At LIBRA, a mixer for the animal food and a greenhouse were added to the farming equipment to increase the production capacity. A new, fully air conditioned greenhouse was established for capsicums. Additionally, waste water facilities have been overhauled and the liquid manure process became more professional. The way of cultivating grapes was changed to the “Spanish Grape System” based on gables that lead to a higher crop yield.

LOTUS

The construction of the production site from 2007 was accomplished. New products like citrus and orange peel have been successfully introduced. In late 2009, LOTUS acquired a new machine, called dry-stonner, which was integrated into the mill to process seeds (sesame and rice). The new machine increased the capacity from 300 to 700 kg per day and further has positive effects on quality. Another upgrade was a new ventilation system for the stock building of raw material (for leaves) in August. Sales could be increased mainly through the growth of the local market. One remaining challenge was the scarcity of high quality raw material.

MIZAN

A major achievement in MIZAN’s second year of operation was the production of more than 1.5 million grafted and non-grafted vegetables seedlings. This represents a strong increase of volume compared to 150,000 seedlings in the previous year. In addition, MIZAN produced fresh herbs for the first time and continued with some minor quantities of tomatoes, peppers, cucumbers and eggplants for first demonstration trials. Another achievement is the palm tree seedling of which 900 will be delivered in October 2010. We also had a small trial of organic mushroom but the outcome has to be improved next year.

NATURETEX

In 2009, NATURETEX moved into the household good market. The launch of towels branded under the own label NATURETEX was especially successful.

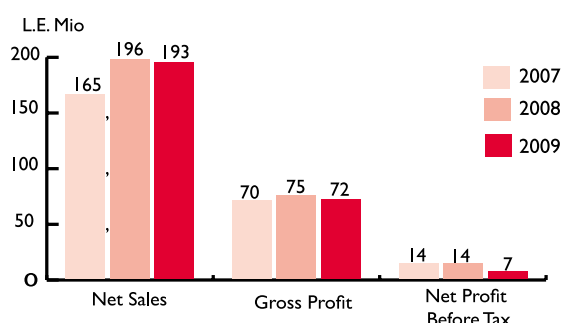


Textile colouring at NATURETEX



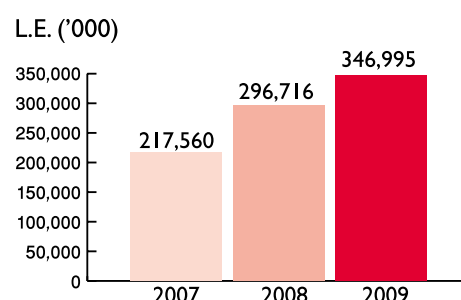
Financial Performance Overview

Financial Highlights SEKEM Group (Consolidated)



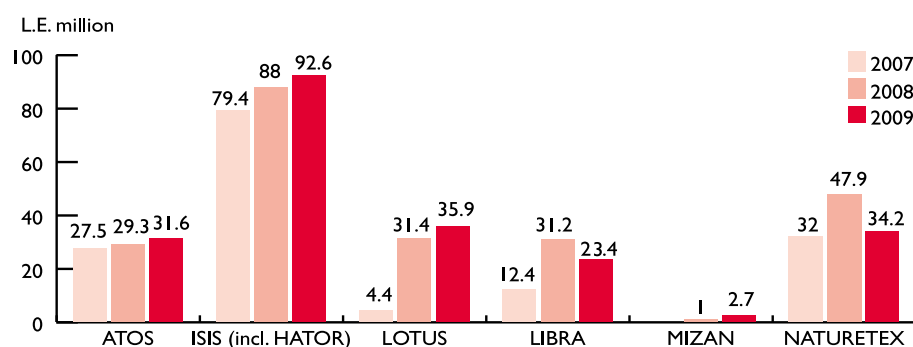
Fixed Assets

(Property, Plants & Equipment, and Biological Assets)



The return on sales decreased from 5.85 percent in 2008 to 2.67 percent in 2009. Besides the negative impact of the global recession on our export sales, the Group continues to use a huge part of the gross profit to pay for recent investments made for the acquisitions of three new farmlands. The expected return on investments is coming in the next years and will show its positive impact on the profitability.

Group Companies' Revenues



Entity	Share of total sales (2009)
ATOS	14.3%
ISIS & HATOR	41.8%
LIBRA	11.0%
LOTUS	16.2%
MIZAN	1.2%
NATURETEX	15.4%
SEKEM Group	100%

Note: The sum of all revenue figures on company level is higher than the consolidated revenues due to intra-company sales. Sales from ISIS and HATOR are consolidated.

Financial Assistance from the Government

During 2009, the SEKEM Group received 3,500,000 LE export subsidies from the Egyptian government, representing a decrease of 500,000 LE or 12.5 percent compared to 2008 and mainly due to less exports from ISIS. The Ministry of Trade and Industry has established the "Egyptian Export Promotion Center" which supports exporters financially by funding ten percent of their export invoices. Subject to these subsidies have been the SEKEM companies NATURETEX, for all its export cotton fabrics except dolls, ISIS, for all exports of fruits and vegetables and for all exported herbal drinks, and LOTUS, for all exported herbs. Furthermore, SEKEM received financial support from the Industrial Modernization Center (IMC) and the Egyptian Export Association (Expolink) to increase industrial firms' productivity, employment, know-how, sales and exports. During 2009 Expolink has also supported the participation on local and international exhibitions.

Economic Development and Growth

Macroeconomic Background

Because of the global financial crisis most countries experienced a sharp decrease of GDP in 2008 and 2009. Today, there is broad consensus that misguided speculative behaviour caused the immense disruptions on the financial markets which had negative effects on the overall global economy. In spite of the global downturn, Egypt was one of the few states that had a growing GDP of 4.4 percent in 2009. This was due to a low dependency on the international financial sector and a strong control policy of the Central Bank of Egypt (CBE). Thanks to its frequent assessment of risk portfolios, the CBE was able to maintain control on liquidity provision while the international credit market was collapsing.

SEKEM had a small decline in sales caused by a reduction of export sales. This was mainly related to the break-in of the global demand in the course of the crisis, which was felt in a decrease of demand for relatively expensive organic goods.

Egypt was one of the few states that had a growing GDP of 4.4 percent in 2009.

In contrast to the declining international development, SEKEM grew around 28 percent in the local market. This success on the local market was influenced by the relatively healthy economic situation of Egypt. Another factor that limited the negative effects of the crisis on SEKEM is the fact that we are cooperating with sustainable orientated partners and have long-term relations with our suppliers and shareholders. We continued to give financial help and know-how to our suppliers because we expect the local market to grow further and keep ourselves on a sustainable growth path. Through the expansion of farmland and in our investments, we will be well prepared for the time when international demand will grow again.

Investments & Growth

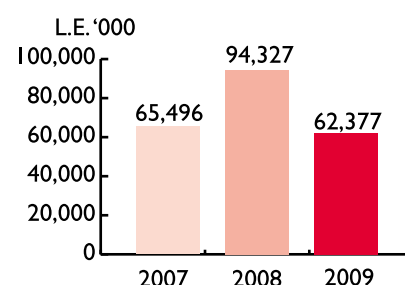
SEKEM as a group wants to further develop its activities and therefore all companies plan to continue to grow and expand their operations by 15 to 20 percent next year. Due to this reason, constant investments into land, building and equipment are undertaken. Overall investments in 2009 were 62.4 LE. From this sum around 50 million LE went into the new land for the farms and related infrastructure. This is a strategic investment to

SEKEM companies plan to continue to grow and expand their operations by 15 to 20 percent.

prepare for the growing demand for organic products and part of our long-term planning. We invested 65 million into

land and related infrastructure out of a planned 150 million LE.

Investment Cash Flow



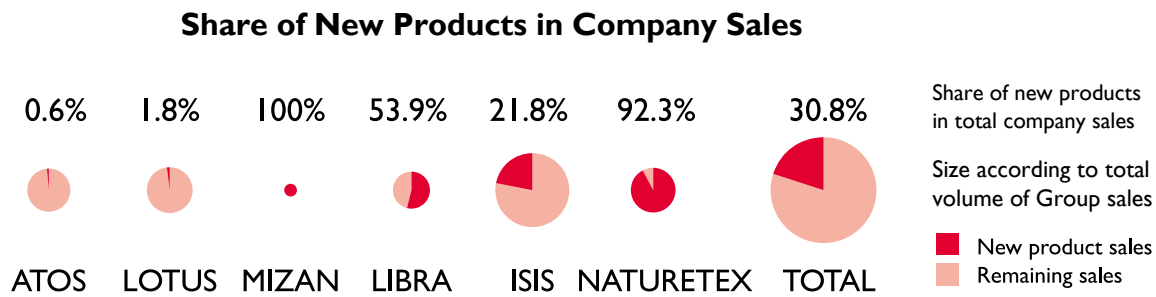
In the next three years investments of almost 200 million LE are targeted. Next year, ISIS will invest in equipment and buy a new tea packing machine and a new line for water production in glass bottles. In addition, a cooperation with an Indian black tea manufacturer to serve the local market is part of the ambitious growth plans. LOTUS plans to invest into a pallet line machine that uses specific powder residues from the cutting processes of Hibiscus and Tilus to make granulate out of it. NATURETEX plans to purchase a cutting and printing machine. ATOS wants to introduce a new soft gelatine line for capsules that has been outsourced until today.

In 2008, SEKEM bought three new farmlands in Sinai, Baharia oasis and the beginnings of Minya. These lands have the potential to be more than just ground for cultivation and secure supply of raw materials. The ideal scenario would be to have a sustainable community on each of these new farms, carried by people with their own vision for its future development. Around 2,000 acres (1,924 feddan) in each region have been acquired for reclamation. Work began in late 2008 and the process of reclamation continued in 2009. Two hundred and seventy-four acres (264 feddan) in Sinai, 346 acres (333 feddan) in Baharia Oasis, 300 acres (289 feddan) in Minya have been already successfully cultivated already. The plan is to maximize the cultivation in the next five to six years.

Product Innovation and Research & Development

Innovation takes up a central role of SEKEM's strategy and is an important factor for our long-term success. Apart from the introduction of new products, the production process of all existing products is under permanent observation and improvement following a path of low carbon, cleaner production and application of state-of-the-art research and technology. The whole innovation process in SEKEM is ensured by two drivers – the general organisational culture and the institutionalization of the Heliopolis Academy for Sustainable Development. The Academy embodies the research and training institute of SEKEM which is mainly conducting R&D activities in cooperation with the companies. The centralized structure and services of the Heliopolis Academy for Sustainable Development together with the company's customer and market surveys, and the far-reaching networking activities on industry and national level of SEKEM are the right mix to grasp the needs not only of future markets but also of the whole society.

Our ambitious target of more than 15 percent revenues through new products was achieved and even exceeded. We strive to position SEKEM as a leading and innovative role model for sustainable development. ISIS is a central driver for innovation in the whole Group. LIBRA is still benefiting from its new strategic composting business. ATOS has a filled pipeline of new products but is challenged by time-consuming registration processes by the Ministry of Health.



Note: For ATOS, ISIS, LOTUS, LIBRA and MIZAN new products are those which have been introduced over the last three years. For NATURETEX the time frame is only one year and includes also textiles that change in colour or material.



Supply Chain Management

The supply chain management throughout the SEKEM Group is conducted according to clear policies derived from the international management and technical standards we comply with. Following the principles of transparency, trust and fair cooperation throughout the whole supply chain goes hand in hand with improvements of our local and exporting activities.

After being inspected by technical engineers the raw materials go into processing to ATOS, ISIS, LOTUS or NATURETEX. The SEKEM Group Compliance Manager works closely together with the company Quality Department. All the suppliers are evaluated annually and each company is responsible for its own suppliers. Our supply chain management approach ensures that we not only achieve long-term business relationships but also contribute to the improvement of living conditions and the development of our supplying farmers throughout Egypt. Our priority is always to focus on the local suppliers next to our farms. This goes hand in hand with the development of the local rural area.

All SEKEM raw material suppliers are Organic and/or Demeter certified.

In 2009, approximately 70 percent of raw materials were sourced from external suppliers, mainly organized in the EBDA which has a pool of 196 suppliers. The remaining 30 percent of raw material comes from SEKEM companies (LIBRA and SEKEM for Land Reclamation). Like our firms, all our suppliers are Demeter certified or in transition. The following list shows products that our customers ask for being officially Fairtrade certified:

- **ISIS:** Oranges and Potatoes
- **LOTUS:** Rice, Hibiscus, Chamomile, Mint and Lemon grass
- **NATURETEX:** Cotton

Egyptian Biodynamic Association (EBDA)

The majority of our suppliers come from a pool organized under the EBDA which was founded as an independent nonprofit organization to create integrated, environmentally sustainable agricultural production systems through promoting biodynamic farming. The EBDA works in two spheres, first, in the field of research (microbiological pest control, soil preparations, water efficiency usage and management, etc.) and second, it offers consultancy and trainings to farmers implementing biodynamic agriculture all over Egypt. One hundred and seventy-nine local farmers are members of the organization.



Farmers at work on one of the LIBRA farms

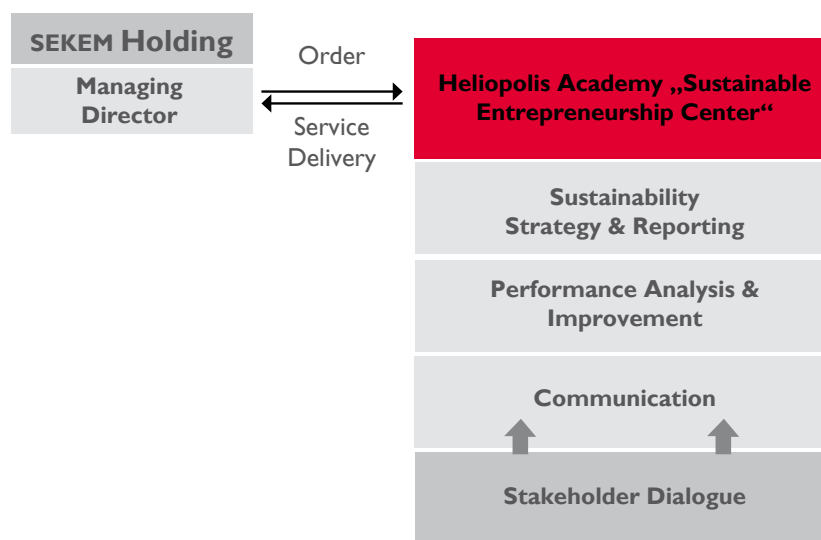


Employees of NATURETEX at work producing dolls

Corporate Sustainability Management

The internal sustainability management of the SEKEM Group is conducted by the Sustainable Entrepreneurship Center (SEC). 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 Sustainability Flower guides the work of the SEC and, together with the relevant departments, the performance of SEKEM and its companies is measured and then translated into the Performance Evaluation Framework for Sustainable Development. Additionally, the performance is also evaluated with regard of 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.

Organisational Structure



Customer and Product Responsibility

Eco-Friendly Products

SEKEM has the goal of providing its customers with high-quality, environmentally beneficial products. With our long tradition of Demeter certification we show our ability to fulfill our goal. One of our aims is to assess each product with regard to its carbon emissions during its product life-cycle. We already started this processes and we will do our best to reduce the related emissions as much as possible.

Organic farming respects the environment's own system for controlling pests and diseases in raising crops and livestock avoiding the use of synthetic pesticides, herbicides, chemical fertilizers, growth hormones, antibiotics or genetic manipulation. By recognizing the effect of sun, moon, planets and the zodiac on plant development and using biodynamic preparations made from plants, minerals and animal manure for spraying and composting the soil and plants, farming operations can be optimised in harmony with the environment. The supplier farmers of SEKEM use biodynamical growing methods and hence proof an increase in productivity and superior food quality from season to season.



LIBRA Employees harvesting oranges

Socio-Friendly Products

Our strong commitment to the Demeter standards regulates basic human and labour rights topics in our operations and along our supply chain. The prices for the raw material are set according to Fair-Trade principles and assures a fair distribution of the value generation to our suppliers. Also, we have long-term relations with our suppliers. We plan in advance, agree on fixed prices and help to prefinance the cultivation.

We are aware of the higher prices of our organic products compared to conventionally produced products. Through our commitment to eco-friendly products we face extra costs that do not occur for conventional producers. If conventional producers also considered the external costs of production in their price calculation, e.g. the negative impact on soil and biodiversity, conventional products would be much more expensive. Consequently, we consider the cheaper nonorganic products as “unfairly” priced. The hidden costs lay in environmental degradation and burden for future generations. By taking factors like regional purchasing power into consideration, we strive to adapt our pricing policy. We have different products in different price categories so that customers of all income groups can afford at least some SEKEM products. ISIS tea is one example for a product that is famous among all Egyptians.

Another point are the health benefits of our products. We do not use additives like preserving agents or flavour enhancer. Also the ban of pesticides in our production makes our products healthier than those that include the additives. The risk of negative effects from gene-manipulated plants on the human body is also avoided. 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 to provide health related information on products. In addition to that, we make sure that our product portfolio addresses the basic needs of human beings.

Customer Responsibility

Transparency is central for SEKEM's operations. Product information and labelling is complying at least to country-specific regulations or going beyond. A customer service hotline from ISIS and ATOS is available in case of questions or complaints. The establishment of Organic & More as an organic retail chain gives us even more room to educate the customer about the origin and the benefits of organic products and their link to sustainable development.

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. Differentiating between local and export customers, the topics quality, communication, annual planning, deliveries, prices and financials are analysed.



Sesame bar production at ISIS



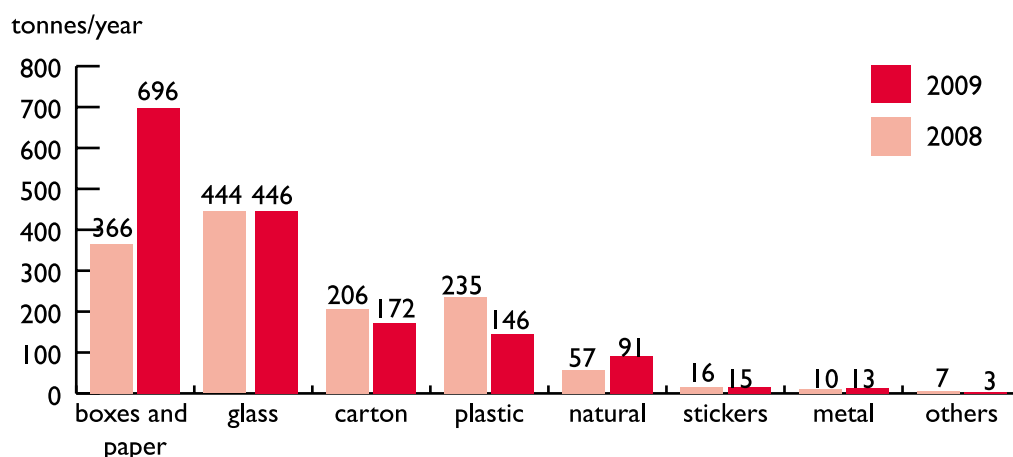
“With our Health Awareness Program we aim to increase the health awareness of the product consumer and intend to help to improve their health state. We use national and international magazines as communication tools to publish articles, we support SEKEM's main companies to hand out flyers and brochures in pharmacies and the new supermarket chain Organic&More, and we also use our web-page to pass information. Topics are among others the influence and benefits of organic food as well as natural remedies and phyto-pharmaceutical products. Also we provide useful insights of how to protect us against seasonal and chronicle illnesses. Our experience shows that the more people get informed about health related issues the more they are convinced of SEKEM products. That is what I would call our ‘sustainable advantage’”.

Nehal Abou Seada, Medical Researcher at Heliopolis Academy

Eco-Effective Packaging and Transportation

For the packaging of our products we strive to use solely material which can either be reused or recycled and to maximize the share of recycled input material. Cartons used for packaging consist of recycled materials and make up 15.4 percent of total material used in 2009, compared to 10.9 percent in 2008. The major amount of packaging comes from boxes and paper that offer the possibility for recycling. Due to the missing infrastructure in Egypt, the introduction of a refund system for bottles or the establishment of a recycling system cannot be practiced at the moment. SEKEM plans to cooperate with major customers in order to improve the situation.

Packaging Input Material

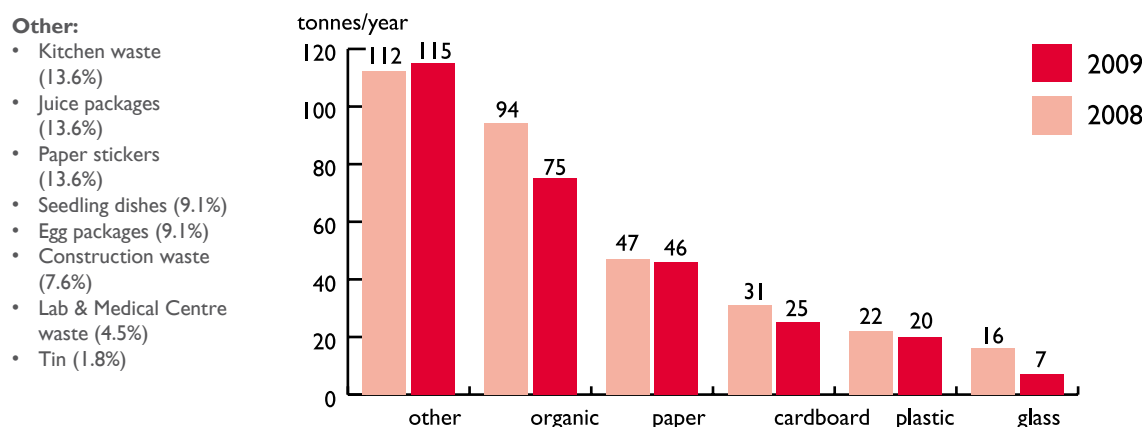


Waste Management

At its main site close to Belbeis, SEKEM has set up a waste sorting facility processing the company output of waste materials as well as servicing surrounding village communities. Waste made 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 centre, which get either landfilled or transported to special end-of-life treatment centres.* All organic waste is composted on site by LIBRA, and valuable nonorganic waste is sold for recycling. Including the surrounding villages, approximately one ton of waste is processed in the waste-sorting facilities on the SEKEM farm every day, from which 600 kilos are resold and thus reused or recycled. Without taking the Medical Centre and lab waste into consideration, the nonorganic recycling rate is around 47 percent. The aim is to increase this rate and to maximize the amount of waste that is recyclable.

* Kitchen waste, stickers and juice packages are difficult to separate and 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 can result from the manufacture of rivets or chemical materials.

