

NATURE TEX

Company Report 2017





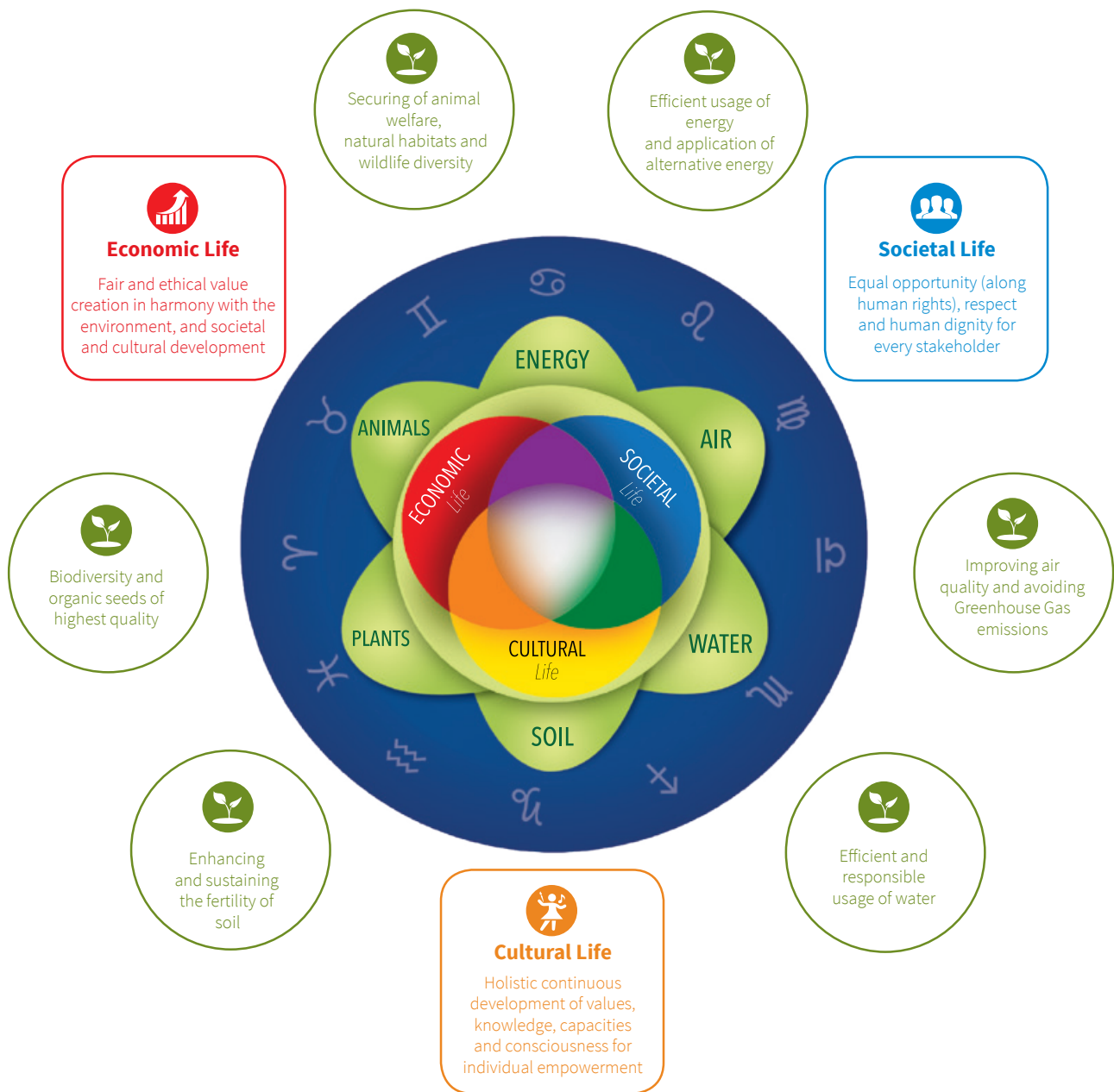
Dear Readers,

Organic cotton is an essential part of the SEKEM Initiative and its vision. When we realized in the 1980s the immense use of pesticides in Egypt's cotton cultivation, there was no option than proving that the crop can be cultivated by Organic and Biodynamic methods with almost the same efficiency. This is what we did: We conducted researches and convinced the government to prohibit spraying pesticides from airplanes which reduces the use of chemicals in Egypt's cultivation by more than 90% percent. But for us at SEKEM sustainable cotton cultivation means much more. That's why we contracted farmers and offered them a fair and constant income and why we built up NatureTex as a company that processes the cotton. And last but not least, we were searching for partners and customers with similar values in order to distribute the final product in an ethical way such as People Wear Organic, Under the Nile, Ogland, Tom & Jenny, Yoiqi and EcorNaturassi. We believe that only by this closed and transparent value chain and by reliable partnerships, we can really promote a sustainable future.

We are happy to share with you our 2018 Sustainability Report on the sustainable commitment of our company NatureTex and we are very much looking forward to further develop with you our philosophy of an Economy of Love that becomes more and more important in these days!

Yours sincerely

Konstanze & Helmy Abouleish



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.

NatureTex Report – 2017

1991

SEKEMs successful trials of cultivating Organic cotton in Egypt led the Egyptian government to ban the heavy use of synthetic pesticides in cotton production in the country, reducing the use all over Egypt by over 90%, from over 35,000 tonnes per year to about 3,000 tonnes. At the same time, the average yield of raw cotton increased by almost 30%.

1994

SEKEM established Conytex as a high quality producer of colorful baby and kids wear, dolls and toys, home textiles, fabrics and assorted adults items using only organic cotton.

2001