Waste Production from SEKEM Group



Consolidated Financial Statement

Income Statement SEKEM Holding for Investment Company S.A.E. for the year ended 31st December 2009

	31-12-2009	31-12-2008
	EGP	EGP
<u>Operating Revenues</u>		
Revenue	193 463 325	196 118 585
Cost of sales	(121 894 648)	(121 303 487)
Gross profit	71 568 677	74 815 098
Investment revenue	5 137 401	5 946 807
Gain on disposal of property, plant and equipment	80 491	478 550
Marketing and distribution expenses	(28 738 837)	(28 281 539)
Administration expenses	(21 228 618)	(24 075 777)
Finance Costs	(23 283 132)	(24 295 812)
Net foreign exchange gains/(losses)	(1 245 231)	2 322 369
Provisions	(519 842)	(1 010 000)
Fair value gain arising on forward foreign exchange contracts	971 974	727 000
Other revenues	6 099 190	7 260 835
Profit before tax	6 936 697	13 887 531
Income tax expense	(1 770 352)	(2 240 937)
Profit for the year	5 166 345	11 466 594
Total comprehensive income for the year attributable to		
Equity holders of the SEKEM Holding	4 943 978	10 560 198
Minority interests	222 367	906 396
	5 174 317	11 466 594
Basic and diluted earnings per share	3.31	7.06

Balance Sheet SEKEM Holding for Investment Company S.A.E. at 31st December 2009

	31-12-2009	31-12-2008
<u>Operating revenues</u>		
<u>Assets</u>		
Non-current assets	EGP	EGP
Property, plant and equipment	342 546 199	292 527 412
Biological assets	4 449 047	4 189 029
Goodwill	53 867 282	53 867 282
Investments in certificates of deposit	48 975 000	48 975 000
Other financial assets,20	93 500	93 500
Total non-current assets	449 931 028	399 652 223
Current assets		
Inventories	111 864 775	87 769 190
Trade and notes receivable	40 813 727	34 555 585
Other assets	34 155 784	29 222 651
Derivatives carried at fair value (forward foreign exchange contracts)	-	727 000
	2 556 121	6 943 482
Cash and bank balances	189 390 407	159 217 908
Total Current assets	639 321 435	558 870 131
Total assets		
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves	149 509 000	149 509 000
Issued capital	8 438 959	8 430 987
Reserves	33 414 445	30 833 791
Retained earnings	191 362 404	188 773 778
Equity attributable to equity holders of the company		
	11 837 377	10 291 488
Minority interest	203 199 781	199 065 266
Total equity		
Non-current liabilities	137 637 647	138 430 846
Borrowings	14 124 507	1 657 907
Obligations under finance leases	4 216 428	6 002 850
Other long-term liabilities	6 622 188	5 252 811
Deferred tax liabilities	162 600 770	151 344 414
Total non-current liabilities		
Current liabilities	16 316 096	12 217 649
Trade and notes payable	190 359 091	162 832 536
Credit facilities	35 970 000	16 677 175
Current portion of long-term borrowings	23 092 818	12 298 849
Other liabilities	4 093 038	1 552 764
Obligations under finance lease	3 689 841	2 881 478
Provisions	273 520 884	208 460 451
Total current liabilities	436 121 654	359 804 865
Total liabilities	639 321 435	558 870 131
Total equity and liabilities		

SOCIETAL LIFE

The position of the individual in the society shapes our social relationships, while at the same time the laws of a society determine individual opportunities. In a fair and just society, the individual human being is recognized in his human rights, is equal in front of the law and granted equal opportunities of participation. A fair cooperation of human beings worldwide, today and for future generations, can be regarded as the main prerequisite for peaceful development.

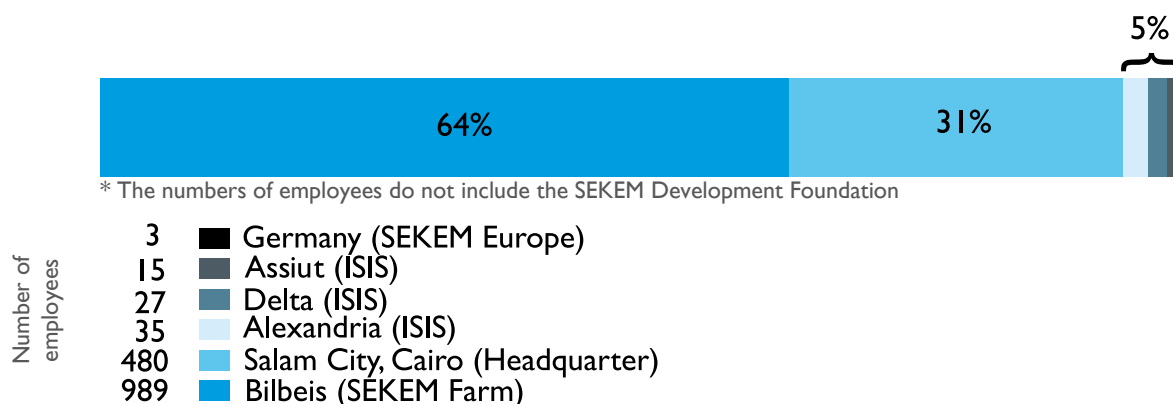
Management Approach










Providing an environment and conditions that contribute to the development of our employees and the cooperation with farmers and communities is the predominant goal of the SEKEM Initiative. We regard the strict adherence and enforcement to the international standards of human rights, health and safety regulations as well as general working conditions as a basic necessity. Moreover, we strive to offer and create awareness for individual learning and development activities, equal treatment, especially regarding women's rights and the improvement of health care in the sphere of corporate life, as well as the surrounding communities and the broader national and international society.

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Corporate governance and compliance	<ul style="list-style-type: none"> Corporate Governance Codex implemented 	<ul style="list-style-type: none"> Corporate Governance Codex implemented Code of Conduct implemented 	<ul style="list-style-type: none"> Implemented Corporate Governance Codex A "Living" Code of Conduct 	 
Assessment of human rights adherence and impact over the company's value chain	<ul style="list-style-type: none"> Active membership of UN Global Compact Supporting International Labour Organisation standards Empowerment of social workers in all SEKEM companies 	<ul style="list-style-type: none"> Active membership of UN Global Compact Supporting International Labour Organisation standards Empowerment of social workers in all SEKEM companies 	<ul style="list-style-type: none"> Enforcement of Global Compact & other human rights standards throughout the supply chain Empowerment of social workers in all SEKEM companies 	 

Employee Distribution by Region*



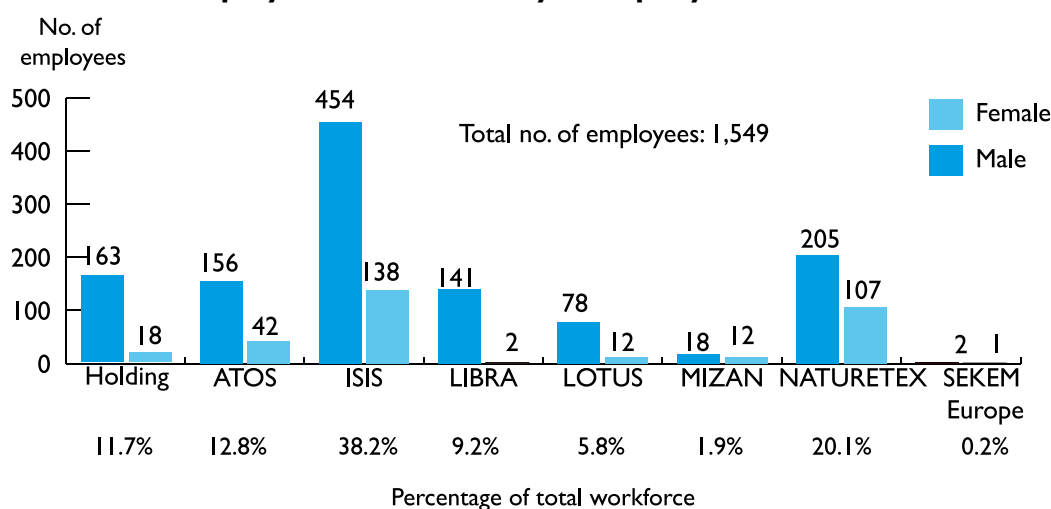
Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of the work force and the company's impact on labour conditions and health & safety	<ul style="list-style-type: none"> Half-yearly injury statistics (zero fatalities) OHSAS certificate on company level 	<ul style="list-style-type: none"> Half-yearly injury statistics (zero fatalities) OHSAS certificate on company level 	<ul style="list-style-type: none"> Improve data availability and monitoring on fatalities, absentee rate Reporting on other health indicators of employees 	 
Work force diversity and equal treatment	<ul style="list-style-type: none"> Share of female employees: 21 percent Women in managerial positions: 15 	<ul style="list-style-type: none"> Share of female employees: 21 percent Women in managerial positions: 22 	<ul style="list-style-type: none"> Share of female employees: 30 percent Women in managerial positions: 20 	 
Employee loyalty and motivation	<ul style="list-style-type: none"> 1,731 employees* 13 percent turnover** Provision of certain non-monetary benefits to full-time employees (healthy lunch, individual life and health insurance plans, etc.) 	<ul style="list-style-type: none"> 1,549 employees 21 percent turnover** Status quo of non-monetary benefits to full-time employees maintained 	<ul style="list-style-type: none"> > 1,500 employees 10 percent turnover** Increasing transparency on non-monetary benefits 	  
Support employee community organization	<ul style="list-style-type: none"> Family support (e.g. support working wives and mothers) 13 villages project Community support 	<ul style="list-style-type: none"> Family support Ongoing activities from 13 villages project Renovation of schools in the surrounding community 	<ul style="list-style-type: none"> Increase capacity for long-term community projects 	
Lobbying activities for sustainable development and world challenges on different regional levels	<ul style="list-style-type: none"> Memberships in different committees concerning economic, agricultural and environmental topics Significant work on climate change and sustainability issues with governmental institutions 	<ul style="list-style-type: none"> Status quo maintained Significant engagement on UNFCCC negotiations in Copenhagen Active in the field of Egyptian national competitiveness and transformation, etc. with ongoing activities 	<ul style="list-style-type: none"> Significant engagement to impact COP15 outcomes and Egyptian national competitiveness and transformation 	

* The number of employees in 2008 had to be adjusted in order to assure consistency in the data gathering process

** For the employees leaving only those that have worked for more than one year are taken into consideration

Target Achievement Evaluation (TAE):  achieved  on track  at risk

Employee Distribution by Company and Gender



News 2009

Introduction of a Group wide Code of Conduct

In August 2009, SEKEM established a group wide Code of Conduct as a comprehensive overview on the framework of values that have always guided the operations of the SEKEM group. It explains the core values of the SEKEM initiative, provides the mission statements of all group companies, and formulates clear commitments on legal compliance, business ethics and employee relations, as well as environmental responsibility. The code also outlines responsibilities and procedures for the monitoring and enforcement of compliance.

Equal Opportunity

At the beginning of 2009, SEKEM evaluated its existing corporate policies through an approach based on the guidelines of the project “One Business Community...equal opportunity“. It was aimed at improving awareness of the right to equal treatment among employees, and advance professional equality of women in the workplace. External consultants employed by the Ministry of Investment and the General Authority for Investment served as project managers and advised SEKEM’s committee on equality on the implementation of the approach and its follow-up activities. They provided numerous hands-on training on equal opportunities measures for the employees of SEKEM. As a result of a conducted assessment during the programme the SEKEM company ISIS was honoured with the “Gender Equality Award 2009”, scoring 98 out of 100 points ahead of all other Egyptian contestants.



Co-worker of the Month at ISIS

In June 2009, the newly-introduced recognition of the “Co-worker of the Month” was awarded to four individuals from ISIS. The program was introduced on the encouragement of the community representative of the firm. Two women and two men from different departments each month are elected by their colleagues on grounds of merit for their performance in the workplace , i.e. professional achievements, punctuality, or the contribution of new ideas.

“World Future Council” Commission Meeting at SEKEM

The first meeting of the WFC’s Future Finance and Economics Commission from March 27th to 30th was a real success. The commission took home plenty of new ideas to transform finance – and the insight that SEKEM is the best place to develop sustainable economics.



Presentation from the World Future Council Meeting in front of SEKEM employees



Big employee cycle next to ISIS production site

SEKEM Code of Conduct

The SEKEM Code of Conduct (CoC) summarizes the framework of values guiding the operations of the SEKEM group. Based on the SEKEM vision for sustainable development, the principles of the United Nations Global Compact which we joined in 2004 and the relevant UN and ILO conventions, it formulates explicit commitments regarding legal compliance, business ethics and anti-corruption, labour standards and human rights, as well as environmental responsibility. The code applies to SEKEM operations and all associated business partners and will be subject to regular review and development.

Compliance to the Code of Conduct is monitored and enforced by the compliance and internal auditing managers of the SEKEM group. These departments also provide guidance and information on the application of the code and serve as internal and external contact points for concerns about noncompliance, which can be raised anonymously at wish. The SEKEM CoC is publicly available at the SEKEM web site, provided in English and Arabic to all SEKEM employees in the SEKEM Information System (SIS), and openly displayed on all working premises.

Human Rights and Fairtrade

Respect and dignity for every individual within our companies and in the broader community are the guiding principles to govern 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.



To ensure human rights adherence along our value chain, we strictly apply Fairtrade principles together with our suppliers. For the contracted farmers this is implemented through fair prices and long-term cultivation contracts, securing greater independence from the rapidly changing world market prices. The Fairtrade Labelling Organization (FLO) has certified a huge share of our product portfolio. Products not covered by this label are subject to other quality certifications, like Demeter, that always postulate the adherence to human rights. Furthermore, together with our project partners and our main investors, we monitor human rights adherence and consider human rights clauses in our investment decisions.

Anti-Bribery and Anti-Corruption

SEKEM is aware that it is operating in a country where acts of corruption and bribery unfortunately pose a real threat to doing sound business and engaging with all stakeholders in an ethically responsible manner (Egypt is ranked 115th of 180 countries on Transparency International's Corruption Perception Index 2009). Our membership in the United Nations Global Compact illustrates that anti-bribery and anti-corruption is part of our core beliefs. This is why we explicitly formulated a strict zero-tolerance policy regarding corruption and bribery in all forms in the SEKEM Code of Conduct.

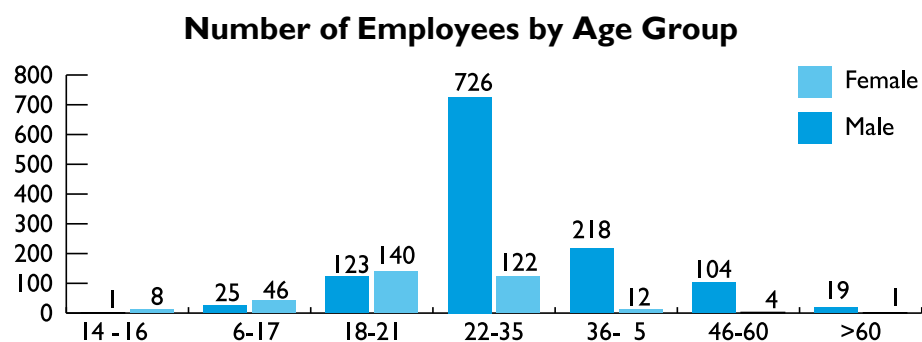
Health and Safety

SEKEM aims to lead by example in Egypt, providing a safe working environment to all its employees along with health insurance and medical services. All SEKEM companies have established and are applying a Health & Safety Management System certified according to OHSAS 18001. The well-equipped SEKEM Medical Center offers its medical services to all employees and inhabitants of the surrounding villages and regions. Every company also has a Health and Safety team that meets quarterly to discuss related firm statistics and formulate an action plan for prevention if needed.

Child Labour

Child Labour is a widespread social problem in Egypt. Many poor families cannot afford to live without the income children bring into the family and hence many young sons and daughters do not attend school. To alleviate this problem and to provide children with a poor socioeconomic background with the most essential skills, an educational programme in the SEKEM Community School was designed. It aims to stimulate creative and critical thinking as a basis for further vocational training. The educational part is coupled with an opportunity to gain income through adequate work, mainly related to the chamomile harvest (that is why the synonym for these children is “Chamomile children”). This programme is officially approved by the Egyptian government and covered by the Egyptian law that allows light work for children between 12 and 14, especially in the agricultural sector, if it is coupled with adequate training and the right working conditions. In 2009, 51 children were enrolled at our Community School. To improve health care, the SEKEM Medical Centre provides service free of charge for the children. Also, warm, nutritious meals and clothing are provided.

The chamomile children are not part of the SEKEM workforce. All SEKEM companies are compliant with Egyptian law that prohibits the employment of minors below 14 years. ISIS is the only company that has some minors between 14 and 16 working under the supervision of social workers. The working hours of the minors do not exceed six hours per day, they get a medical checkup at their start of work with an annual follow up from the Medical Center, and the SEKEM general safety measures assure an adequate working environment with an appropriate salary according to our entry level payment policy. Our aim is to integrate the children between 14 and 16 in the SEKEM Vocational Training Center and to employ only from 16 years on. Through our Group-wide compliance to Demeter, our support of the International Labour Organisation standards, and our active membership of UN Global Compact, we can assure our stakeholders that we are free of child labour. Our supply chain is also covered by certification, such as Demeter, Fairtrade and GOTS, ensuring adherence to ILO standards.



Diversity and Equal Opportunities

An overall applied SEKEM group hiring procedure secures equal rights during the whole recruiting process. After assessing the applications, promising candidates are interviewed by the HR department and the direct manager. The final candidate is also interviewed or approved by the Managing Director of the Company. The Board of Directors approves changes in the senior management positions on Holding level. During a probation period of three months any contract can be cancelled immediately from both sides. For termination and all other operational changes, the minimum notice period is one month, as according to the Egyptian labour law.



Children taking lessons at the Community school



Girls from the Community School



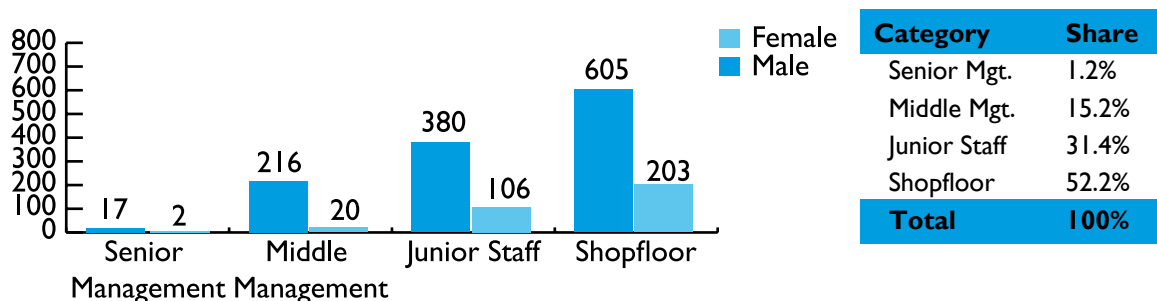
Young man from the Special Education program

Furthermore, SEKEM pays attention to intercultural and religious differences between our employees, especially between Muslim and Christian rituals, and address them with awareness, dialogue and respect in the work environment. In Egypt, the population consists of 90 percent Muslims (mostly Sunni), nine percent Coptic and one percent Christian. At SEKEM, 1,510 Muslim (97.5 percent) and 39 employees with other persuasions (2.5 percent), mainly Christian, are working hand in hand at SEKEM.

For women's empowerment we, on the one hand, support our female employees in any work-related or personal issues through social workers and on the other hand strengthen their position in the outer community through micro credit and education programs. Under the Gender Equity Model Egypt (related to the Gender Equity Award), SEKEM formed a Gender Equity Committee, conducted a situation analysis using a self assessment questionnaire and statistically analysed results, developed an action plan and provided trainings. The six generic training modules covered the following topics: The Importance of Gender Equity in the Firm, Effective Practical Tools for Promoting Gender Equity in the Firm, Recruitment and Gender Equity, Training and Gender Equity, Career Development and Gender Equity, Working Towards a Safe Work Environment (Sexual Harassment). In 2009, the SEKEM Group had 22 women in managerial positions an increase of seven compared to last year. Especially ATOS and MIZAN had a high percentage of female managers in relation to the number of overall employees (3.5 percent and 6.7 percent, respectively). The overall share of female employees grew proportionally with the growth of the workforce and remained 21%. NATURETEX and MIZAN are the companies with the highest share of female employees (34.3 percent and 40 percent, respectively).

At SEKEM, handicapped people are integrated into the workplace. The efforts in this respect fulfil the legal requirement of a five percent minimum share in each company. In the agricultural production the share of handicapped people is even higher. People with physical impairments get directly employed like all other employees, whereas the majority of mentally disabled people coming to SEKEM start first with the SEKEM Special Education program. Here, they are trained and prepared for a work life in one of the SEKEM companies.

Number of Employees by Category



General Association with our Workforce

The Cooperative for SEKEM Employees (CSE) was founded in 2000 to promote the provision of meaningful work in a healthy, safe and humane environment. It is overseen by the governmental Cooperative Union of Social Affairs. The objectives are the provision of an integrated health and social care service in cooperation with social workers and the Medical Centre, establishment of nurseries, cultural field trips, transferring personnel to and from the companies, protection of the environment, establishment of a home for the elderly and a library. Currently, the CSE has 220 members based on the distribution of shares. On top of this, SEKEM employees are invited to be part of a labour union which is welcome to promote its activities on company premises anytime.

General Association with our Workforce (Cont.)

All companies provide suggestion boxes for employees and employee representatives. In order to advise or provide counseling and support on topics such as health and safety, working conditions, and personal or community well-being, all employees have the opportunity to contact the social workers in their company. The social worker 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 employee representatives are elected for three months to act as the spokesperson for a certain amount of employees.

Loyalty and Motivation

Employee loyalty and motivation is an important factor for productivity. Therefore, SEKEM aims to develop a community-spirit among its workforce. To ensure regular feedback to support employee development, as well as to measure productivity, 80 percent of the 1,549 employees are evaluated and receive a Personal Performance Appraisal (PPA). This means that they have regular performance review meeting in which individual goals and yearly training needs are discussed. The goal attainment percentage defines the variable part of the employee's salary.

The overall employee turnover is 20.9 percent (details in the table below). This figure refers to the fluctuation of employees that have worked for SEKEM more than one year. This is a solid increase compared to the 13.6 percent from last year and reveals that SEKEM faces challenges to reduce this rate. Employee groups that typically face a higher rate of turnover, like the sales department from ATOS and ISIS, have a significant share in

Employee Turnover Rates

Entity	Avg. # of employee	Turnover*
ATOS	203	26%
ISIS & HATOR	606	21%
LIBRA	147	14%
LOTUS	90	9%
MIZAN	34	21%
NATURETEX	345	29%
Holding	159	13%
SEKEM Group	1,562	21%

* For the employees leaving only those that have worked for more than one year are taken into consideration

the overall workforce and therefore increase the average rate. Another reason for the high fluctuation can be the fact that SEKEM farm and SEKEM Headquarters are far from the city and employees have to spend a long time in traffic. Additionally, the share of sales and distribution forces from SEKEM are high and have the tendency to face higher fluctuations.

From 2010 on, qualitative exit interview will be obligatory for employees leaving the company to understand the reason and to adequately react to this.



Employees at the Medical Center



ISIS Employees at work

Wages and Benefits

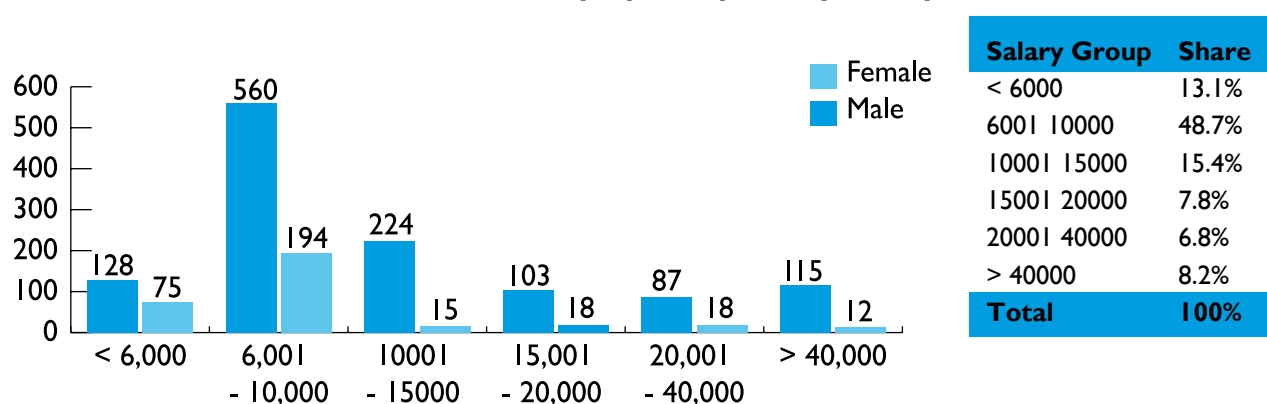
The official minimum wage in Egypt is too low to ensure living wages and therefore does not serve SEKEM as a guidance for its compensation policy. A National Wage Council was created some years ago to address this issue. Yet as long as there is no fair national wage policy, SEKEM assures that salaries above a legal minimum will be paid.

The minimum entry level salaries at SEKEM vary between 450 LE and 600 LE per month, depending on the educational background of the person and including different sizes of variable income based on individual performance.

At SEKEM the average female salary is below the average male salary (female: 11,090 LE annually vs. male: 19,031 LE annually). The increase from last year for male and female salary averages was seven percent and one percent, respectively. The gap between the two averages can be explained through the lower share of highly educated or long-time experienced female employees due to traditional rural habits that cause the majority of women to marry early and concentrate on family life. The distribution of age among females show that after the age of 21 females are under-proportionally represented compared to the male employees. NATURETEX offers the opportunity for female employees to continue their work from their homes. This allows married women to contribute to the family income and keep their independence.

SEKEM provides all full-time employees with benefits including medical insurance, life insurance in case of disability, and retirement plans. The medical insurance can be extended to the family of the employee. Contribution to retirement plans and life insurance each make up 2 percent of the wage, paid equally by a SEKEM company and the employee and are transferred to a private bank fund on a monthly basis. The employee contribution to medical insurance depends on the level of the individual salary.

Number of Employees by Salary Group



Impact on the Community

One positive contribution comes from the economic value SEKEM has for the region. It is a major provider of jobs and a huge corporate tax payer. Beyond that, the SEKEM Schools and the Vocational Training Centre are central elements of our community development strategy. We offer education to many children and increase their chances to find jobs. Another aspect is that we create infrastructure, especially with the new farmlands. Roads are created, houses are constructed, people are settled and our ethical principles and values give an impulse for community building. Also, waste sorting facilities are provided to introduce the concept of sustainable waste and product life-cycle management in order to establish a source for value creation. All this leads to an enhanced awareness and participation of sustainable development. The 13-villages project, finished last year, was a powerful example for the positive impact of coordinated social development efforts that are still ongoing.

Public Policy Engagement and Networks



“Agriculture has the potential to change the world’s climate problems within 12 years when shifting from conventional to organic system on a global scale.”

Helmy Abouleish

From the very beginning of the SEKEM initiative, political involvement was a part of its existence. Today, SEKEM is actively contributing to political decisions and policies, raising awareness and enforcing sustainable development on a national as well as international level. The topics SEKEM participates in a variety of activities, always advocating sustainable development, such as: sustainable agriculture and its effect on climate change, social entrepreneurship, research and innovation, responsible competitiveness, renewable energy and national sustainable development strategy.

Nationally, Helmy Abouleish is appointed as the Chair of Managing Council of the **Industrial Modernization Center of Egypt**, the country’s largest development fund and is founder and chairman of the **Egyptian National Competitiveness Council (ENCC)**. In this position he works closely together with different governmental authorities and ministries to drive agendas and priorities into the direction of sustainable development. A National Competitiveness Strategy for Egypt, with the pillars of Innovation, Green Transformation and Education, are focus topics of Helmy Abouleish in 2009.

Internationally, Helmy Abouleish worked together with **United Nations Industrial Development Organization (UNIDO)**, Bund Oekologischer Lebensmittelwirtschaft (federation of organic food industry), Food and Agriculture Organization (FAO) and many more universities, research institutions, NGOs and associations.

Together with the International Association of Partnership (IAP), a cooperation forum for all 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 Sustainability Flower.

As a highlight of 2009, from 7 until 13 December Helmy Abouleish was part of the official Egyptian delegation at the **Conference on Climate Change in Copenhagen, Denmark**. At the event he specifically aimed his involvement at the support to agriculture in the framework of a new global agreement that includes both the emissions of and the potentially negative risks for agriculture.

Awards Received 2009

In 2009 Dr. Ibrahim Abouleish received the Medal of Honour from the Sinai University.

Memberships and Awards

Overview of most important Memberships (selection)

Chairman of (Helmy Abouleish)

- Chair of Managing Council of Industrial Modernization Centre Egypt (IMC)
- Chair of the Egyptian National Competitiveness Council (ENCC)
- Chair of Industrial Law Committee in the Federation of Egyptian Industries (FEI)

Board of Trustees: (Helmy Abouleish)

- The Egyptian Junior Business Association (EJB)

Board member in (Helmy Abouleish)

- 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 member in

- Social Entrepreneur Council (Schwab Foundation)
- World Economic Forum (WEF)
- World Future Council
- 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 Nation Global Compact
- United Nations University via the Regional Center of Expertise (RCE) on Education for Sustainable Development within Heliopolis University



United Nations University

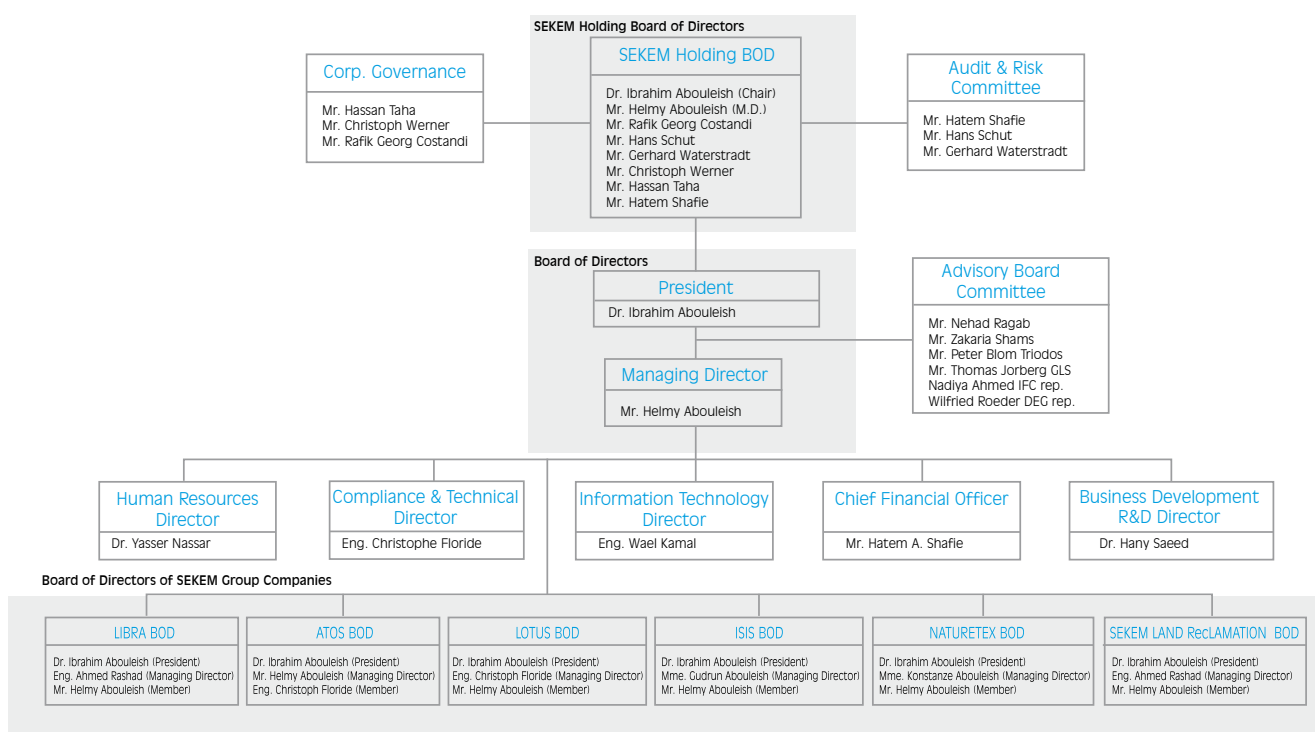
Corporate Governance Structure



SEKEM BoD (from left to right): (Top): Hans Schut, Ragna Derik (Advisory Board), Christoph Werner, Gerhard Waterstradt; (Bottom): Hatem Shafie, Hasan Taha, Helmy Abouleish, Dr. Ibrahim Abouleish, Rafik Constandi

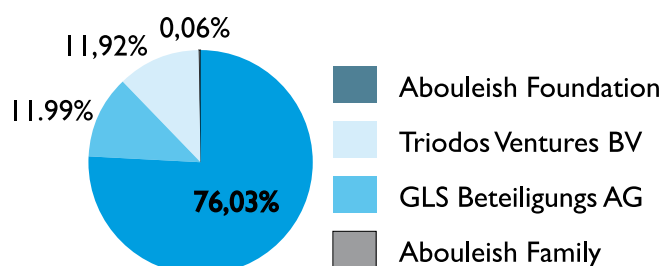
The **Board of Directors (BoD)** advises and supervises the SEKEM Group Management with regard to sustainable economic prosperity, business development and strategy. The composition, current members, voting rights, access to information, responsibilities, meeting procedures and duties and tasks are defined in the Corporate Governance Code. All information provided is considered confidential and principles regarding any conflict of interest are stated. The BoD advice and propositions from the meetings are directly translated into action plans and achievements and shortcomings are assessed in the next meeting. The quarterly Management Reports, sent out for review, provide constant updates on new investments, products, volume analysis and risks.

Six members of the BoD, all except from Dr. Ibrahim Abouleish and Helmy Abouleish, are nonexecutive members, three are totally independent from SEKEM's operations.



Financial Ownership

Distribution of SEKEM Holding Shares



Compared to last year, there have been 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 shares of 2.5 million EUR. The Abouleish Foundation is established to hold the Abouleish family capital of SEKEM in the future.

Board of Directors

Dr. Ibrahim Ahmed Abouleish Chairman

Right Livelihood Award Laureate & 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. Furthermore he is member of the World Economic Forum and was chosen as Outstanding Social Entrepreneur by the Schwab Foundation in 2003.

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 Chairman of the Egyptian National Competitiveness Council (ENCC), Chair of Management Council of the Industrial Modernization Centre (IMC) and the Organic Agriculture Committee of the Agricultural Export Council. 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 George Costandi

Member

Since 1989 Rafik Costandi (*1960) has been Head Teacher and founding member of the SEKEM school on the premises of the SEKEM farm. Before that he worked as a Training and Human Resources Manager at ATOS Pharma for three years.

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 freelance for GLS bank.

Mr. Hans Schut

Member

Hans Schut (*1953) is a managing director of Triodos Investment Management, part of the European Triodos Bank. He is responsible for investment funds for venture capital and renewable energy. He serves on the board of several companies in which Triodos Bank has invested in the field of environment, climate and renewable energy. Before joining Triodos, Mr Schut worked at industrial companies and an energy utility company. He holds a M.Sc. in industrial design at the Delft Technical University of the Netherlands.

Mr. Christoph Werner

Member

Christoph Werner (*1972) currently works in Marketing at GlaxoSmithKline Consumer Health care in France. Before joining GlaxoSmithKline, he worked for 4 years in Marketing at L'Oreal in France. Mr. Werner serves on the Supervisory Board of the German drugstore retailer dm-drogerie market (Karlsruhe). He holds an International Executive MBA from the University of Pittsburgh (USA).

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 chairmen 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

Founder and President of First Capital, LLC, a boutique financial advisory firm specialising in M&A and corporate finance activities. First Capital, LLC was recently involved as 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 LE 3 billion. Mr. Taha was also Chief Financial/Investment Officer in AWF/Lokma and International Partner in Price Waterhouse Coopers, Cairo, Egypt.

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, ensured through close interaction with all these groups.

Stakeholder Group	Needs	Our Management Approach	Ways of engagement
Employees	Feeling of respect and esteem through organisational 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 and health & 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 to improve SEKEM's contribution to the community at large.	Weekly meetings Regular dialogue between managers and social workers of all companies
Farmers	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 single suppliers by regular ratings and reviews.	Weekly meetings and regular dialogue with the FDA and the EBDA
Sub-contractors	Fair and reliable contracting conditions and prices Cooperative future planning of companies' needs Support in applying technical and quality standards	Our subcontractors are companies who 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.	Regular planning meetings Regular quality certification process



Stakeholder type	Needs	Our Management Approach	Ways of engagement
Share-holders	Excellent performance to ensure a profitable investment 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 fundament for the identification of gaps and the need for improvements. Furthermore with our SEKEM Strategy Plan 2020 we account for a profound future perspective of our companies.	Quarterly board meetings
Retailers & Wholesalers	Excellent quality meeting the customers' standards On-time and ondemand 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	Excellent quality of healthy product with benefits for social and environmental development Easy availability and access	In order to react to our consumer 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 note complaints for adjacent improvement.	Customer satisfaction surveys every 1-2 years
Broader community	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 should be the final beneficent of all our efforts. Therefore we engage with our associated NGO, the SEKEM Development Foundation, in development projects aligned to the communities' needs.	Dialogue through service provision, Weekly meetings, Outreach programs
National/ International Partnership Organisations	A project and development partner	With our associative approach we facilitate cooperation 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 .	Regular engagement in conferences Strategic cooperation



CULTURAL LIFE

Man creates the world from his ideas. All learning, researching, inventing and all kind of artistic activity is ideally free and not influenced by considerations of material benefits. Only through holistic thinking and acting a materialistic knowledge society can be transformed into a cultural society guided by meaningful values. Therefore, free education and spiritual development of all human beings on earth must be of highest priority.

Management Approach

The advancement of every individual is a continuous challenge in the fields of education, science, art, and religion. Children who have been given the opportunity to receive a good education are likely to become free-spirited and responsible individuals. Continuous learning throughout life and a good health enable people to improve their living conditions and contribute to the development of the community and country. Therefore, SEKEM's approach is to contribute to the cultural development of its employees and broader community through its constantly strengthened and enlarged institutions and projects in all the different fields.

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of company's cultural development strategy	<ul style="list-style-type: none"> Continuous extension of engagement in all fields of broader community development Company spending: 1,500,000 LE 	<ul style="list-style-type: none"> Status quo maintained Development of centralized project organization, monitoring and impact assessment Company spending: 800,000 LE 	<ul style="list-style-type: none"> Professionalized project monitoring and impact assessment Company spending: 10 percent of profits 	 
Employee training and awareness building in different spheres of education (arts, music, skills, etc.)	<ul style="list-style-type: none"> Starting phase of professional, long-term training plan 	<ul style="list-style-type: none"> One-year training plan for each company. Individual PPA and training needs evaluation for 80 percent of the employees. 	<ul style="list-style-type: none"> Fully implemented One-year training plan for every employee 	
Scientific research engagement	<ul style="list-style-type: none"> 14 running projects Project acquisition through various channels, driven by business demand Project monitoring via internal procedures and partnering funding agencies 	<ul style="list-style-type: none"> 23 ongoing R&D projects Acquisition strategy and project monitoring maintained and centrally coordinated by the SSP Alignment through long-term vision of Heliopolis Academy 	<ul style="list-style-type: none"> 20 running projects Alignment of acquisition of projects to defined strategy Comprehensive project monitoring 	  



Doctor at Medical Center lab



Young pupil from SEKEM School learning violin



Young girl from SEKEM Special Education program showing her work

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Health of the employees and broader community	<ul style="list-style-type: none"> Offering a wide range of medical services Enlargement of medical services portfolio Encouragement of use of available services 	<ul style="list-style-type: none"> Enlargement of medical services portfolio Encouragement of services use Public Health awareness campaigns on company level 	<ul style="list-style-type: none"> Further develop consciousness for individual health Improve medical center monitoring and evaluation 	<div> <div></div> <div></div> <div></div> </div>
Religious and spiritual activities	<ul style="list-style-type: none"> free practicionning of religious activities, integration into daily work 	<ul style="list-style-type: none"> Status quo maintained 	<ul style="list-style-type: none"> Status quo maintained 	<div> <div></div> </div>

Target Achievement Evaluation (TAE):  achieved  on track  at risk

News 2009

Training Course for Eurythmy in the Work Place

In the beginning of the year, four Egyptian students from the SEKEM professional eurythmy training with nine participants from Germany, Switzerland, Holland, and the Philippines participated in the course on eurythmy in the work place. This four-week training course led by Annemarie Ehrlich aims to teach participants on how to use eurythmy effectively in the work place to develop social skills in team work, leadership qualities and communication.

Intercultural Sculpture Workshop

In January and February, intercultural workshops for sculptors from Egypt and Europe were held at SEKEM attracting nine students from the Alanus School of the Arts (Bonn, Germany) and four Egyptian sculptors. The students were asked to create sculptures for the grounds of SEKEM Headquarters.

Heliopolis Academy Theatre Group stages Goethe's "Faust", first part

Five years ago, the first production of Goethe's drama "Faust" was staged in Arabic and as a combination of eurythmy and theatre play at SEKEM. A strong desire to reproduce the play was realized in 2009 under the artistic management of Christoph Graf. Bernhard Sieberer, musical director of SEKEM, selected the musical programme that elegantly supported the scenes and superbly served to establish an ideal atmosphere.



SEKEM Eurythmy group performing together with pupils and employees at the annual SEKEM anniversary



SEKEM teachers at an outdoor painting session in front of the SDF buildings

News 2009 (cont.)

Islam Seminar

As in the preceding years, Dr. Ibrahim Abouleish organized the Islam Seminar held 11-14 April 2009 at SEKEM. In addition to the speeches made by Dr. Abouleish, several artistic exercises (Islamic poetry, Arabic script, Quran recitals, Arabic songs, eurythmy) and a one-day excursion to Cairo's Islamic quarter were integrated into the schedule.

Fluttering Kites at Open Air Festival

At Fort Qaitbay in Alexandria, during the international Festival of Culture of the Anna Lindh Euro-Mediterranean Foundation for Intercultural Dialogue took place, the SEKEM Eurythmy Group, lead by Christoph Graf and Martina Dinkel, presented a dance performance with their students. This performance created a wide astonishment with their bright colourful veils fluttering in the air.



Choir and Orchestra-Caravan

The annual SEKEM Summer Orchestra, including students from SEKEM schools and other external musical professionals, performed at Heliopolis Academy for Sustainable Development, and at SEKEM Schools. As a special highlight they toured around all SEKEM companies on the farm and were warmly welcomed by the impressed employees. Also the SEKEM choirs, namely the children choir, the teacher choir, the employee choir, and the SEKEM Academy choir undertook several Choir Caravans.



Story Telling

Margrete Leverance conducted an official training in story telling of 6 days distributed over several months. The beneficiaries were our class teachers at SEKEM school. All twelve participants finished in May with an official certificate.

Presidential Degree for Heliopolis University and Signing of Magna Charta

On 31 August 2009, SEKEM received the approval for the "Heliopolis University for Sustainable Development" by H.E. President Hosni Mubarak, through the Presidential Decree No. 298. Later in the year, Dr. Ibrahim Abouleish took part in the annual "Magna-Charta-conference" at the University of Bologna in Italy. On the occasion of the event he signed the Magna Charta on behalf of the Heliopolis University. The charta aims to serve as a foundational declaration of commitment of the participating Universities to redefine and strengthen the role of science and its institutions in modern societies around the world.

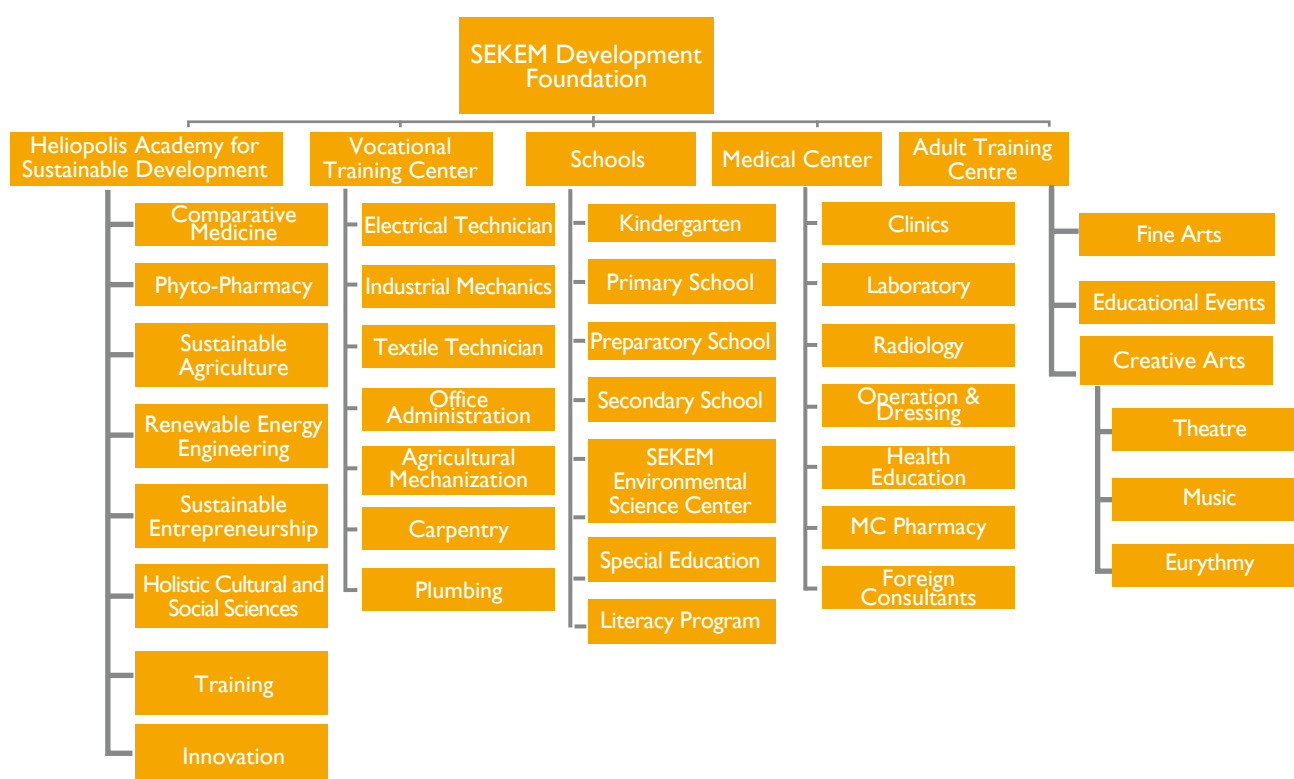


SEKEM Peace Voices

The idea of a choir named "SEKEM Peace Voices" dedicate to intercultural musical experience was put in practice under the leadership of Bernhard Sieberer who organized a reunion of all SEKEM choirs and the Vocabella Choir from Innsbruck, Austria in November 2009.