SEKEMs company Conytex established a total quality management (TQM), besides applying the standards of ISO 9001, ISO 14001 and OHSAS 18001.

2002

The company Conytex has been renamed NatureTex.



NatureTex Report – 2017

| 2008 | 2017 |
|--|---|
| <p>nytex ed to</p> <p>NatureTex received the Global Organic Textile Standards certification.</p> | <p>Full-Time Employees 200</p> <p>Additional Females Working from their Homes 60</p> <p>Size of Sample Department (Full-Time Employees) 10</p> <p>Production Capacity for Garments / Month 50.000</p> <p>Home Textiles / Fabrics / Carpets / Hand-Knitting Yarn (20t) 20 t</p> <p>Production Capacity for Hand-Made Dolls/Toys / Month 30.000</p> <p>Export Share (Volume) 93%</p> <p>In-House Design Department ✓</p> <p>In-house Screen Prints ✓</p> <p>Possibility of Embroideries & Applications ✓</p> <p>GOTS Certified Accessories ✓</p> <p>ISO 9001 Certification ✓</p> <p>ISO 14001 Certification ✓</p> <p>OHSAS 18001 Certification ✓</p> <p>Fairtrade (FLO) Certification ✓</p> <p>Demeter Certification ✓</p> <p>GOTS Certification ✓</p> <p>Egyptian Cotton Standards (ECC) Certification ✓</p> <p>Availability of CO2-Neutral Products ✓</p> |



Our History

It was Ibrahim Abouleish's vision to extend the chain of SEKEM's Organic cotton production to manufacturing healthy textiles, especially for kids. In 1993, NatureTex was founded under the name ConyTex with only three machines and six employees.

"We have had many supporters and friends since the very beginning for instance, Under the Nile from the United States and the German companies Alnatura ("People Wear Organic") and dm-Drogeriemarkt."

Konstanze Abouleish, Commercial Director, NatureTex

Hence, NatureTex could constantly grow. Today, the factory has 80 machines and employs 200 co-workers.

SEKEMs company NatureTex (previously ConyTex) was established to produce Organic textiles using the high quality staple Organic cotton. The company manufactures various products, made out of 100 percent certified Organic cotton or linen, including underwear and sleepwear for babies and children, casual clothes for adults, accessories, dolls, and home textiles.