The SEKEM Cultural Institutions

The SEKEM Development Foundation (SDF) is working to improve the quality of human life amongst SEKEM employees and Egyptian citizens and to be a sound continuation of the SEKEM vision for comprehensive sustainable development. The SDF is a independent NGO with different sub-institutions that cover all aspects of a holistic educational and sociocultural, human development. In 2009, an average number of 263 people were employed under the roof of the SDF. Every year, all SEKEM companies donate 10 percent of their profit to the SEKEM Development foundation to finance community projects which serve educational, health and cultural development purposes. In addition to that, donations from other associations, boards and national and international funds for research, training and social development projects are generated. In 2009, the total expenses from the SDF were 8.9 million.



Behind a field of Calendula flowers for medical use, some buildings of the SDF and the companies on SEKEM Farm can be seen.

SEKEM Education

Education is the very foundation of holistic human development. Without education from an early stage, a human being cannot flourish in his later life. Without a sound understanding of the world around us, there can be no sustainable development in unity with nature and our fellow human beings. In 2009, 40 infants were enrolled in the SDF kindergarten, 161 in the elementary school, 65 in middle school, 31 in high school, and 24 in the Special Education Program. Additionally, three infants benefitted from the newly established Day-Care Centre. The SEKEM Community School provided education for 75 Chamomile Children, and 175 trainees were enrolled at the Vocational Training Centre. Our facilities are lead by 75 teachers.

SEKEM Kindergarten

Young children live in a rich world of play and discovery. They are completely open and deeply influenced by all that surrounds them. What they see, hear and feel they imitate. Unconscious imitation is the natural mode of learning for a preschool child. Everything around the child is absorbed by the still forming and young spirit. The child learns by touching, smelling, listening, moving and imitating all that they experience. 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 in his or her own individual pace.

SEKEM Special Education

The SEKEM Special Education provides a variety of educational and therapeutic programmes for children and young adults with special needs, such as physical and mental disabilities and serious learning difficulties. The pupils' independence and self-confidence are increased as they learn 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, adequate placement within the SEKEM institutions is provided.

The SEKEM School

The SEKEM school is accredited by the Egyptian Ministry of Education and adheres to the Egyptian state curriculum, but education means for us not only the teaching of abstract knowledge, but also practical skills in crafts and artistic exercises such as Eurythmy, painting, or musical training. The aim is to awaken creativity and critical thinking in the pupils' minds, to create a generation that enjoys learning, and to achieve graduates who are independent and are interested in world issues and in developing their country.

SEKEM Environmental Science Centre (SESC)

The SESC is the SEKEM Environmental Science Centre at the SEKEM School that is offering interactive science classes on environmental topics to pupils from both local and international schools. One-day field trips encompassing a range of practical activities are developed from a wide variety of subjects including chemistry, biology, physics, and geography.



Young man doing work at the Vocational Training Center



Young pupils at a SEKEM School event

SEKEM Community School

Child labour is a widespread social problem in Egypt and other developing countries. Many poor families cannot afford to live without the income children bring into the family, and hence, many children are not able to attend school. To alleviate the child labour problem and to provide some of these children with the most essential skills, the SEKEM Community School was designed to stimulate creativity and thinking as a basis for further vocational training such as carpentry, mechanics and sewing. The children also have the option to enroll at the SEKEM Preparatory School, although this is rarely chosen due to the need to gain an early income. The curricula at the Community School in SEKEM encompass subjects such as English, Mathematics, Arabic and Religion. To improve health care and hygiene the SEKEM Medical Centre conducts awareness programs and offers medical services free of charge. Warm, nutritious meals and adequate clothing are also provided for the children.

Vocational Training Centre

The Vocational Training Centre (VTC) provides young people with abilities that are needed in the local market. Given the current lack of opportunities in the Egyptian labour 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 programme, taught by both, local and foreign-trained students. Since 1999, the SEKEM VTC has been accredited by the Mubarak-Kohl Initiative, a highly successful German technical assistance project in Egypt. Accredited courses include: industrial mechanics, plumbing, textile production technology, carpentry, agriculture machinery mechanics, general administration, computer maintenance and electronic technology. Our Chamomile Children are able to join the Vocational Training Centre in order to receive practical training. In 2006, an organic model farm was established for education in agriculture.

Medical Centre

The SEKEM Medical Centre is part of a comprehensive plan for community development. Patient education and health awareness programmes are designed to meet the needs of the local community. It offers health care services for the SEKEM employees and the general public. Our service portfolio encompasses: Internal Medicine, Paediatrics, E.N.T. (ear, nose and throat) Ophthalmology, Gynaecology, Urology, Dermatology, Neurology, Orthopaedics, Dental Services, and Cardiology. In our radiology department, we offer X-Rays and Ultrasonic examinations.

In 2009, we conducted with 25 international specialists in the fields of respiratory, digestive, and parasitic diseases. For the children in our SEKEM school the health care projects and services are free of charge. Our team consists of 23 doctors, nine nurses, six administratives, four technicians and chemists. In 2009, we treated 7,556 cases from SEKEM employees and 39,222 cases from people of the surrounding communities.



Discussion in the phyto-pharmacie lab of the SDF



Patients waiting at the Medical Center

Adult Training Centre

The Adult Training Centre (ATC) has primarily the role to foster individual capacity building and development. The focus lies on the formation social skills of our employees and to support the community and teamwork. The educational events provide language lessons for our foreign employees, weekly lectures from Dr. Ibrahim Abouleish for the SEKEM employees and education of teachers from the school. In 2009, the Adult Training Centre had three responsables for creative arts, a small orchestra of 10 instruments, choirs from SEKEM employees, school children, teachers, and SEKEM Academy and international guests.

Theatre

Theatre activities are story-telling and recitation activities. Our staging of Goethe's Faust, first part, is one example. Another project was the performance of "The fairy tale of the green snake and the beautiful lily", also from Goethe, by the SEKEM Euythmy group and musical support from the Heliopolis Chamber Orchestra.

Fine Arts

In SEKEM we have fine art in all offices; in each room and corridor one can find paintings from different artists, some of whom are SEKEM friends and employees. The pictures in original colours are giving each space a special atmosphere, which is inspiring and activating. Colours have an immediate effect on a person's soul and are able to affect their work (either positive or negative). All colours in SEKEM buildings have been carefully selected to enhance the dynamic quality of its architecture. Regular exhibitions from different artists school the perception and open the eyes for colour, for beauty in nature and in the surroundings.

Music

Music in SEKEM plays an important role. As music touches the inner life and soul of human beings, it can inaugurate a change of habit in people's thinking, feeling and willing. It opens their mind and broadens the ability of social responsibility. SEKEMs everyday life is accompanied by music in all sections, in cultural as well as economic institutions, all meetings, lectures, festivals etc. are opened with either classic European music or traditional Arabic music. It prepares the audience and participants for a successful meeting, as they start to listen actively and carefully which is the basic skill for an interactive process.

The majority of employees as well as teachers of SEKEM take part in an active music programme such as choir, or instrumental lessons. The employees are singing the songs related to their religious feasts. A choir for advanced voices has been established and performs on the stage during many internal celebrations. Especially the teachers have to be trained to sing in tune and it is most valued when they learn an instrument, as it is very important to pass over these skills to the students.



Performance of the SEKEM choirs, consisting of school children, teachers, and employees at SEKEM festival

Eurythmy

Eurythmy at the workplace: At the workplace, Eurythmy helps to create awareness for the surrounding environment and supports the development of social skills. This improves the concentration and the resilience of the employees. Furthermore, it cultivates the communication and cooperation skills, as well as the team and management abilities. Besides the voluntary involvement in the development of cultural skills all employees receive regular training in eurhythm and gymnastics at their workplace. These trainings are specially designed to relax them from the typical movements at work or to bring their attention and team-working abilities to a certain focus. But eurythmy cannot only be pursued as a side-activity by employees. It is also offered as a professional vocational training program that leads to a formal degree.



Eurythmy performance on stage



Eurythmy seminar at ISIS

Throughout the year, the SEKEM firms together with the ATC conduct Eurythmy courses. Usually around 15 participants, depending on the special working context, have 12 sessions over one month. These blocks repeat after they have been finished and take always new employees. With this rotating system, one employee gets at least one eurythmy training once a year. We evaluate these courses with some feedback questionnaires in order to understand better the impact of the courses in their work.

Eurythmy as an art form for the stage: Just as dance, ballet or character dance, Eurythmy is an international art for the stage. It covers a wide spectrum, from solo musical pieces to concerts or symphonies of large ensembles. Concerning linguistic works, lyrical and epic pieces as well as dramas can be performed. There are regular performances for employees.

Education and training in Eurythmy: Eurythmy institutes can be found worldwide. We offer a study programme with a diploma as a Eurythmy teacher. Furthermore, there is training for Eurythmy at the workplace as well. In 2009, we have our 6th year with eight students.



“This year I participated at the eurythmy group at NATURETEX consisting of 12 people from all company levels. Once a week over a period of several month we participated in sessions where we did movement exercises as an individual or in small teams. Even through simple actions like passing balls to each other in different constellations we could learn a lot about coordination, time management and trust. Especially the exercises where one needs to be the leader and at the next moment also depends on the other and being lead is quite useful. That is why I liked it so much to have also members of the top-management in our sessions. We should not forget that Eurythmy must be put into action and that we should apply what we have learned in our daily work.”

Hidaa Hamdy, Merchandiser at NATURETEX

Heliopolis Academy for Sustainable Development

The SEKEM Development Foundation (SDF) established the Heliopolis Academy for Sustainable Development. Its aim is to improve the capacity to conduct, publish and disseminate relevant social and scientific research in the strategic focus areas of medicine, pharmacy, renewable energy, biodynamic agriculture, arts and social sciences. Its demand driven research is designed to meet the future requirements of the Egyptian community and builds on national and international collaboration. The Academy offers training courses and personality development programs to those people who aim at working, researching and learning within the framework of sustainable and holistic development. The Academy employed 33 full-time employees and 13 part-time researchers, with whom it had 22 ongoing research projects in all fields.

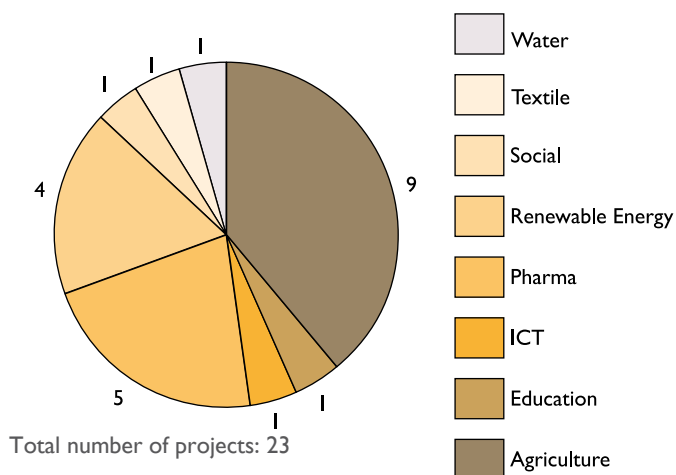
Research Activities

The close ties to the SEKEM companies enable the different science centres to come up with practical and marketable innovations. The Special and Sponsored Program (SSP) Centre is centrally coordinating the R&D project acquisition as well as funding and also supporting the strategic alignment of research activities to maximize synergies between the projects. As the centre is operating its first full year we now upgraded the evaluation on the performance aspect “scientific research engagement”. Additionally, our target for the total number of R&D projects in 2010 was already achieved and will be redefined next year.



Scientist at the Pharmaceutical Science

R&D Projects by Domain



R&D Project Description (selection)

ATOS	• Development of herbal product for treatment of Hypertension
ATOS	• Production of a natural remedy for Diabetes
ISIS/HATOR	• Utilization of new and renewable energy for Greenhouses (implemented)
LOTUS	• Development of Hybrid Solar Dryers as alternative drying system (implemented)
LIBRA	• Production of native microbial inoculants and biostimulants for bio-agriculture
LIBRA	• Development of Subsurface Irrigation system (testing)
NATURE-TEX	• Development of turf-based textile that protects against radiation

Heliopolis Academy Innovation Award (HAIA)

In 2009, the Academy awarded the HAIA for innovation in sustainability and science for the second time to five different outstanding projects. In doing so the initiative aims to underline its commitment to fostering the research into sustainable lifestyles and scientific approaches of others. One prize-winning example project named “Preparation of Entomopathogenic Nematodes as Bio-Pesticides” aimed at biologically controlling harmful nematodes in the soil. The Academy wants to continue with this young tradition and is looking forward to launch the HAIA II in 2010.







Professional Training

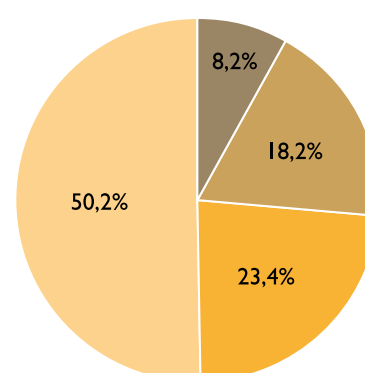
Besides the cultural development activities offered to the employees in the form of artistic courses or its weekly presentations, the SEKEM Holding takes care of the personal development of its employees. On the one hand, the employees participate in weekly meetings to discuss critical issues about their work-life. These meetings are held by the founder of the SEKEM Initiative in order to portray, explain and forward the basic vision of holistic development. On the other hand, the employees are involved in constant development activities by providing them with specific trainings directly related to their work tasks and challenges. For the first time *individual* one-year training plans are discussed with each employees within the frame of the quarterly Personal Performance Agreement (PPA). The HR department works closely together with the Training Centre from the Heliopolis Academy for Sustainable Development to optimise appropriate means for the employee's career development. The Academy also works together with international partners, like it was the case in the Sustainability Training with Queen's University in Belfast, England or the collaboration with the Research Institute of Organic Agriculture FiBL.

To give an insight into the variety of training activities some selected examples of soft skill and vocational trainings from ATOS' yearly training plan are listed below. Each firm has its individual courses, especially the vocational part is very much adapted to the specific characteristics of the firm.

ATOS Soft Skills Trainings (selection)	ATOS Vocational Skills Trainings (selection)
<ul style="list-style-type: none"> • Retaining Customer Relationship • Handling Customer Complaints • Team Building • Presentation Skills • Time Management • The Art Of Leadership • Effective Business Plan • Budgeting and Planning • Advanced Cash Flow • Win-Win Negotiation • and many more.... 	<ul style="list-style-type: none"> • Analysis of Medical Plants • Quality Assurance • Cleaning validation • Audit Checklists in Pharmaceutical Industries • Stability For Pharmaceutical Industries • Statistical Quality Control Tableting • Pharmaceutical Liquid Dosage Product • GSP Good Storing Practice • Process Validation in pharmaceutical industries • Manufacture Of Medical & Pharmaceuticals • and many more....

Employee Training Statistics (2009)

	Senior Management	Middle Management	Junior Staff	Shopfloor
				
total man-hour	12,484	27,618	35,488	76,143
avg. h/employee	657	117	73	94



The training hours from the courses have been multiplied with the number of attendants in order to get man-hours. The total amount of man-hours in 2009 was 151,736, resulting in an average training amount of 98 hours for each employee per year. In fact, the distribution of training hours varies among the companies. Also, the targeted employee category is different, depending on the current need and nature of industry.

ECOLOGY

Management Approach

All major religions share the idea that man is appointed as a steward on earth and has to sustain and develop it. In accordance to this approach, our governing principle is not only to reduce our 'footprint' but rather 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. Stating this, we commit ourselves to sustaining and further developing all ecological elements. Through quality standards and efficiency improvements, the application of new technologies, and education of all our stakeholders we want to gain "eco-literacy", which means keeping everything in balance and taking the scarcity of all resources into consideration.

SEKEM and Sustainable Agriculture

Desert Transformation

All SEKEM institutions and activities are based on what lies at the very heart of the whole initiative: the transformation of the desert into fertile land, restoring and maintaining a healthy soil and biodiversity in nature. For SEKEM, this is realized by applying solely organic and biodynamic agricultural methods.

When we turn desert soil into fertile land the key to success is the application of biocompost generated from organic waste materials. The compost contains the crucial nutrients, microorganisms and soil bacteria and simultaneously serves as soil conditioner, fertilizer, and a natural pesticide. Over the years, our cultivation system, characterized by compost application and continuous crop rotation, constantly improves the soils, increasing organic matter and soil biodiversity, and avoiding the depletion of any specific element. A healthy soil lies at the heart of successful sustainable agriculture which is the source of our success.

From the desert to living soils



Sustainable Agriculture and Global Challenges

Food security and poverty, climate change and water scarcity, as well as environmental degradation including dramatic biodiversity losses are among the most critical challenges we face in the 21st century. Especially in Egypt we face a dramatic loss of fertile soil (1960: 923 m² arable land/person; 2005: 456 m² arable land/person). Therefore, it is of strategic importance for the agricultural sector as well as the national economy in general to closely monitor the development of fertile soils, accessible clean water, energy etc. and how agricultural practices influence these development.

The way of agricultural production must be regarded as a major link between all of these issues – and a more sustainable agricultural paradigm is the only system able to provide the holistic solutions we will need to survive in dignity, or maybe to survive at all.

Sustainable agriculture will soon win the race against the conventional form.

The Competitive Advantage of Sustainable Agriculture

We strongly believe that sustainable agriculture will ultimately win the race against the conventional form. The assumption is that as soon as the availability of fertile soils and clean water reaches a certain threshold, these resources will be more costly. This will influence the price of a product and the competitiveness of the agricultural system it has been grown under. But not only natural resources such as soil and water, energy as well, as an important direct and indirect input to agriculture will be a critical factor to the competitiveness of an agricultural system as in case of non-renewable, fossil fuel based scenario, energy will be very expensive or in case of renewable sources, energy might be cheaper but still scarce or at least definite. Last but not least, the internalization of environmental damage caused by CO₂ emissions, once introduced, will cause a cost increase of the carbon intensive use of fertilizers.

As water and energy prices will rise, and regulatory frameworks will have to be redesigned to ensure the sustainable competitiveness of nations. Therefore, over the short to medium term, organic agriculture will not only become cost-competitive with conventional products – it will be even cheaper.

Environmental Compliance and Protection

SEKEM's challenge is not to comply with the national and international environmental laws, as there are no harmful substances or processes throughout the supply chain of any product. It is rather to ensure a continuous compliance with all environmental standards and guidelines we imposed on ourselves. This is only possible through clear quality and internal audit procedures which have a high, transparent level which is nonetheless subject to permanent improvement.

Sustainable Agricultural Systems

Organic agriculture is a production system for food and other agricultural products on the basis of environment-friendly production methods, relying on ecological processes and environmental protection. Organic farming eliminates the use of certain pesticides, growth promoters, mineral fertilizers and genetic engineering, as used in conventional agriculture. It combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved.

Biodynamic agriculture goes even beyond organic agriculture. It's envisioning the farm as a self-contained and self-sustaining organism. In an effort to keep the farm, the farmer, the consumer, and the earth healthy, farmers avoid chemical pesticides and fertilizers, utilize compost and cover crops, and set aside acreage for biodiversity. It times all operations to coincide with cosmic rhythms, particularly lunar cycles. The Demeter-Certification is regarded as the highest grade of organic farming in the world and is awarded after a very strict annual inspection.

SOIL

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

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of soil quality	• First soil analysis regarding certain indicators	• Ongoing soil analysis regarding physical, chemical and microbiological indicators	• Ongoing monitoring of various, well-defined soil parameters on all SEKEM farms	●
Impact on soil quality and fertility	• Positive Impact through biodynamic agriculture and composting	• Status quo maintained	• Continuous improvements and definition of realistic long-term targets	◐
Environmental compatibility	• Starting to identify potential risks on SEKEM's land	• Identification and monitoring of potential risks on SEKEM's land; related R&D projects	• Setting goals and continuous measurement to minimize risks	◐
Assessment of impact on non-renewable mineral resources	• Awareness of potential issues and investigation of SEKEM's impact	• Starting to identify potential impacts	• Full assessment and strategy for balanced usage	●

Target Achievement Evaluation (TAE): ● achieved ◐ on track ◑ at risk

Assessment of Soil

In order to constantly monitor and improve soil quality, our Microbiology and Soil Laboratory in Adleia conducts soil and compost analysis. The types of soil on the SEKEM farm in Bilbeis is called sandy silt soil. This type does not contain a lot of organic material or elements but after the cultivation and reclamation of this soil all analysis indicate higher organic matter and elements. Soil parameter for analysis are: Physical analysis (Bulk density – moisture content water holding capacity), chemical analysis (ph-Ec organic matter organic carbon nitrogen types phosphorus potassium), and microbiological analysis (total count of bacterial total count of fungi pathogenic microbe – dominated microorganism). Gaining understanding of biological and chemical processes that govern organic agriculture and using this knowledge to develop solutions for agricultural problems is considered the overall aim of the analyses within our laboratory.



LIBRA employee working at the soil lab

CO2 Reduction Potential

The soils of our earth contain about 2,500 Gt of CO²e but have lost about 76 Gt into the atmosphere in the last 80 years due to soil erosion and desertification. Soils in organic farming systems demonstrate a better humus and better ability to store CO²e than the eroded soils of conventional farms. Scientists suggest that the potential of all farming land of the world has a potential of 2.0-2.4 Gt CO²e sequestration, which can lead to a substantial reduction of the CO²e concentration in the atmosphere. Organic farming is therefore a very effective single means to reduce the CO²e concentration including numerous positive “side effects” like a better livelihood for farmers, less health hazards due to agrochemicals etc. Nevertheless, it is important not to focus solely on CO²e reduction because this would lead to a wrong incentive, like high automatization and chemical fertilizer instead of large scale composting. In the long-run this causes problems for the biological system.

Agriculture and Mineral Resources

All living beings (humans, animals, plants) need a range of mineral resources (especially Phosphorus, Nitrogen, Potassium) for their metabolisms. Without sufficient availability the basic living processes cannot be maintained. All these minerals are finite and cannot be recreated. Conventional agriculture relies on the application of synthetic (mineral) fertilizers which supply these minerals. They are extracted from reserves which were created billions of years ago. Excessive use of mineral resources in combination with poor soil structure (which normally is the case on conventional farms) causes a over proportional leaching /leakage of these minerals to the sea.

SEKEM is aware of the fact that minerals are finite and therefore handles them with great responsibility. One emphasis of biodynamic farming is among others the recycling of nutrients. With a closed-cycle technique used at SEKEM, nutrients are recycled and moreover become available locally, provided that an ecological approach is made to the methods of cultivation and farm management. A fundamental component is the method of composting.

Composting at SEKEM

SEKEM uses Controlled Microbial Composting. The Composting site is owned 100 percent by LIBRA. It consists of two sites, one in Adlia and the other nearby Alexandria. LIBRA has a total of 20 feddan of composting area and three feddan of storage area. Each site has its own suppliers of input/agricultural waste materials. Some middlemen are involved and collect the input materials from 50 km around the composting site before they bring it to us. The compost is used for the reclaiming the new SEKEM farmlands and are also sold to other external customers. The aerobic conditions throughout the composting process are as well the basis to acquire methane avoidance based carbon credits, a project, LIBRA developed together with Soil & More International.

The input material used for composting consists of different types to guarantee a maximum microbial diversity and optimal Carbon : Nitrogen ratio. We use rice straw, chicken and cow manure, green waste (harvest residuals, water hyacinths, running material and off-spec produce, etc.). This year, the compost was made of green waste (30 percent), cow manure (28 percent), rice straw (26 percent), river plant from the Nile (eight percent) and chicken manual (eight percent).

The external suppliers do the collecting and sorting of the input materials and deliver it to LIBRA. LIBRA orders and buys the input material based on a one year's plan from where the percent of waste type needed is derived and starts to process it. The first step is to setup piles, called windrows, usually with a dimension of 3m width, 1.5m height and 50m length. Each windrow must have the right mix and sequence of input materials to achieve the desired quality of the compost. Pending on the season, the composting process from the setup of the windrow until the final humus is achieved takes 8 to 10 weeks. Each of LIBRA's composting facilities have a capacity of approximately 200 tons of input material per day. To achieve the highest possible compost quality, it is critical to maintain aerobic conditions in the windrow throughout the entire composting process. In order to maintain aerobic (oxygen enriched) conditions, the windrow is mechanically turned as soon the daily measured Oxygen concentration in the windrow are below a critical level.



Tractor mixing windrow at LIBRA's composting site



Fertile soil resulting from composting

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. Through their fruits, plants provide nourishment and serve as medical remedies as well as a multifunctional raw material at the same time. They can be preserved in their diversity and further developed in their effectiveness through diligent care.

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Seed development	<ul style="list-style-type: none"> Producing and selling our own organic seeds for medicinal herbs and some cereals; buying seeds for fruits and vegetables 	<ul style="list-style-type: none"> Status quo maintained first test-harvest of fruit and vegetables from own seeds 	<ul style="list-style-type: none"> In-house production of more seed types and higher quantity in each category 	●
Biodiversity	<ul style="list-style-type: none"> Continuous increase of species 	<ul style="list-style-type: none"> Continuous increase of species Small botanical garden available 	<ul style="list-style-type: none"> Building up a botanical garden to sustain seeds and train people on different species 	●

Target Achievement Evaluation (TAE): ● achieved ● on track ○ at risk

Biodiversity

Whereas biodiversity in agriculture is still often perceived as a burden, for us, it was the only way to success, the way to create conditions in the former desert that support agricultural production and enable to sustain it over the long run. Today, the SEKEM main farm site serves as a habitat for more than 60 species of bird, both migrating and permanently settled, more than 90 varieties of trees and shrubs, and a broad range of small animals like hedgehogs, lizards, snakes, mongoose, and foxes. Biodynamic agriculture utilizes the synergies of diverse and complex ecosystems, as well as the symbioses between plants and animals. Instead of degrading our natural environment by exploiting its resources, it enhances the health of our ecosystems and therefore, the vital services they provide.



Eggplant Flower



Palm with date fruits



Calendula flower for medical use

Seed Bank and New Species

Fifteen years ago, SEKEM has been selected as a private sector organization to be one of 13 satellites constituting the “National Program for Genetic Resources” and as such responsible for establishing the national gene bank. A breeding program to contribute to securing biodiversity for herbal and medicinal plants was started. Ten species, e.g. anise, fennel, chamomile and calendula, have increased in quality and seed efficiency by about 200 percent. In addition to preserving biodiversity SEKEM actively researches the acclimatization of foreign plants to the Egyptian environment. The original living conditions of the plants, i.e. lighting and the optimal temperature are simulated in order to create the possibility to grow certain plants in Egypt, where living conditions often differ drastically.

Related R&D Activities

In our laboratories we raise predators like lice, thrips and the red spider. This is a biological way of protecting the plants in the greenhouses from parasites. The control of the white fly is more complicated. For raising the natural predators a separate greenhouse with tobacco plants was built.

In another project we want to achieve the optimal acclimatization of new imported plants under biodynamic cultivation. This refers to the introduction and adaptation a new spices and varieties such as: Echinacea, Curcuma, Solidago, Hypericum, Vitex, Valerian, Pelargonium, Jatrophia, Annato, Pumpkin, Coleus, Artimessia. These spices and varieties will be used either for the export or pharmaceutical preparations conducted in SEKEM.

We continue with the production of medicinal herbal extracts from Solidago, Cynara and Vitex locally grown in Egypt. This project has run since 2008 and used both seeds from the local market and partly imported seeds to grow new cultivations. Currently the firsts harvest is in the laboratory for chemical investigation.

We search for methods for adaptation and cultivation of Echinacea & Hypericum to develop standardized pharmaceutical grade organic extracts. The local Echinacea purpurea and three German varieties have been planted successfully but with growth differences. The harvested herbs have been given to the pharmaceutical lab for chemical and other analysis. Two German varieties of Hypericum have been cultivated in a nursery and afterwards planted in greenhouses. The harvest, which was 300 kg at 75 percent flowering has been dried and given to the pharmaceutical lab for chemical analysis.

For ATOS we try to develop a herbal product for treatment of hypertension. Solanum distichum seeds were grown in bio fertilized nursery at September 2008. After flowering and fruiting, the fruits have been harvested and dried in April 2009 so that they now can be analysed by the lab. We investigate two phenotypes, which were cultivated and isolated in a separate harvest to estimate the chemical differences between them.

Another promising field of our investigations goes into biostimulants, i.e. the production of native microbial inoculants and biostimulants for Bio-Agriculture.



LIBRA's greenhouse for capsicums



Chamomile flower for medical use



LIBRA employee showing grapes

ANIMALS

Animals populate and enliven the earth with multiple 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 behaviour and even show emotional life on 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.

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of species-appropriate treatment	<ul style="list-style-type: none"> Compliant with Demeter standard 	<ul style="list-style-type: none"> Compliant with Demeter standard 	<ul style="list-style-type: none"> Compliant with Demeter standard 	●
Impact on animal diversity and habitats	<ul style="list-style-type: none"> Through desert transformation for agricultural use, SEKEM farmlands serve as a habitats for more than 60 species of bird, 90 varieties of trees and shrubs, and a broad range of small animals 	<ul style="list-style-type: none"> Status quo maintained Extention of positive effect through cultivation of new farmlands 	<ul style="list-style-type: none"> Continuous improvements in all fields 	●

Target Achievement Evaluation (TAE): ● achieved ● on track ● at risk

Cattle

The cattle, in the year-average 494 altogether, live in an open space covered by a shade-roof. The space allotted for each cow in the paddock varies from 20 m² each to 25 m² each. Their nutrition consists of maize-silage, clover, straw, fodder beat and orange zests. Cows are usually not allowed to keep their horns on conventional farms. 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 a view to the most appropriate, physical requirements of their natural development.

The number of dairy cows has raised to 206 in 2009 with an increase of average milk production from 22 to 23 liter/day per cow. All dung from the cows and also the other animals is used for the compost sites. The outcome is used to fertilize the soil of all SEKEM farms where crops are grown biodynamically.



Sheep

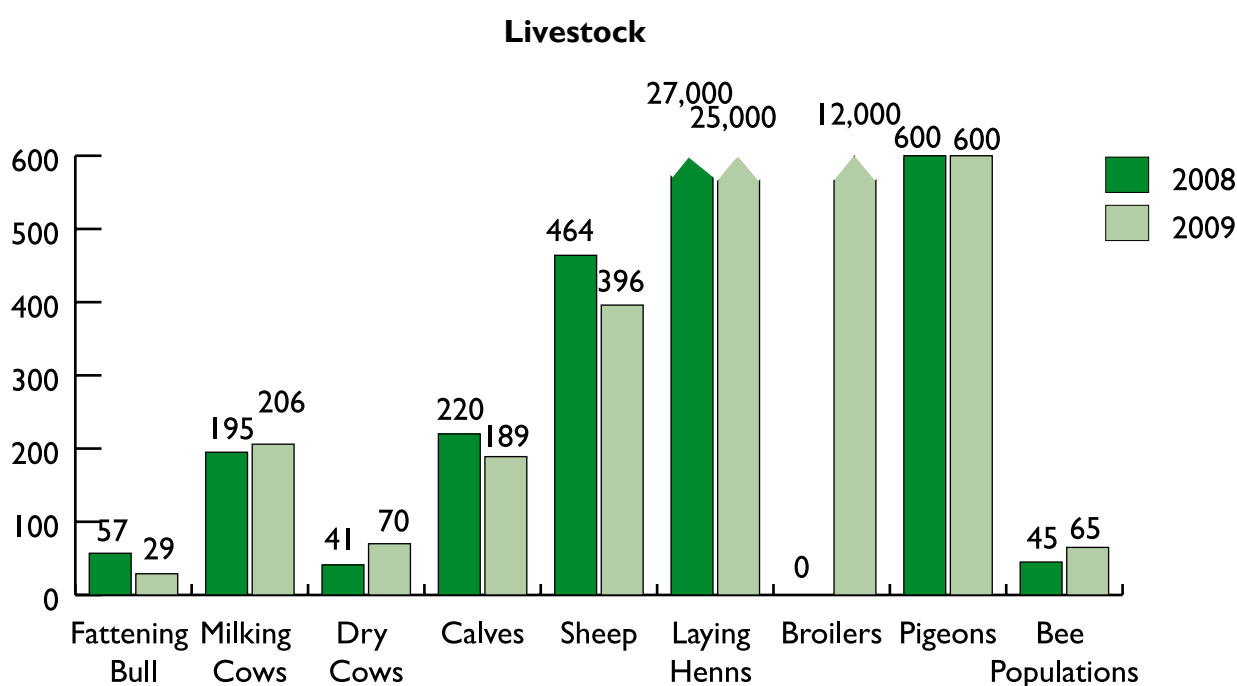
A total of 297 sheep (of which 99 were lambs) were held in average on the SEKEM farm over the year 2009. Their nutrition consists of silage and they are taken to graze regularly, with a production of around 594 kg of wool in 2009. The decrease compared to last year was caused by moving many sheep over to the new farms in Sinai.

Chickens

The first three units for laying hens have been extended by a fourth unit, to total up to 27,000 hens with a ratio of one cock per 100 hens. No antibiotics are used in the entire management and treatment of the chickens. Their nutrition consists of maize and soya silage and greens. Seven chickens live on one m² indoor and additionally they have access to a free chicken-run outside. Egg production counted up to 3,298,998 eggs during 2009.

Bees






In recent years we succeeded in re-cultivating healthy populations of the Egyptian indigenous bee species of *Apis mellifera lamarckii*, which had been weakened to the verge of extinction by pesticides, intensive cultivation and imported queens.



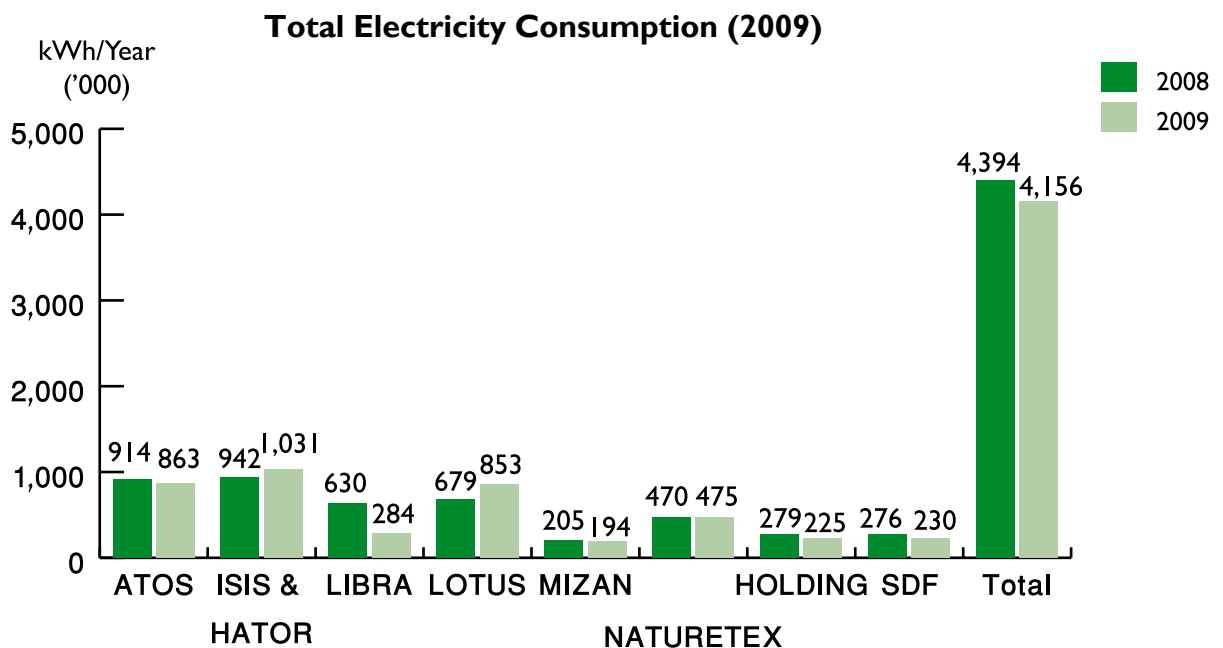
ENERGY

The sun lights life and grants the human being its 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. But the human way of energy usage contributes substantially to climate change. Through carbon-neutral power generation from renewable energies, the emission of dangerous greenhouse gases can be reduced significantly.

Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of Energy usage	<ul style="list-style-type: none"> Total electricity consumption: 4,393,810 kWh Energy Efficiency Strategy formulated with single issue initiatives 	<ul style="list-style-type: none"> Total electricity consumption: 4,156,187 kWh Single issue initiatives to further implement Energy Efficiency Strategy 	<ul style="list-style-type: none"> Full measurement through ongoing data assessment and evaluation Energy Efficiency Strategy implemented 	  
Energy saving	<ul style="list-style-type: none"> < 0.01 percent energy saving 	<ul style="list-style-type: none"> Estimated 0.9 percent energy saving (minimum) 	<ul style="list-style-type: none"> > One percent energy saving 	
Proportion of clean(er) / renewable resource usage in the energy mix	<ul style="list-style-type: none"> Improvement and further application of different renewable sources 	<ul style="list-style-type: none"> Status quo maintained 	<ul style="list-style-type: none"> Comprehensive renewable energy mix implemented and monitored 	

Target Achievement Evaluation (TAE):  achieved  on track  at risk



Note: Due to technical problems at the electricity counter at the farm in Adleia (related to LIBRA) the consumption of electricity in 2008 had to be adjusted.

Energy Efficiency

In 2009 and the years before, five power factor correction units (PFCU) with a combined capacity of 1020 KVAR have been installed in almost all companies at SEKEM Farm (ISIS/HATOR, LOTUS, ATOS, NATURETEX and MIZAN) in order to improve the total energy efficiency of the SEKEM internal electricity grid. Generally, a PFCU causes energy savings in the range of one to three percent. Only LIBRA and the site Adleia do not have a PFCU, representing almost 11 percent of the total electricity consumption. The power saved will be available to supply other plant loads or help minimize capital costs in case of future plant expansion. PFCU reduces also the energy bills by avoiding penalties imposed by the national utilities. Other advantages of improving the power factor include: Reduced heating in the equipment; increased the equipment life time; freeing up available energy from the national utility; reduction of voltage drop in the SEKEM internal electrical grid system.

Renewable Energy Mix

Photovoltaic, Wind Energy and Hybrid Solar Dryer

The Photovoltaic (PV) system at SEKEM Headquarters is producing 11 kwh per day, and will be extended to 16 to 18 kwh in 2010. Next to it, there is a small wind generator with a capacity of 2 kw. Thanks to an installed „On-Grid Hybrid Power System“ the generated renewable energy can be integrated to the energy supply of governmental electricity. We plan to expand the share of renewable energy in the future. The plans for a bigger wind park in Adleia are still under the permission phase. Two hybrid solar dryers are used by LOTUS to dry all the herbs, working 9 months a year. Another is installed at the farm belonging to LIBRA, working the whole year. Estimated resulting energy savings are around 30 to 50 percent.

Sheffler Mirror

A second “Sheffler Mirror” of 16m² in size has been installed on the ISIS factory roof. The purpose of this mirror, too, is to concentrate the sun’s light that, at its focal point, can reach temperatures of almost 600°C. The mirror will support the generation of steam for those SEKEM firms that require it and thereby reduce their reliance on fossil fuels to generate it. Each one can save roughly 30-50 kwh per day. Next to this energy saving potential, the development of this key technology’s potential for the local generation is of substantial added value. We are still in the testing phase to optimise the synchronization of the motors with the movement of the sun.

Solar Water Heaters

LIBRA has a 750 liter SWH for one of our greenhouses that serves the sub-irrigation water cycle. The Medical Center uses a 150 liter SWH for the disinfection of the medical equipment. New SWH have been installed in 2009. One with 300 liter at ISIS for the pasteurization process of the milk production. Another SWH with 150 liter is now used at the Heliopolis Academy for Sustainable Development to generate hot water for the preparation of the pharmaceutical experiments in the lab. Last but not least, almost all houses in domestic use and the cafeteria on the SEKEM farm have seven SWH with a total volume of 1,200 liters. By using solar energy to heat the water, about 100 kwh of energy per day can be saved.



The two sheffler reflector on top of ISIS roof






The PV system and the wind generator at SEKEM HQ

AIR

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

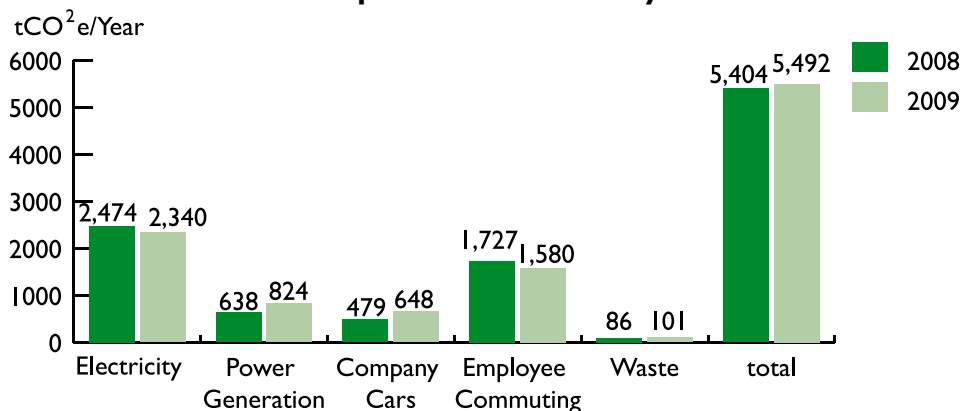
Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of emissions	<ul style="list-style-type: none"> Total emission: 4,938,714 kgCO₂ Additional assessment of 4 varieties of herbs 	<ul style="list-style-type: none"> Total emission: 5,264,210 kgCO₂ Carbon Emission assessment for 9 products of three companies 	<ul style="list-style-type: none"> Assessment of all food products 	
Reduction of imperilling emissions	<ul style="list-style-type: none"> < 0,01 percent of emission reduction 	<ul style="list-style-type: none"> ca. 0,4 percent of emission reduction (from electricity) 	<ul style="list-style-type: none"> > 0,1 percent of emission reduction 	
Emission offsetting*	<ul style="list-style-type: none"> Business flights offsetting 	<ul style="list-style-type: none"> Business flights offsetting Main transportation fleet offsetting O&M shop offsetting 	<ul style="list-style-type: none"> Offsetting of business flights, main transportation fleet, and Organic & More Shops 	

* The target for emission offsetting has been changed and does not aim towards a carbon neutral company via emission offsetting

Target Achievement Evaluation (TAE):  achieved  on track  at risk

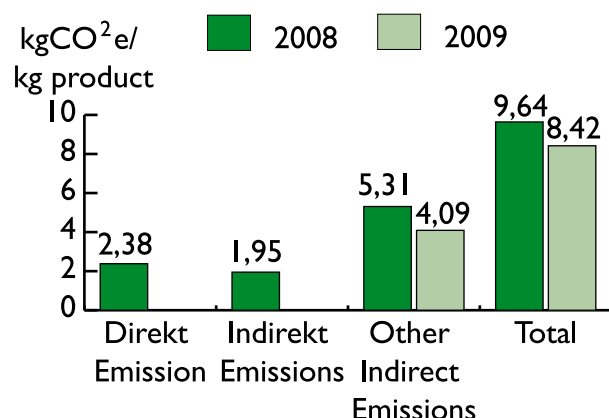
Carbon Footprint Assessment by Source



Note: Due to the adjustments of electricity consumption and employee headcounts from last year the figures for 2008 had to be updated.