Organic Cotton as a Sustainable Alternative

SEKEM was one of the first initiatives, which started to grow and process Organic cotton in Africa. The initiative contributes with its sustainable farming practices to the government's cotton strategy since the 1970s: Dr. Ibrahim Abouleish, the founder of SEKEM, succeeded with his research team in proving efficient cotton cultivation methods without the use of chemicals or pesticides – this led to a constitutional amendment in 1993, reducing the pesticides used on fields by over 90%.

To support farmers to shift from conventional to Biodynamic cultivation of cotton and other plants, SEKEM founded the Egyptian Biodynamic Association (EBDA). The EBDA is cooperating with approximately 500 farms all over Egypt.



NatureTex Report – 2017

200

Directly
employed co-
workers at
NatureTex.

40%

Female share of
total workforce at
NatureTex.

50%

Female share of
total managerial
positions at
NatureTex.

89%

Share of
products, which
have been
exported in 2017.

1:8

Ratio of lowest to
highest annual
full-time salary.

100%

Share of
products, which
are Organic
(GOTS) certified.

11.02t

of total waste
occured out of
production.

0.0002kg

of total waste
occured per EGP
1,000 revenue.

61.49%

of the non-
organic waste has
been recycled.

11

Customer claims
have been
recorded in 2017.



Female Empowerment

NatureTex is constantly developing more opportunities for its female employees, assisting them to balance between work and family life: flexible working hours, part time jobs, or working from home, for instance. “If we talk about balance and strengthening the female part, we also have to strengthen the male part”, says Konstanze Abouleish, commercial manager at NatureTex. Hence, SEKEM offers a period of maternity leave to new mothers, as well as paternity leave to new fathers. Additionally, SEKEM provides places for the newborns at the SEKEM Nursery, when their mothers return to work.

Furthermore, SEKEM offers them the opportunity for acquiring additional skill courses for alphabetization, computers or languages in cooperation with the SEKEM Development Foundation. Technical and social leadership trainings have been implemented as well as on-the-job training to support especially women in their career development. In addition, all co-workers of NatureTex are enrolled in SEKEM’s “Core Program”, a program designed to unlock the potential and creativity of each individual through cultural activities, arts and movement during working times.



Economy of Love

NatureTex has successfully built a wide network in the global market and competes there with more than 89% of its daily production, while the remaining 11% are marketed locally. Its high-quality With the “Economy of Love” model, SEKEM Initiative shows that not only profit matters, but a respectful approach and a partnership in which all participants can benefit from one another. SEKEM works with more than 500 contracted farmers throughout Egypt to keep track of the various stages of the production, from the cultivation to the finished product. In addition, the cooperation with the partners in the value chain is long-term oriented, which guarantees the farmers a stable and secure subsistence.

In an environment of “Economy of Love”, no products are developed and marketed in order to sell as much as possible to the customer. Instead, production is determined by the actual needs of people in order to serve an obvious added value for human development.

Circular Economy

Circular economy focuses on reducing waste, recycling and optimizing production from an environmental perspective in regard to producers and consumers alike.

The short production chain and the processing according to the Global Organic Textile Standard (GOTS), help to keep the ecological impact very low. Thereby, its economic activity ensures that the environment is not harmed, that people who create the value receive a fair income and work in proper conditions and that those who use the products benefit from the high quality.



Cultural Development

SEKEM contributes to the cultural development of its employees and the broader community, for instance through its constantly growing cultural institutions, such as the SEKEM School, Vocational Training Center, Medical Center, Heliopolis University and many more. The range of activities spans from music, theater and fine arts to education, teacher training and scientific research. The approach is based on the belief that only through the combination of feeling, willing and thinking, all human senses can be addressed and developed. SEKEM's cultural activities are financed by parts of the companies revenue. Hence also NatureTex donates 10 percent of its income to the SEKEM Development Foundation in order to support not only its own co-workers but also the people of the surrounding villages.

2,664

Total hours
of vocational
training provided.

736

Total hours of
soft skills training
provided.

1,197

Total hours
of training in
regard to quality
management
systems
provided.

1,563

Total hours of
culture and
arts training
provided.

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