Baby Bodies Carbon Footprint (example)



The emissions occurring due to the manufacturing of baby bodies from the harvest of the cotton to the final product's arrival in Europe/Germany are as follows: For one kilogram final product, the Carbon Footprint amounts to:

- 9,64 kgCO₂e (in the case of airfreight)
- 8,42 kgCO₂e (in the case of sea freight)

The emissions per piece of baby body are as follows:

- 0,87 kgCO₂e (in the case of airfreight)
- 0,76 kgCO₂e (in the case of sea freight)

Compost-related Carbon Savings

By processing the green waste of SEKEM and surrounding farms into compost (as opposed to conventional waste management methods), CO₂ emissions can be decreased crucially. Using a controlled aerobic process, around 1 Ton of CO₂ equivalent (CO₂e) emissions per two tons of chemical fertilizers when applied in agricultural processes can be reduced. Compost stimulates a healthy soil milieu, which helps to establish a balanced and sustainable soil quality, more resistant to pests and requiring less chemical treatment and irrigation.

In 2009, 63,107 tons of compost has been produced on LIBRA's two large scale compost sites. For this amount a total of 50,497 VERs (Verified Emissions Reductions) have been issued by TUEV certification body that can be traded as carbon credits. Generally, one credit can offset one ton of CO₂e emission. The price for a credit is around € 7.50.

Emission Off-setting

Parts of carbon credit generated from LIBRA have been used to offset emissions caused by SEKEM operations, namely:

- ISIS delivery fleet: 5,867t CO₂e
- Organic & More Shop: 22t CO₂e
- All business flights: 107.5t CO₂e

The SEKEM project "Clean Climate" offers a platform to offset flights for everybody. In 2009, 130 tons of greenhouse gases in Egypt due to air travel were neutralized.







Carbon Footprint by Entity (2009)

Entity	Electricity	Diesel	Emission by source (in tCO ₂ e)		Total	Share
			Commuting	Waste		
ATOS	485.8	191.3	151.3	12.1	840.5	15.3 %
ISIS & HATOR	580.4	876.1	493.7	12.4	1,962.6	35.7 %
LIBRA	167.6	66.0	145.6	11.2	390.4	7.1 %
LOTUS	480.4	189.2	88.8	10.9	769.3	14.0 %
MIZAN	109.4	43.1	30.5	10.9	194.0	3.5 %
NATURETEX	267.6	105.4	291.1	19.9	684.0	12.4 %
Holding	126.9	-	148.9	10.9	286.8	5.2 %
SDF	129.7	-	229.9	10.9	370.5	6.7 %
Total	2,339.9	1,471.1	1,579.9	99.3	5,262.8	100%

WATER

Water constitutes the basis of all life. The hydrological cycle of the organism 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 that way. 71 percent of the surface of the earth is covered by water, mainly salt-water. However, potable water is a scarce resource and must neither be wasted nor polluted any further.

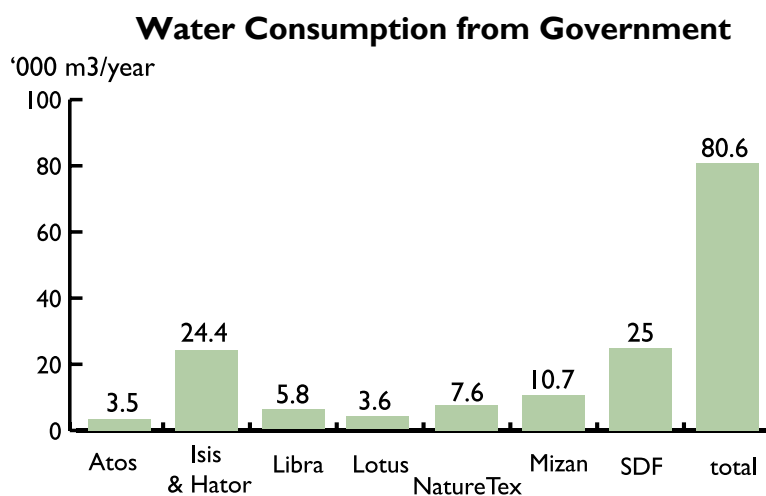
Status and Target Overview

Performance Aspect	Status 2008	Status 2009	Target 2010 (set in 2007)	TAE
Assessment of water usage	<ul style="list-style-type: none"> Water consumption: 874,422 m3 per year only from wells Single-issue assessment of usage in irrigation 	<ul style="list-style-type: none"> Water consumption: 913,206 m3 per year from wells and governorate Permanent aggregated assessment of usage in irrigation 	<ul style="list-style-type: none"> Full assessment, permanent monitoring and efficiency improvement of usage 	
Reduction of water usage and improvement of water life cycle	<ul style="list-style-type: none"> Project on desalination Project on waste water treatment Projects on improvement of irrigation methodology Wastewater reuse for nonfood trees 	<ul style="list-style-type: none"> Projects ongoing Reduction of water usage from wells: 5.4 percent 	<ul style="list-style-type: none"> Total water use reduction: 20 percent Implemented water life cycle systems Implemented policy on water usage for all farms Implemented policy on water usage for all companies 	   
Sustaining of water sources	<ul style="list-style-type: none"> No significant impact on Ground Water 	<ul style="list-style-type: none"> No significant impact on Ground Water New Reservoir at Adleia to use also Nile Water 	<ul style="list-style-type: none"> No significant impact 	

Target Achievement Evaluation (TAE):  achieved  on track  at risk

Support of the UN Global Compact

With our water strategy we demonstrate ongoing support of the CEO Water Mandate. Step by step we implement actions in all areas of commitment, taking this report as a starting point with clearly defined long-term aims and short-term targets according to the Global Reporting Initiative G3 Indicators. 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 a careful and efficient usage of the country's water sources.



Desalination

The ground water around the SEKEM farmland has a high mineral content. It is important to reduce the amount of salt in the irrigation water to avoid over-salting of soil. We research new techniques for desalination of water with the help of nano-silver is successfully decreasing the costs of the process. Reaching the desalination of water at a rate of 0.5 LE per liter would make the technique competitive. Currently the costs are approximately around 0.7 to one LE. The majority of costs arise through the usage of chemicals during the pre-treatment, and the posttreatment for disinfection. While the reverse osmosis has already been optimised to its limits, the preand post-treatment leave room for improvement.

Sub-Surface Irrigation

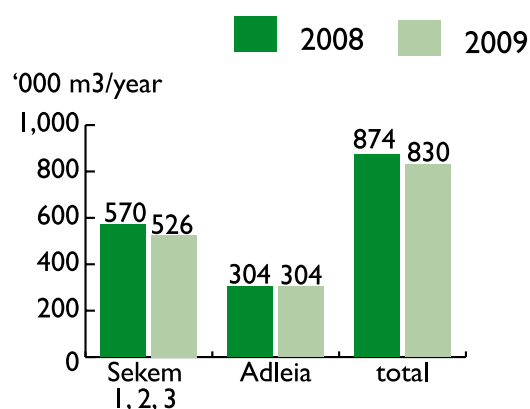
The sub-surface irrigation has potential to increase the effectiveness and productivity of water. In addition, it decreases the growth of herbs in-between the cultivated crops due to direct water supply at the roots and hinders the water to evaporate before being used by the plants. Furthermore it generally decreases the risk of plant disease. Compared to surface irrigation, sub-surface irrigation decreases the water usage by about 50 percent. Subsurface-irrigation was introduced in 2009 mainly for grapes and oranges and substituted drip-irrigation. This led to a reduction on open fields and 20 percent in greenhouses. The long-term goal is to further substitute dripping-irrigation with sub-surface irrigation. This facilitates harvesting, since the agricultural equipment can be moved over the fields without damaging irrigation systems. Another advantage is the decrease of weeds on the surface.

Water Usage, Sources and Waste Water Recycling

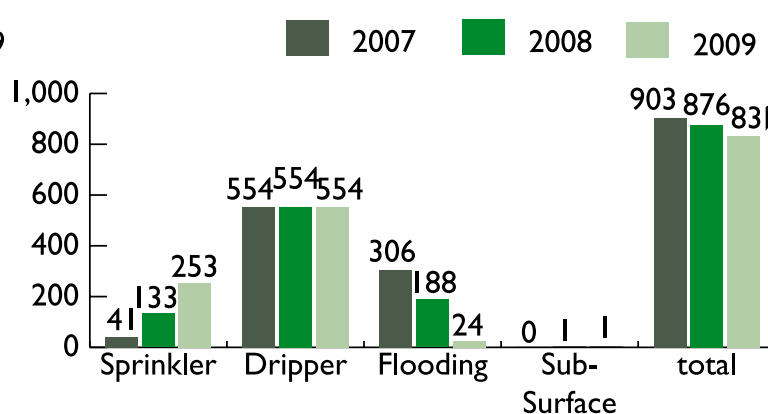
All of SEKEM's irrigation water is taken from different wells on the SEKEM farms and solely used by LIBRA. In Adleia also Nile water is used. LIBRA is responsible for over 90 percent of water usage of the whole group. The nine active wells are renewable sources watered by the Nile with an average overall water discharge of 196 m³ per hour. Thus, none of the sources is significantly impacted by the water discharge as the ground water levels have stayed at a constant level for several years. From every well we only discharge around 20 m³ per hour, and it starts to be significantly impacted from 120 – 150 m³. Furthermore we purchase a small amount of water, especially for the companies, from the government.


In 2009, SEKEM used sprinkler, dripping-irrigation and surface/flooding irrigation. In 2009, 41 feddan of flooding irrigation where replaced by sprinkler irrigation which reduced the total water consumption from 570,000 m³ to 526,000 m³. Now, only a very small fraction of 3.5 feddan out of approximately 200 feddan are irrigated by flooding. Overall, the water consumption from wells decreased 5.2 percent. The reduction of water consumption from government cannot be estimated due to a lack of available data from last year.

Water Consumption from Wells by Farmland



Water Consumption from Wells by Type of Irrigation





“Wer sich selbst und andere kennt
wird auch hier erkennen
Orient und Okzident
sind nicht mehr zu trennen”

Johann Wolfgang von Goethe

“Those who know themselves and others
will recognise here too
that the Orient and the Occident
can no longer be separated”

Chairman`s Epilogue



Dear Readers,

Sustainable development is our main goal and principal idea behind all our deeds. It is deeply rooted in our corporate culture and practiced in all our companies as well as cultural institutions. SEKEM in its entirety promotes solutions and innovations to solve the severe problems of society and earth for a better future.

2009 was an especially challenging year. However, thanks to our ecological and ethical alignment we navigated the economic downturn with success compared to other institutions and companies in different countries. These achievements were the result of an outstanding level of commitment of our managing director and our employees to

whom I extend my sincere thanks.

Today, we are benefiting from the work we have done in recent years to align the enterprise towards innovation and integration and to give it a competitive structure. This includes in particular investments in research and development as new technologies and innovative products are primarily a result of intensive research activities.

An important milestone is our sustainability report which we launched for the first time in 2007 and which combines an internal reflection of the company's sustainability performance with rising awareness for how SEKEM promotes sustainable development and drives it forward throughout the world. In this third edition, we are presenting our lighthouse projects in the areas of health care, organic food, textiles and climate protection.

A special focus has been set on the SEKEM Development Foundation with its educational, research and cultural activities. Investments from the private sector in higher education are highly demanded in order to safeguard the future. In this context the SEKEM Holding is providing financial assistance to the Heliopolis University for Sustainable Development, which is preparing for an opening in 2011.

Last but not least, I would like to thank our stakeholders for the trust you have placed in me and the entire board of directors.

I am optimistic that 2010 will be a successful year!

Sincerely,

Prof Dr. Ibrahim Abouleish
Chairman of the Board of Directors

A handwritten signature in black ink, reading 'Dr. I. Abouleish' with a stylized flourish at the end.

SEKEM's Advisory Board



The International Finance Corporation represented by Nadiya Ahmed, is a member of the World Bank group. The IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments.



Wilfried Roeder is representing the DEG, member of KfW Bankengruppe (KfW banking group), which finances investments of private companies in developing and transition 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 is focusing on cultural, social and ecological projects which 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, Chair of SIAC, Industrial Construction & Engineering Company, which has been established in 1986 to be a leading construction firm.



Zakaria Shams, Chair of Al Shams agro group is one of the leading companies in Egypt offering the ability of exporting fresh citrus around the world. The group is currently managing over 2.400 acres of cultivated ground raising citrus fruits, mangos, guavas, and grapes.

Company Information & Evaluation

ATOS at a Glance



ATOS, founded in 1986, produces an array of natural medicines and health care products of superior quality for effective causal treatment combined with maximum tolerability. Products can be bought in Egypt and other countries from the Middle East, like Saudi Arabia. The company has 55 different products in the categories sirups, drops, capsules, tablets and tea bags. The Egyptian pharmaceutical market grew 18 percent in 2009, having a total value of approximately 14 billion LE, and is estimated to continue growing between 10-15 percent in the next years. ATOS has only a very small market share of 0.2 percent.

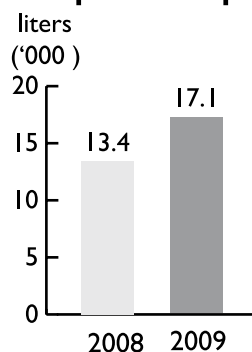
ATOS sales grew 8 percent while production was increased in all main product areas. For the majority of medical products, the prices are fixed by the Ministry of Health whereas the price for over-the-counter products (no prescription needed) can be influenced by the company. In the future, stronger growth is planned to be stimulated through higher emphasize on export and introduction of new product categories, such as cosmetic products or new biotechnology product lines. The challenges lies in bringing existing inventions from the R&D pipeline through the registration process to the market. Currently, only 0.6 percent of sales (204,009 LE) are generated from products that have been introduced in the last three years. The Egyptian pharma industry has in general a low innovation rate, however ATOS wants to improve in the future.

At the end of 2009, ATOS has a total number of 198 employees. The operations are less production intensive (only 25 percent of the employees work in production and support functions related to infrastructure and distribution) but needs a huge sales force. About 55 percent of the employees can be classified as junior staff of which the bulk is involved with direct customer relations and sales. This is necessary to deal with the high number of individual doctors and pharmacists who represent the most important distribution channel to the end-customer. The turnover of employees working for more than one year was 26.1 percent whereas the turnover including also employees that leave in the first year amounted to 47.3 percent. Fluctuations in the sales force were the main reason for the higher turnover rates compared to the Group's average. In 2009, a total of 36,740 training man-hours were devoted to ATOS' employees, which represents 24 percent of the group's total training hours. From these training hours a very high share of 13 percent was distributed to senior management that represents three percent of the total work force. Also a high share of 43 percent was devoted to train employees from production and support functions.

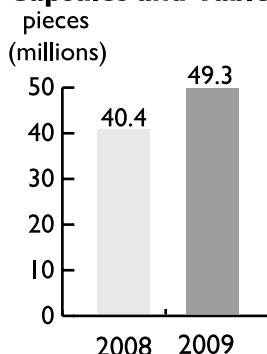
ATOS is generating 14.3 percent from the Group Companies' total sales with a workforce that is making up 12.8 percent of the total employees. Besides that, the company is responsible for 15.3 percent of total emissions and only 4.4 percent of governmental water usage. It offsets all business flights to reduce its GHG emissions. The waste water of ATOS is used to irrigate the plants and trees that grow around the production site and are not dedicated for agricultural use. Further potential to reduce water consumption in the production processes has been identified.

Production Quantity

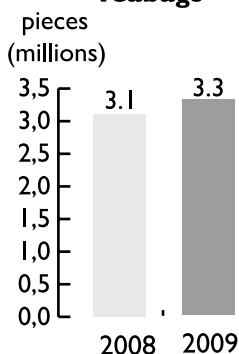
Sirups and Drops



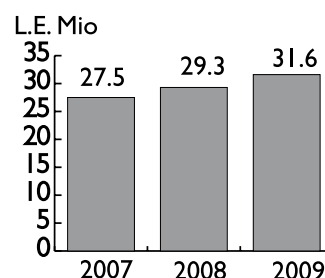
Capsules and Tablets



Teabags



Sales History



Sustainable Development Scorecard

Below the performance evaluation of ATOS based on a self-assessment according to the IAP Sustainability Flower is illustrated. Some performance aspects are not in the direct zone of influence of the company. The policy work for instance is covered centrally on the group level. The dimension Ecology is mainly influenced by the supply chain. Here, ATOS asks for Demeter standards and compliance to organic regulations. At the end, this responsibility sharing along the supply chain has a positive impact on the environment. Directly influenced is the aspect of biodiversity because of all the conducted research concerning the use and cultivation of medical plants in Egypt. Scientific research engagement together with Innovation to enlarge the product portfolio can be seen as key for ATOS' development. As a company operating in the health industry, the aspect of consumer responsibility and compliance are also highly important. Therefore, the industry is strictly regulated by national health authorities. In comparison to the aggregated performance of SEKEM Group, ATOS performs better in the aspects of economic development and growth but performs not as good on the aspects of innovation, and reduction of water usage.

ECONOMIC LIFE		• Sustainability strategy performance management.....			•	
		• Economic development and growth.....			•	
		• Innovation.....		•		
		• Supply chain management.....		•		
		• Eco-friendly products.....			•	
		• Socio-friendly products.....			•	
		• Customer responsibility.....			•	
		• Eco-effective packaging and transportation.....		•		
		• Sustainable waste management.....			•	
SOCIETAL LIFE		• Corporate governance and compliance.....			•	
		• Human Rights adherence and impact along the company's value chain			•	
		• Work force, labour conditions and health & safety.....			•	
		• Work force diversity and equal treatment.....			•	
		• Employee loyalty and motivation.....		•		
		• Support employee community organization.....			•	
		• Policy work for sustainable development and world challenges.....			•	
CULTURAL LIFE		• Assessment of company's cultural development strategy.....			•	
		• Employee training and awareness building in different spheres of education.....			•	
		• Scientific research engagement.....			•	
		• Health of the employees and broader community.....			•	
		• Religious and spiritual activities.....			•	
ECOLOGY	Soil	• Assessment of soil quality.....			•	
		• Impact on soil quality and fertility.....			•	
		• Environmental compatibility.....			•	
		• Assessment of impact on non-renewable mineral resources.....			•	
	Plants	• Seed development.....				
		• Biodiversity.....			•	
	Animals	• Assessment of species-appropriate treatment.....				
		• Impact on animal diversity and habitats.....			•	
	Energy	• Assessment of energy usage.....		•		
		• Energy saving.....		•		
		• Proportion of clean(er) / renewable energy.....		•		
	Air	• Assessment of emissions.....		•		
		• Reduction of imperiling emissions.....		•		
		• Emission offsetting.....		•		
	Water	• Assessment of water usage.....		•		
		• Reduction of water usage and improvement of water life cycle.....		•		
		• Sustaining of water sources.....			•	
			2009	-	12	23

ISIS at a Glance



ISIS, founded in 1997, produces wholesome, nutritious and tasty food from carefully selected raw materials, free of any artificial additives or preservatives. Today, every Egyptian knows ISIS herbal teas, and ISIS foodstuff or beverages are found in every food shop or super market in Cairo. ISIS has a huge range of more than 270 different products in the categories drinks, food, fruit and vegetables and herbs (which includes tea bags). Some product examples are organically grown cereals, rice, vegetables, pasta, honey, jams, dates, spices, herbs, edible oils, beverages, such as herbal teas, coffee and juices. Alone in 2009, ISIS produced more than 240 million tea bags.

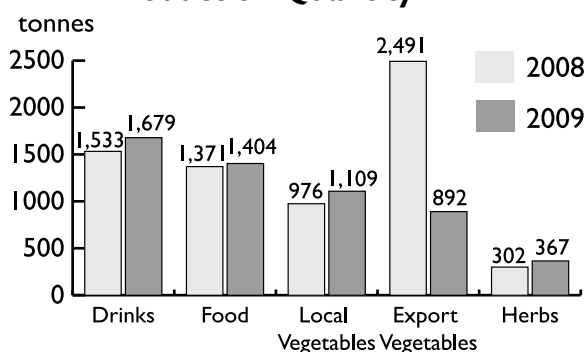
According to a study of Organic Monitor, the global market of organic food and drinks is estimated to grow from \$83 billion in 2010 to \$518 billion in 2020. We want to grow on local and international markets and therefore strive to keep a high innovation rate. Currently, the products that have been introduced over the last three years generate around 22 percent of our total sales (20.4 million LE) in 2009. We plan to bottle table water as a new product line next year. We also want to introduce black tea as a new strategic product together with an Indian partner. We see our new supermarket chain as valuable channel to further educate our customers on the positive impacts of our products. This is one major success factor for further development.

To further streamline its production and to realize efficiency gains with regard to support functions, ISIS continued to merge its operations with HATOR (also a SEKEM company focuses on fresh vegetables and fruits). This did not lead to an employee lay-off because it is common practice between the SEKEM companies to offer alternative job positions within the group. HATOR, operationally part of ISIS, suffered under a huge decline in export demand. Financially, HATOR's relatively low sales (4.8 million LE) were neutralized through the strong sales performance of ISIS (35 percent growth) mainly due to a increase of demand on the local market. Both companies together ended up in a slight increase of consolidated sales of 5.2 percent.

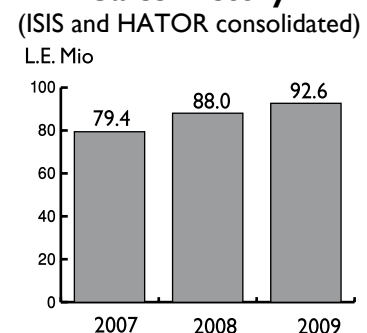
At the end of 2009, ISIS, together with HATOR, had a total number of 592 employees of which 23.3 percent are women. Slightly over 50 percent of all employees work in production and support functions related to infrastructure and distribution. The turnover of employees working for more than one year was 20.5 percent whereas the turnover including also employees that leave in the first year amounted to 34.5 percent. This is mainly caused by fluctuations of sales representatives and drivers for distribution which is not very unusual for the industry. In 2009, a total of 38,485 training hours were devoted to ISIS' employees, which represents 25 percent of the group's total training hours. From these training hours a relatively high share of 7 percent was distributed to senior management that represents 0.5 percent of the total work force.

ISIS (together with HATOR) is generating 41.8 percent from the Group Companies' total sales with a workforce that is making up 38.2 percent of the total employees. Besides that, the company is responsible for 35.7 percent of total emissions and 30.3 percent of governmental water usage. ISIS did a first big step is generating 14.3 percent from the Group Companies' total sales and step towards the aim of a carbon neutral company by offsetting its whole distribution fleet. Furthermore, all business flights were offsetted and therefore the negative impact on the environment due to emissions could be reduced. ISIS identified a potential to increase energy efficiency in some production processes and to improve eco-friendly packaging. The waste water of ISIS is used to irrigate the plants and trees that grow around the production site and are not dedicated for agricultural use.

Production Quantity



Sales History



Sustainable Development Scorecard

Below the performance evaluation of ISIS based on a self-assessment according to the IAP Sustainability Flower is illustrated. Some performance aspects are not relevant on company level. Some performance aspects are not in the direct zone of influence of the company. The policy work for instance is covered centrally on the group level. The dimension Ecology is mainly influenced by the supply chain. Here, ISIS asks for Demeter standards and compliance to organic regulations. At the end this responsibility sharing along the supply chain has a positive impact on the environment. As a company for consumer products the performance aspects of consumer responsibility and socio-friendly products are very important. The strong contribution of ISIS to the overall group's economic performance puts strong emphasize on innovation and the related economic development and growth. Roughly one third of the Group's employees come from ISIS which makes the company's impact significant. In comparison to the aggregated performance of SEKEM Group, ISIS performs better in the aspect of economic development and growth but performs not as good on the aspects of scientific research engagement, and reduction of water usage.

ECONOMIC LIFE		• Sustainability strategy performance management.....			•	
		• Economic development and growth.....			•	
		• Innovation.....			•	
		• Supply chain management.....		•	•	
		• Eco-friendly products.....			•	
		• Socio-friendly products.....			•	
		• Customer responsibility.....			•	
		• Eco-effective packaging and transportation.....		•	•	
		• Sustainable waste management.....			•	
SOCIETAL LIFE		• Corporate governance and compliance.....			•	
		• Human Rights adherence and impact along the company's value chain		•	•	
		• Work force, labour conditions and health & safety.....			•	
		• Work force diversity and equal treatment.....			•	
		• Employee loyalty and motivation.....		•	•	
		• Support employee community organization.....			•	
		• Policy work for sustainable development and world challenges.....			•	
CULTURAL LIFE		• Assessment of company's cultural development strategy.....			•	
		• Employee training and awareness building in different spheres of education.....			•	
		• Scientific research engagement.....		•	•	
		• Health of the employees and broader community.....			•	
		• Religious and spiritual activities.....			•	
ECOLOGY	Soil	• Assessment of soil quality.....			•	
		• Impact on soil quality and fertility.....			•	
		• Environmental compatibility.....			•	
		• Assessment of impact on non-renewable mineral resources.....			•	
	Plants	• Seed development.....			•	
		• Biodiversity.....			•	
	Animals	• Assessment of species-appropriate treatment.....			•	
		• Impact on animal diversity and habitats.....			•	
	Energy	• Assessment of energy usage.....		•	•	
		• Energy saving.....		•	•	
		• Proportion of clean(er) / renewable energy.....		•	•	
	Air	• Assessment of emissions.....		•	•	
		• Reduction of imperiling emissions.....		•	•	
		• Emission offsetting.....		•	•	
	Water	• Assessment of water usage.....		•	•	
		• Reduction of water usage and improvement of water life cycle.....		•	•	
		• Sustaining of water sources.....			•	
			2009	-	13	22

LIBRA at a Glance



LIBRA was founded in 1988. The company produces fruits, vegetables, herbs, milk, eggs, meat and since two years also compost. Altogether, LIBRA has almost 20 different products. All products serve solely as raw materials for the other SEKEM companies that process them. Only compost and the related carbon credits are sold to other companies or governmental organisations.

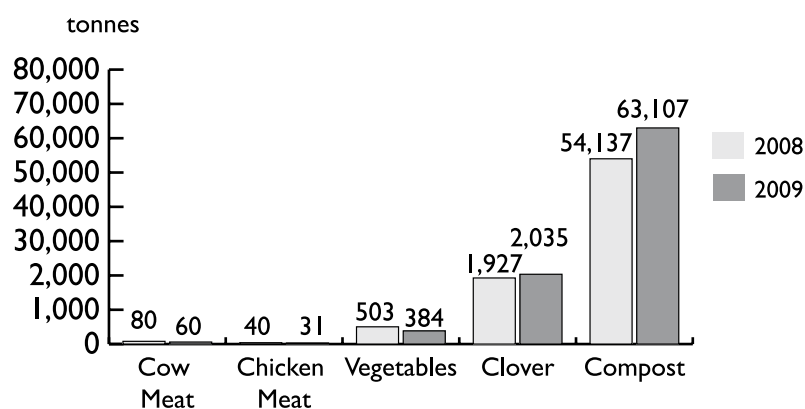
LIBRA is supplying compost to the new farms and gets their green waste to turn it into soil again. The cultivated area around SEKEM Farm is 121 acres (117 feddan) for the fields SEKEM 1-3 and 125 acres (120 feddan) for the farm in Adleia. The new composting activities on another 21 acres (20 feddan) close the value creation cycle and use the agricultural and organic waste from production and provide significant potential to offset CO₂ emissions. In a short time period, composting boosted LIBRA's revenues. In 2009, 53.9 percent of all revenues (about 12 million LE) came from composting, which is positively influencing the performance on the innovation aspect.

LIBRA is the only company under the SEKEM umbrella that has animals (for details see in the Ecology section). In 2009, absolute yearly milk production could be increased from 1,332,000 liter to 1,606,000 liter. The average milk production per cow per day also increased from 22 liter/day to 23 l/day. Additionally, a huge increase in egg production was achieved (from 718,250 eggs in 2008 to 2,724,035 in 2009). The main contribution to sales remained composting and the related business of carbon credit generation. The overall decline in sales was mainly caused by a reduction of vegetable production due to a major decrease of vegetable export from LIBRA's main customer ISIS.

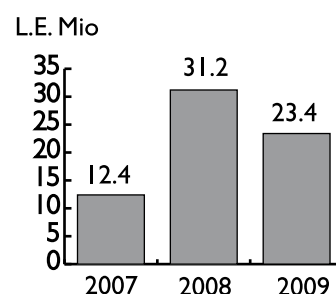
At the end of 2009, LIBRA had a total number of 143 employees. Only two of them are women. This does not include the seasonal workers that are contracted by the company directly. Egyptian tradition makes agricultural production foremost a male domain. From all employees a typical high share of 62 percent work in the production that means they are directly involved with the husbandry or on the field. The turnover of employees working for more than one year was 13.6 percent, whereas the turnover including also employees that leave in the first year amounted to 25.2 percent. In 2009, a relatively high share of 37,632 training hours were devoted to LIBRA, LOTUS and MIZAN, which represents 25 percent of the group's total training hours. From these training hours a huge amount of nine percent and 22 percent was distributed to senior and middle management respectively.

LIBRA is generating 11 percent from the Group Companies' total sales with a workforce that is making up 9.2 percent of the total employees. Besides that, the company is responsible for 7.1 percent of total emissions and 7.2 percent of governmental water usage. The water from wells is only used by LIBRA so in sum LIBRA is responsible for 91 percent of the group's total water consumption. Therefore, the company plays a crucial role for any water efficiency initiatives. One major effort by LIBRA to reduce water consumption is to replace flood irrigation with sprinkler irrigation. For the future the share of sub-surface irrigation is planned to be increased.

Production Quantity



Sales History



Sustainable Development Scorecard

Below the performance evaluation of LIBRA based on a self-assessment according to the IAP Sustainability Flower is illustrated. Some performance aspects are not relevant on company level. Some performance aspects are not in the direct zone of influence of the company. The policy work for instance is covered centrally on the group level. The dimension Ecology is a central part because LIBRA is an agricultural production company. Therefore, LIBRA's performance in the ecological dimension has a central impact on the SEKEM group performance, especially concerning the animal and water aspect. LIBRA's water usage counts for more than 90 percent, therefore influencing significantly the related efficiency. Through its composting activities, LIBRA sees its integrative relation to soil as a core competence. Another central aspect for LIBRA is the impact on the community. LIBRA is an important provider for jobs in the region and a provider of know how for biodynamic agriculture in connection with the Egyptian Biodynamic Association. In comparison to the aggregated performance of SEKEM Group, LIBRA has performed better on many aspects.

ECONOMIC LIFE		• Sustainability strategy performance management.....			•	
		• Economic development and growth.....		•	•	
		• Innovation.....			•	
		• Supply chain management.....			•	
		• Eco-friendly products.....			•	
		• Socio-friendly products.....			•	
		• Customer responsibility.....			•	
		• Eco-effective packaging and transportation.....		•	•	
		• Sustainable waste management.....			•	
SOCIETAL LIFE		• Corporate governance and compliance.....			•	
		• Human Rights adherence and impact along the company's value chain			•	
		• Work force, labour conditions and health & safety.....			•	
		• Work force diversity and equal treatment.....			•	
		• Employee loyalty and motivation.....		•	•	
		• Support employee community organization.....			•	
		• Policy work for sustainable development and world challenges.....			•	
CULTURAL LIFE		• Assessment of company's cultural development strategy.....			•	
		• Employee training and awareness building in different spheres of education.....			•	
		• Scientific research engagement.....			•	
		• Health of the employees and broader community.....			•	
		• Religious and spiritual activities.....			•	
ECOLOGY	Soil	• Assessment of soil quality.....			•	
		• Impact on soil quality and fertility.....			•	
		• Environmental compatibility.....			•	
	Plants	• Assessment of impact on non-renewable mineral resources.....			•	
		• Seed development.....			•	
		• Biodiversity.....			•	
	Animals	• Assessment of species-appropriate treatment.....			•	
		• Impact on animal diversity and habitats.....			•	
		• Assessment of energy usage.....		•	•	
	Energy	• Energy saving.....			•	
		• Proportion of clean(er) / renewable energy.....			•	
		• Assessment of emissions.....		•	•	
	Air	• Reduction of imperiling emissions.....			•	
		• Emission offsetting.....		•	•	
		• Assessment of water usage.....			•	
	Water	• Reduction of water usage and improvement of water life cycle.....			•	
		• Sustaining of water sources.....			•	
			2009	-	6	31

LOTUS at a Glance



LOTUS, founded in 1977, was the first company of Dr. Ibrahim Abouleish and started with the name of SEKEM. It produces natural and chemical free herbs, spices, seeds and cereals. LOTUS mainly export its product to intermediate customer which then produce the final product to be delivered to final consumer. Approximately half of LOTUS' local production is sold to its sister company ATOS and ISIS. Altogether, LOTUS has 103 different products.

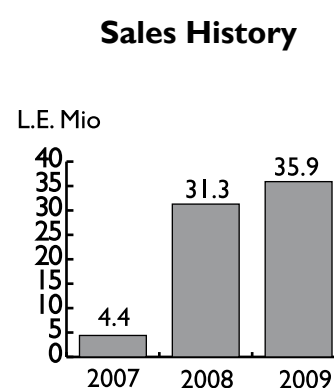
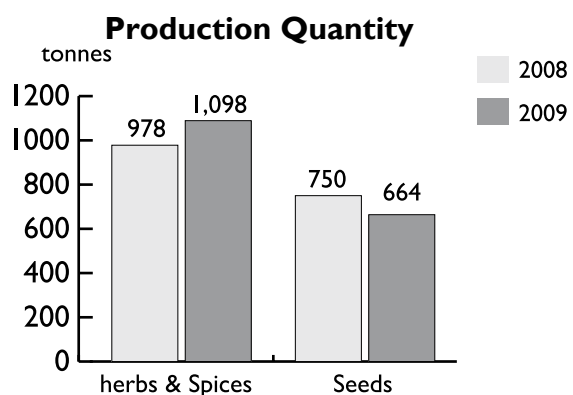
LOTUS has few competitors in Egypt as it is specialized in organic products. LOTUS is the strongest producer of organic herbs, spices, and cereals in the Middle East and Africa. There are no distributors involved because an export team is responsible to deal with the customers directly.

The growth of the global market of organic food is the main driver for LOTUS' expansion. The company depends on a number of farmers who supply raw herbs, spices and cereals. LOTUS has a resident engineer in the farms to supervise the accuracy and commitment to organic agriculture regulations during the production process. Recently SEKEM for Land Reclamation also started to deliver raw materials. For its quality compliance, regular external audits are applied to quality standards from national and international certifiers are conducted. Also, regular internal audits from the SEKEM group quality audit team are performed.

In 2009, only 1.8 percent of total sales (approximately 629,000 LE) are generated from products that have been introduced in the last three years. It has to be mentioned that nevertheless, LOTUS has about twice as much products in their portfolio than the industry average. Typically, these innovations are small product portfolio extensions (like peanuts or red beets) and are likely to grow over time. Sales will rather grow from existing products in new or even existing markets. Two years ago, the production capacity was the limiting factor for growth. The huge expansion of the production site in 2007 showed positive results but still has not reached its full production potential.

At the end of 2009, LOTUS had a total number of 90 employees. From all employees a typical high share of 58 percent work in the production and support functions related to production or infrastructure. The turnover of employees working for more than one year was 8.9 percent, the lowest rate among the SEKEM companies, whereas the turnover including also employees that leave in the first year amounted to 25.5 percent. This is mainly caused by fluctuations of employees in the production. In 2009, a total of 37,632 training hours were devoted to LIBRA, LOTUS and MIZAN, which represents 25 percent of the group's total training hours. From these training hours a relatively high share of nine percent and 22 percent was distributed to senior and middle management respectively.

LOTUS is generating 16.2 percent from the Group Companies' total sales with a workforce that is making up only 5.8 percent of the total employees. Besides that, the company is responsible for 14.0 percent of total emissions and only 4.5 percent of governmental water usage (actually water consumption is only for employee use and not for production). All business flights were offsetted. For export, LOTUS uses minimal air freight (one to two percent) and the packaging material is only made by recyclable paper. Until now, LOTUS started to use a solar dryer for processing herbs.



Sustainable Development Scorecard

Below the performance evaluation of LOTUS based on a self-assessment according to the IAP Sustainability Flower is illustrated. Some performance aspects are not relevant on company level. Some performance aspects are not in the direct zone of influence of the company. The policy work for instance is covered centrally on the group level. LOTUS processes raw material from its suppliers. Much efforts are put in scientific research and development to solve the problem of water scarcity. With increasing exports consumer responsibility also gains much more importance and focuses mainly on B2B relations in other MENA countries. In comparison to the aggregated performance of SEKEM Group LOTUS has a better evaluation in the aspect of economic development and growth, and employee loyalty but performs less well on the aspects of innovation, and proportion of renewable energy in the energy mix.

ECONOMIC LIFE		• Sustainability strategy performance management.....			•	
		• Economic development and growth.....			•	
		• Innovation.....		•		
		• Supply chain management.....		•		
		• Eco-friendly products.....			•	
		• Socio-friendly products.....			•	
		• Customer responsibility.....			•	
		• Eco-effective packaging and transportation.....			•	
		• Sustainable waste management.....			•	
SOCIETAL LIFE		• Corporate governance and compliance.....			•	
		• Human Rights adherence and impact along the company's value chain			•	
		• Work force, labour conditions and health & safety.....			•	
		• Work force diversity and equal treatment.....			•	
		• Employee loyalty and motivation.....			•	
		• Support employee community organization.....			•	
		• Policy work for sustainable development and world challenges.....			•	
CULTURAL LIFE		• Assessment of company's cultural development strategy.....			•	
		• Employee training and awareness building in different spheres of education.....			•	
		• Scientific research engagement.....			•	
		• Health of the employees and broader community.....			•	
		• Religious and spiritual activities.....			•	
ECOLOGY	Soil	• Assessment of soil quality.....			•	
		• Impact on soil quality and fertility.....			•	
		• Environmental compatibility.....			•	
	Plants	• Assessment of impact on non-renewable mineral resources.....			•	
		• Seed development.....			•	
	Animals	• Biodiversity.....			•	
		• Assessment of species-appropriate treatment.....			•	
	Energy	• Impact on animal diversity and habitats.....			•	
		• Assessment of energy usage.....		•		
		• Energy saving.....		•		
	Air	• Proportion of clean(er) / renewable energy.....		•		
		• Assessment of emissions.....		•		
		• Reduction of imperiling emissions.....		•		
	Water	• Emission offsetting.....		•		
		• Assessment of water usage.....		•		
		• Reduction of water usage and improvement of water life cycle.....			•	
	• Sustaining of water sources.....			•		
			2009	-	9	26

NATURETEX at a Glance



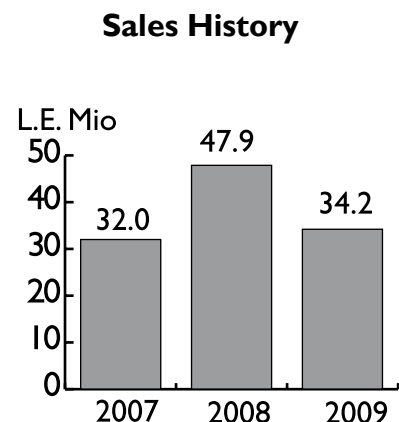
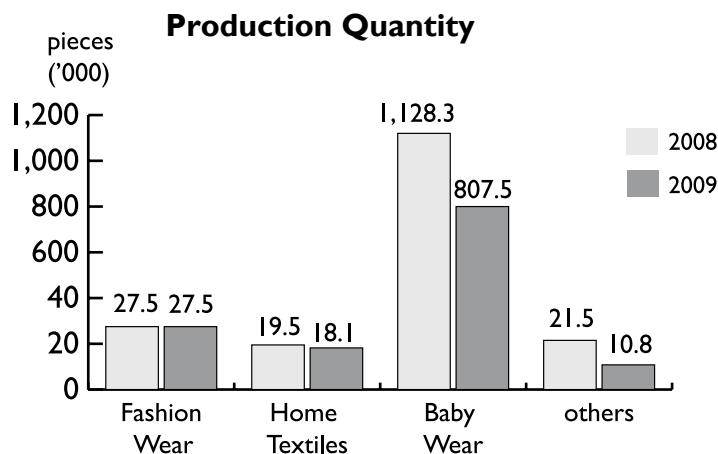
NATURETEX, founded in 1998 (originally under the name of CONYTEX), has a range of 35 different products in the categories fashion wear, home textiles, baby wear (which is the most prominent and strong in export under different brand names), and others, such as small dolls.

The global market for organic textiles is constantly rising. At the same time competition is also becoming more and more fierce. This will make it necessary for NATURETEX to diversify further into new market segments and to strengthen its position in the baby wear segment. Currently, the products that have been introduced over the last three years generate 92.3 percent of our total sales (31.6 million LE) in 2009. This high rate is mainly caused by new collections that differ in colour or material from the previous year. Genuinely new product lines, like towels or the Norwegian sweatshirt make up around five percent of sales. NATURETEX plans to enter the production of bed sheets and women wear in next year. Typically, customer relations are not directly to the end-customer but through business-to-business relations.

At the end of 2009, NATURETEX has a total number of 312 employees, around 20 percent of the total workforce. Almost 65 percent of all employees work in production and support functions related to infrastructure and distribution. The turnover of employees working for more than one year was 29 percent, the lowest rate among the SEKEM companies, whereas the turnover including also employees that leave in the first year amounted to 52.5 percent. This is the highest turnover average among the Group and mainly caused by fluctuations of employees in the production. In 2009, a total of 38,856 training hours were devoted to NATURETEX employees, which represents 26 percent of the group's total training hours. Even though middle management only represents 3 percent of the workforce, their training counts for 14 percent of the total man-hours used.

NATURETEX is generating 15.4 percent from the Group Companies' total sales with a workforce that is making up 20.1 percent of the total employees. Besides that, the company is responsible for 12.4 percent of total emissions and 9.4 percent of governmental water usage.

It offsets all business flights to reduce its negative impact on the environment. The waste water of the company is used to irrigate the plants and trees that grow around the production site and are not dedicated for agricultural use.



Sustainable Development Scorecard

Below the performance evaluation of NATURETEX based on a self-assessment according to the IAP Sustainability Flower is illustrated. Some performance aspects are not relevant on company level. Some performance aspects are not in the direct zone of influence of the company. The policy work for instance is covered centrally on the group level. The dimension Ecology is mainly influenced by the supply chain. Here, NATURETEX asks for Demeter standards and compliance to organic regulations and GOTS (Global Organic Textile Standard). At the end this responsibility sharing along the supply chain has a positive impact on the environment. As a textile company the health and labour conditions of employees are among the priority aspects. Furthermore supply chain relations are crucial for the quality of the product which must assure that there is no negative impact on the end-consumer's health (part of the socio-friendliness). In addition to that, the strong focus on exports makes corporate governance and compliance a crucial element for the success of NATURETEX. In comparison to the aggregated performance of SEKEM Group NATURETEX performs not as good on the aspects of scientific research engagement, customer responsibility, and reduction of water usage.

ECONOMIC LIFE	• Sustainability strategy performance management.....			•	
	• Economic development and growth.....		•		
	• Innovation.....			•	
	• Supply chain management.....		•		
	• Eco-friendly products.....			•	
	• Socio-friendly products.....			•	
	• Customer responsibility.....		•		
	• Eco-effective packaging and transportation.....		•		
	• Sustainable waste management.....			•	
SOCIAL LIFE	• Corporate governance and compliance.....			•	
	• Human Rights adherence and impact along the company's value chain			•	
	• Work force, labour conditions and health & safety.....			•	
	• Work force diversity and equal treatment.....			•	
	• Employee loyalty and motivation.....		•		
	• Support employee community organization.....			•	
	• Policy work for sustainable development and world challenges.....			•	
	CULTURAL LIFE	• Assessment of company's cultural development strategy.....			•
• Employee training and awareness building in different spheres of education.....				•	
• Scientific research engagement.....			•		
• Health of the employees and broader community.....				•	
• Religious and spiritual activities.....				•	
ECOLOGY	Soil	• Assessment of soil quality.....			
		• Impact on soil quality and fertility.....			•
		• Environmental compatibility.....			•
		• Assessment of impact on non-renewable mineral resources.....			•
	Plants	• Seed development.....			
		• Biodiversity.....			•
	Animals	• Assessment of species-appropriate treatment.....			
		• Impact on animal diversity and habitats.....			•
	Energy	• Assessment of energy usage.....		•	
		• Energy saving.....		•	
		• Proportion of clean(er) / renewable energy.....		•	
	Air	• Assessment of emissions.....		•	
		• Reduction of imperiling emissions.....		•	
		• Emission offsetting.....		•	
	Water	• Assessment of water usage.....		•	
		• Reduction of water usage and improvement of water life cycle.....		•	
		• Sustaining of water sources.....			•
				2009 - 14 21	

Corporate Carbon Assessment 2009

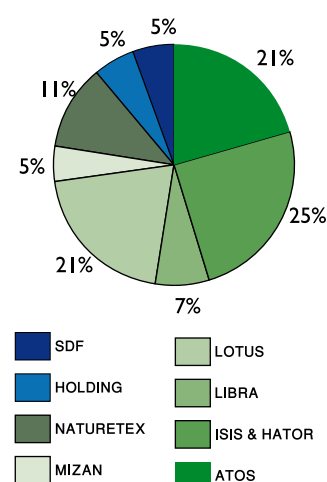


Electricity consumption related Greenhouse Gas Emissions

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 till December 31st 2009 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.

Entity	Total Elect. Consumption		Emission Factor	
ATOS	862,880	kWh	485,881	kgCO ₂
ISIS & HATOR	1,030,948	kWh	580,424	kgCO ₂
LIBRA	283,763	kWh	159,759	kgCO ₂
LOTUS	853,215	kWh	480,360	kgCO ₂
MIZAN	194,340	kWh	109,413	kgCO ₂
NATURETEX	475,273	kWh	267,579	kgCO ₂
Holding	225,474	kWh	126,942	kgCO ₂
SDF	230,294	kWh	129,665	kgCO ₂
Total	4,156,187	kWh	2,339,933	kgCO₂

Electricity rel. GHG Emissions

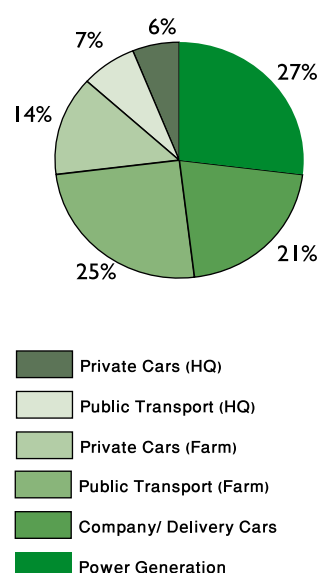


Fuel consumption related GHG emissions incl. employee commuting

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) incl. the employee commuting the documented consumed liters of diesel and fuel for the period from January 1st till December 31st 2009 were collected and multiplied with the generic fuel specific emission factor as provided by the IPCC.

Diesel usage	Total Diesel Consumption (l)	Total Emissions
Power generation	309,612	823,568 kgCO ₂ e
Company/Delivery cars	243,422	647,503 kgCO ₂ e
Total	553,034	1,471,070 kgCO₂e

Diesel and Fuel Consumption incl. Employee rel GHG emissions

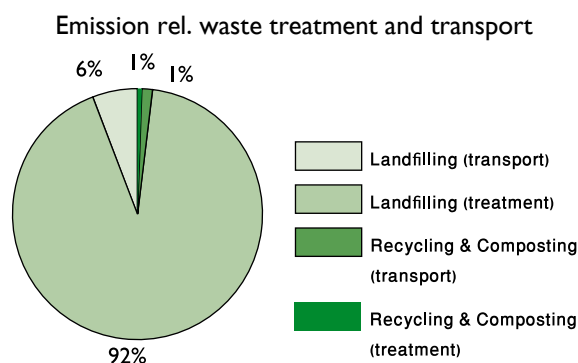


To calculate the employee commuting the following assumptions were taken into account: 1,159 employees at SEKEM Farm, 649 employees in the head office (this includes 262 employees from the SDF), 300 working days per year, 100 km daily travelled distance (return trip) for farm employees except 15 percent 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 of public transport and the different fuel consumption per vehicle type were taken into account.

Employee Group	Total km travelled	Total Fuel Consumption (l)	Total Emissions
SEKEM Farm			
Public Transport	1,456,728	288,035	766,173 kgCO ₂ e
Private Cars	1,738,141	173,814	413,678 kgCO ₂ e
Total	3,194,869	461,849	1,179,850 kgCO₂e
Head Quarter			
Public Transport	408,093	80,691	214,638 kgCO ₂ e
Private Cars	779,087	77,909	185,423 kgCO ₂ e
Total	1,187,180	158,600	400,061 kgCO₂e
Total	4,382,049	620,449	1,579,911 kgCO₂e

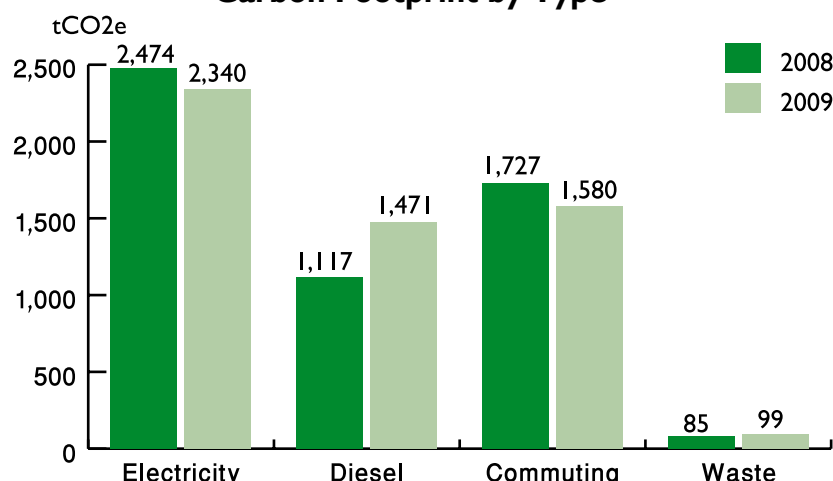
Waste treatment and transport related GHG emissions

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 till December 31st 2009 was assessed regarding its transport and treatment and the total tonnage was factored with the applicable emission factors for recycling or solid waste disposal.



Waste treatment group	Tons of waste	Waste treatment emissions	Waste transport emissions	Total Emissions
Recycling & Composting	172.477	652 kgCO ₂ e	1,373 kgCO ₂ e	2,024 kgCO ₂ e
Landfilling	115.139	92,963 kgCO ₂ e	5,746 kgCO ₂ e	98,709 kgCO ₂ e
Total	288	93,615 kgCO₂e	7,118 kgCO₂e	100,733 kgCO₂e

Carbon Footprint by Type



Carbon Footprint by Entity (2008)

Entity	Emission by source (in tCO ₂ e)				Total	Share
	Electricity	Diesel	Commuting	Waste		
ATOS	514.5	149.5	153.6	10.6	828.2	15.3 %
ISIS & HATOR	530.3	632.9	507.0	10.9	1,681.1	31.1 %
LIBRA	390.7	113.5	123.2	10.9	638.2	11.8 %
LOTUS	382.1	111.0	95.7	10.6	599.5	11.1 %
MIZAN	115.3	33.5	31.6	10.6	190.9	3.5 %
NATURETEX	264.6	76.9	413.4	10.6	765.4	14.2 %
Holding	134.3		189.2	10.6	334.2	6.2 %
SDF	141.9		213.2	10.6	365.8	6.8 %
Total	2,473.7	1,117.2	1,727.0	85.3	5,403.2	100%

Note: To compare to the Carbon Footprint by Entity for the year 2009 please see on page 57. For the GHG emission related to employee commuting in 2008 the same parameter have been used, only the number of employees was different. The following assumptions for 2008 were taken into account: 1,270 employees at SEKEM Farm, 704 in the head office (this includes 243 employees of the SDF).

Independent Auditor's Report

To: The Shareholders of SEKEM Holding for Investment Company S.A.E.

Report on the financial statements

We have audited the accompanying financial statements of SEKEM Holding for Investment Company S.A.E. and its subsidiaries, which comprise of the consolidated balance sheet as of December 31, 2009, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 financial statements based on our audit. Except as discussed in the Basis for Qualified Opinion paragraph (1), we conducted our audit in accordance with Egyptian Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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

1. We were unable to obtain appropriate and sufficient audit evidence to assess whether or not the provisions for probable obligations on the following entities of the group as of 31 December 2009 are adequate: Sekem Holding for Investment Company, Sekem Laboratories for Organic Products, ATOS Company for Herbal Medicine Manufacturing, Libra Organic Cultivation and Isis for Food Processing. As a result, we were unable to determine whether any adjustments are necessary to be made on management estimate for such probable obligations.
2. As lessees, Isis for Food Processing and Lotus for Organic Products both account for the lease arrangements and sale and lease-back arrangements in accordance with the International Accounting Standard No 17 Lease, which constitutes a departure from the Egyptian Accounting Standard No 20 'EAS 20 Accounting for Finance Leases'. The latter requires all lease arrangements to be accounted for, by the lessee, as operative leases. As such had EAS 20 been applied from the date those arrangements were entered into, net profits for the year ended 31, 2009 would have been reduced by EGP 2.5 million (2008: EGP 1.2 million) while the beginning balance of retained earnings would have been reduced by EGP 1.8 million (2008: EGP 0.6 million).

Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the outcome from probable obligations on the Group's subsidiaries as discussed in paragraph (1) in the 'Basis for Qualified Opinion', and the effects of the matter discussed in paragraph (2) in the 'Basis for Qualified Opinion', the consolidated financial statements presents fairly, in all material respects, the financial position of Sekem Holding for Investment Company S.A.E. and its subsidiaries as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards.

Cairo, April 30, 2010


Kamel M. Saleh, A.C.A.
F.E.S.A.A. (R.A.A. 8510)

Deloitte.

Report Characteristics

Scope

The SEKEM Sustainability Report 2008 includes quantitative and qualitative data on all SEKEM Group companies except for LOTUS Upper Egypt and SEKEM for Land Reclamation, as these companies are still in the start-up phase.

Materiality

According to the AA1000 Framework, materiality was assessed for all the issues covered in the report.

Inclusiveness

This report covers all topics we considered either relevant for the comprehensive assessment of the SEKEM Group or relevant to our various stakeholders.

Context

The SEKEM Sustainability Report is based on an holistic understanding of sustainable development and encompasses global, national and regional trends and priorities. Wherever possible we have tried to align our own goals within the bigger picture.

Completeness

This report aims to cover the economic, social, cultural and environmental impacts wherever SEKEM's management influence is considered to be significant. As we feel responsible for our companies, supply chains, for the broader community as well as on sector and macro-level developments, we report about our influence in these areas.

Balance

We regard this report to be balanced between general and specific information, between the status quo and future aims, between strategic and operative information and between good and bad news.

Comparability

The report is based on the GRI G3 Guidelines and therefore ensures the comparability of our sustainability performance. Wherever possible we have provided the reader with year-over-year data.

Accuracy

We have 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 identified. Whenever inconsistencies have appeared we have attempted to cross-check/validate data and identify the correct information.

Timeliness

The report contains only information from the calendar year 2008. This is related to our yearly reporting period. In the future we aim to improve our Sustainability Reporting cycle so that we can ensure that our report is published in the first quarter of the following year.

Clarity

We assume the information presented in this report to be clear and easy to understand.

Reliability

The data basis for this report is mainly deduced from our different management and quality management systems, which are certified and therefore may be considered reliable information sources.

Limitations

The information and data provided in this report represents our state of knowledge. We have attempted to transpose data from internal records as accurately as possible and trust that our management systems ensure their reliability.

Assurance

This Sustainability Report has been submitted to the GRI for an application level check. No further third-party assurance has been utilized.

Glossary

AA1000

The AA1000 Framework is a standard for the measuring and reporting of ethical behaviour in business. It includes principles on 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, emphasizing 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 tons 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 which 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.

Sustainability Flower

The Sustainability Flower is a sustainability framework for a holistic perspective on sustainability performance and communication for food and agriculture-related companies. Its framework 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 13 villages in the surrounding of SEKEM including trainings on hygiene, medical services and waste management.

BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COO	Chief Operating Officer
CPO	Cotton People Organic
COP15	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 ton
HQ	Headquarter
HR	Human Resources
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
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

Sustainable Development Scorecard - Evaluation Methodology

The aim of the Sustainability Flower is to be a facilitating framework for building up a corporate strategy, key performance indicators (KPIs) and a rough measurement tool to classify the performance statement 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. With 'green' standing 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 (SDS) but are evaluated independently. A 'green' SDS evaluation does not necessarily mean that we have achieved all our targets and vice versa.

Remarks concerning re-evaluation of 2008 performance at Group level (page 9)

The SEKEM Scorecard Evaluation Methodology is based on the IAP Sustainability Flower Guideline and subject to continuous review and development. According to reviews of this guideline since the last reporting period, we reconsidered the evaluation of some Performance Aspects for the year 2008 in order to assure consistency with the 2009 evaluation. This led to an upgrade of the Performance Aspect "Supply Chain Management", "Eco-Friendly Products", "Corporate Governance and Compliance", "Human Rights Adherence and Impact along the Company's Value Chain", and "Work Force, Labour Conditions, and Health & Safety" (all are re-evaluated as green for 2008). The Aspect of "Fair Pricing of Products" is now integrated into "Socio-Friendly Products".



ECONOMIC LIFE

Performance Aspect	No Action /Negative Impact	Initiatives for positive impact (below: min. requirements)	Comprehensive positive impact
Sustainability strategy performance management	No performance management	Sustainability strategy mapped/ developed, indicators for performance measurement selected	Implemented sustainability performance measurement with improving results
Economic development and growth	Negative economic development without good reason	Economic growth (unclear if healthy or unhealthy)	Healthy economic growth and plan for next 20 years
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
Supply chain management	No specific management of supply chain	Single issue management improvement	Comprehensive and cooperative management of supply chain
Eco-friendly products	No assessment / Negative eco-effect of products	First single issue initiatives to improve eco-friendliness of some products	Eco-friendly product portfolio proven by labels and certifications
Socio-friendly products	No assessment / Negative socio-effect of products	First single issue initiatives to improve socio-friendliness of some products	Socio-friendly product portfolio proven by labels and certifications
Consumer responsibility	Basic product information but no engagement in CRM	Single issue CRM and consumer research	Comprehensive CRM and consumer research – responsible to demands quality
Eco-effective packaging and transportation	No assessment of packaging / transportation impact	Single issue eco-effective packaging and transportation, plans for improvement	Complete eco-effective, state-of-the-art packaging and transportation
Sustainable waste management	No waste management	Single issue waste management	Complete, continuous management of waste life cycle

SOCIETAL LIFE

Performance Aspect	No Action /Negative Impact	Initiatives for positive impact (below: min. requirements)	Comprehensive positive impact
Corporate governance and compliance	Anti-compliance issues recorded	Code of conduct development / efforts to minimize anti-compliance issues	Implemented value management system; anti-corruption organisational culture; no anti-compliance issues
Assessment of human rights adherence and impact over the company's value chain	No human rights consideration or assessment	Single issue human rights initiatives implementation	Full compliance with ILO and UN Global Compact requirements
Assessment of the work force and the company's impact on labour conditions and health & safety	No consideration of labour conditions and health risks	Assessment and action plan for the reduction of risks	Labour conditions support employees' development, fully implemented and reviewed H&S strategy (according to standards)
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
Policy Engagement for sustainable development and world challenges on different regional levels	No activities	Awareness and slight involvement	Heavy involvement

CULTURAL LIFE

Performance Aspect	No Action /Negative Impact	Initiatives for positive impact (below: min. requirements)	Comprehensive positive impact
Assessment of company's cultural development strategy	No strategy	Single issue initiatives on cultural development	Comprehensive strategy on cultural development
Employee training and awareness building in different spheres of education (arts, music, skills, etc.)	No training	Single issue training initiatives for some employees	Comprehensive training goals and implemented training plan for every employee with performance improvement review on individual & corporate level
Scientific research engagement	No research activities	Single issue research activities	Comprehensive and long-term research goals and implementation
Health of the employees and broader community	No health care services	Basic health insurance services	Advanced health insurance services
Religious and spiritual activities	Forbidding religious activities	Tolerating religious practices	Religion integrated and supported in the employee's work environment

ECOLOGY

Performance Aspect	No Action /Negative Impact	Initiatives for positive impact (below: min. requirements)	Comprehensive positive impact
Soil			
Assessment of soil quality	No assessment	Testing single criteria for soil quality	Testing comprehensive criteria catalogue for soil quality
Impact on soil quality & fertility	Negative impact on soils	No impact on soil quality	Positive impact on soil quality
Environmental compatibility	No risk assessment	Single issue risk assessment	Comprehensive risk assessment
Assessment of impact on nonrenewable mineral resources	Depletion/Usage without assessment	Single issue initiatives for replacement	Long-term action plan for replacement alternatives
Plants			
Seed development	GMOs	No action	Participation in seed banking
Biodiversity	Negative impact / no assessment on plant biodiversity	Assessment / No impact	Positive contribution (enhancing types of plants)
Animals			
Assessment of species-appropriate treatment	Inappropriate treatment	Improvement initiatives	Completely species-appropriate treatment
Impact on animal diversity and habitats	Negative impact / no assessment	Neutral	Positive contribution
Energy			
Assessment of energy usage	No assessment	First pilot assessments	Full assessment
Energy saving	No action	Single issue projects	Comprehensive saving goals and implementation
Proportion of clean(er)/renewable resource usage in the energy mix	No action	First single issue initiatives	Comprehensive goals and implementation for greener energy mix
Air			
Assessment of emissions	No assessment	First pilot assessments	Full assessment on company and product level
Reduction of imperilling emissions	No action	First single issue initiatives	Comprehensive reduction goals and implementation
Emission offsetting	No offsetting	First single issue offsets	Carbon neutral company
Water			
Assessment of water usage	No assessment	First pilot assessments	Full assessment on company and product level
Reduction of water usage and improvement of water life cycle	No action	First single issue initiatives	Comprehensive reduction and re-usage goals and action plan
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

1 Strategy and Analysis	
1.1	2
1.2	8
2 Organisational Profile	
2.1	FC, Back cover
2.2	4-5
2.3	4-5, 32
2.4	FC, Back cover
2.5	FC
2.6	FC, 20, 34
2.7	FC, 5
2.8	FC, 4-5, 20-21, 34, 64-73
2.9	FC, 11, 14, 23-24,
2.10	24, 29
3 Report Parameters	
3.1	FC
3.2	FC
3.3	FC
3.4	84
3.5	FC, 77
3.6	77
3.7	77
3.8	FC
3.9	77
3.10	19, 54, 56, 74-75
3.11	NA - no significant changes
3.12	84-85
3.13	FC, 76-77
4 Governance, Commitments and Engagement	
4.1	32
4.2	32
4.3	32
4.4	35
4.5	No general linkage - only in case of distributing dividends by the company
4.6	32
4.7	No general process in place
4.8	6-7, 10, 22, 25, 36, 46
4.9	35
4.10	No general processes in place
4.11	10
4.12	30-31
4.13	30-31
4.14	34-35
4.15	34-35
4.16	34-35
4.17	FC, 34-35

Economic Performance	
Disclosure on Management Approach	
EC1	8, 10-11
EC2	10, 13, 20, 39
EC3	8
EC4 (partially)	28-29
EC5	13
EC6	28-29
EC7	16
EC8	28-29
EC9	9, 29
EC9 (partially)	9
Environmental	
Disclosure on Management Approach	
Aspect: Materials	9, 46
EN1 (partially)	
EN2	19
Aspect: Energy	
EN3	19
EN4 (partially)	54, 74-75
EN5	74-75
EN6 (partially)	54-55
EN7	54-55
Aspect: Water	
EN8	54-55
EN9	58-59
EN10 (partially)	58-59
Aspect: Biodiversity	
EN11	FC, 50
EN12	50-51
EN13	50-51
EN14	50-51
EN15	NA no species at risk
Aspect: Emissions, Effluents, and Waste	
EN16	56-57, 74-75
EN17	56-57, 74-75
EN18	56-57
EN19	NA - no ozone depleting substances
EN20	NA - no such emissions
EN21	58-59
EN22	19
EN23	
EN24	19
EN25	48-49
Aspect: Products and Services	
EN26	17, 19, 56-57
EN27 (partially)	19 no reclamations
Aspect: Compliance	
EN28	no fines or sanctions
Aspect: Transport	
EN29	74-75
Aspect: Overall	
EN30*	46-47

Human Rights	
Disclosure on Management Approach	10, 22-23, 25
Aspect: Investment and Procurement Practices	
HR1	NA - SEKEM only invests into desert land
HR2	
HR3	
Aspect: Non-discrimination	
HR4	26-27, no incidents
Aspect: Freedom of Association and Collective Bargaining	
HR5	28-29, no operations identified
Aspect: Child Labour	
HR6	26
Aspect: Forced and Compulsory Labour	
HR7	no operations identified, 25-26
Aspect: Security Practices	
HR8 (partially)	25
Aspect: Indigenous Rights	
HR9	8, no incidents identified
Labour Practices & Decent Work	
Disclosure on Management Approach	22-23, 25
Aspect: Employment	
LA1 (partially)	22-23, 25-27
LA2 (partially)	28-29
LA3	28-29
LA4 (partially)	28-29
LA5	28-29
Aspect: Occupational Health and Safety	
LA6	26
LA7	
LA8	25, 27-29
LA9	no agreements

Legend:

FC	Front Cover (pp I-III)
	Currently not reported
NA	Not applicable for the company
(partially)	Indicator not fully reported according the GRI protocol



This Sustainability Report was checked by the GRI Services and qualified as Application Level B. The information presented is based on self-assessment.

Aspect: Training and Education

LA10	45
LA11 (partially)	42-43, 45
LA12	28
Aspect: Diversity and Equal Opportunity	
LA13	26-28
LA14	

Product Responsibility

Disclosure on Management Approach	8, 17-18
Aspect: Customer Health and Safety	
PR1	4-5, 17
PR2	No incidents
Aspect: Product and Service Labeling	
PR3 (partially)	18
PR4	No incidents
PR5 (partially)	18
Aspect: Marketing Communications	
PR6	Only engagement in general advertisement
PR7	No incidents
Aspect: Customer Privacy	
PR8*	No collection of customer data
Aspect: Compliance	
PR9	No fines

Society

Disclosure on Management Approach	8, 22-23
Aspect: Community	
SO1 (partially)	8, 36-37, 40-41
Aspect: Corruption	
SO2 (partially)	25 - no analysis undertaken yet
SO3 (partially)	45 no trainings yet
SO4	25
Aspect: Public Policy	
SO5	30-31
SO6*	No contributions
Aspect: Anti-Competitive Behaviour	
SO7*	No relevance for a niche market company; no actions taken

“We are often asked: What is SEKEM? When I say SEKEM is a holistic development initiative, people think that it is about a few social institutions that live on donations. When I say that SEKEM consists of some successful enterprises, this is not wrong either, but again it is not a sufficient explanation. I could also say: SEKEM is a political initiative, a research initiative, an education initiative. All of this is right, but still, it does not fully explain what SEKEM really is. SEKEM is a consonance; the interaction between all these different areas, similar to a symphony, where everyone contributes to the whole, knowing that the composer, conductor and the rest of the players are all together serving a divine idea. For SEKEM it is about supporting new visions that want to contribute to the sustainable development of the individual, society and our earth.”

Dr. Ibrahim Abouleish

Founder of the SEKEM Initiative

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Imprint**Issuer/Publisher**

SEKEM Holding for Investment Company S.A.E.

Responsible for Content

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Consultancy Services and Scientific Guidance

Sustainable Entrepreneurship Centre
at the Heliopolis Academy for Sustainable Development

Layout

ISIS Graphics Design Studio

Photos

Bijan Kafi, Communications for Civil Society
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SEKEM Photo Archive

Printing

Printed in Egypt

Publication Date

1 July 2010

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