



SEKEM

Report on Sustainable Development
2008



**REPORT PROFILE****Reporting period: 2008****Date of previous report release: Nov. 2008****Reporting cycle: annually****Report scope: Sustainability Report incl. Annual Financial Report**

With this second Sustainability Report SEKEM would not only like to give you an overview of last years' progress and achievements but also introduce a new framework for a holistic perspective on sustainability performance and communication in the areas of economy, society, culture and ecology – the SUSTAINABILITY FLOWER. As last year's report was an attempt to give an overview over all past and recent activities within the SEKEM Holding reviewing them strategically under the principle of sustainable development, this year's report will focus exclusively on the reporting period of 2008. The report will display the activities of the SEKEM Holding and its affiliates including joint venture companies.

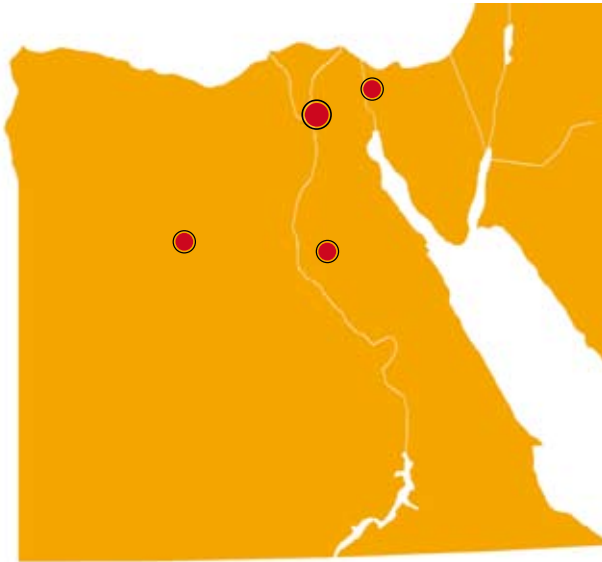
This reporting approach has been developed within a network of internationally operating, key organizations from the organic movement cooperating under the umbrella of the "International Association of Partnership" (IAP). In an intra-sectoral dialogue this group of company founders and leaders discussed together with invited experts the specific needs and ideals of these green companies in a number of workshops in order to find a framework which can be seen as facilitator and enabler of the companies' sustainable development. Defining goals and Key Performance Indicators on the basis of the GRI guidelines for every dimension of the Sustainability Flower serves as the methodology to measure performance, collect data and analyze it in a structured way. As this more sector specific approach has only recently been introduced into the SEKEM company, most of the data is still described and evaluated in a qualitative way, whereas there are some sections with quantitative information. The final evaluation and performance prospect is given in a rating according to a traffic-light scale of a red (performance not acceptable), yellow (performance improvement initiated) and green (performance optimized) stage. The aim is however to gradually professionalize and deepen the measurement techniques throughout the SEKEM Holding to develop more quantitative key indicators and a permanent measurement system, which helps with systematical improvements and comparisons over time.

In line with the Sustainability Flower as the guiding structure to report on quantitative as well as qualitative measures, SEKEM has applied the internationally recognized 2006 Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, declaring an Application Level B. The required content for level B is presented in the Sustainability Flower accompanied by surrounding information concerning information on key industry issues, descriptive company information and financial data. The GRI content overview (in the back cover of the report) lists all indicators and according page numbers. In addition, this report will include the financial reporting for the year 2008 and information to comply with the Global Compact requirements for their "Communication on Progress".

To get an external verification for our sustainability report, we will hand it in to the Global Reporting Initiative for approval.

**SEKEM**

SEKEM LOCATIONS



● SEKEM LOCATIONS

- Main Farm
(Belbeis, Adleya)
- Sinai
- Minya
- Wahat

● SEKEM SUBSIDIARES

SEKEM Europe Bochum

SEKEM Holding for Investment SAE is located in Heliopolis, one of Cairo's suburbs, along with the Headquarter for management and administrative staff. The companies and most of the institutions of the associated SEKEM Development Foundation are located on 300 hectares of land near the town of Belbeis, 60 km from Cairo.



AMERICA

United States of America
Canada

EUROPE

Germany
Austria
Switzerland

The Netherlands
Belgium

United Kingdom

Norway
Sweden

France
Italy
Greece
Hungary

ASIA

Japan
South Korea
China

AUSTRALIA

Australia
New Zealand

GULF COUNTRIES

United Arab Emirates
Kuwait
Qatar
Oman
Kingdom of Saudi Arabia

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SEKEM

“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



SEKEM

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Dear readers, dear stakeholders of the SEKEM Holding,

Since more than 30 years SEKEM constantly strives for Sustainable Development regardless all striking or challenging external conditions. Nowadays, in times of the world financial crisis going hand in hand with a climate and an energy crisis, all economic sectors are facing an immensely changing environment creating a pressure for transformation. Doubts about the actual economical concept, definition of growth and the current production and operation practices of companies are emerging and boosted through the effects of the economic crisis.

In this context the perception towards sustainability is changing. The meanwhile discussion shows, that sustainability is no longer seen as a luxury, where engagement is determined by the economic situation, but as a substantial issue helping to create a healthy and long-term development interrelation between the individual, society and nature. The holistic approach to sustainable growth seems to be an answer and a solution to the occurred problems of the short-term, solely profit oriented rationality and acting of the past.

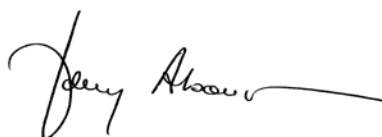
We consider ourselves to be on this path – a path towards low-carbon, towards eco- and socio-friendly products and towards fulfilling the demand of the sleeping giant – the conscious consumer of tomorrow.

SEKEM was of course as well affected by the financial crisis. However, we were still able to achieve an overall growth of 19% over the last year and the trend of the rising green businesses, the increasing need for transparency and consumer awareness offer a great chance for an ongoing steady development and growth. Furthermore, consumers are more and more willing to pay the real prices of our organic products, including environmental and social costs, and therefore foster a sustainable economy. With all our SEKEM activities we strive to fulfill the necessity for a sustainable development of the individual, society and earth already today, anticipating tomorrows' responsibilities and necessities.

For the year 2008 our second sustainability report updates on our achievements and progress in our diverse projects and business activities as well as their alignment to the overall strategy. We introduce our new framework for analysis and communication which helps us to manage our sustainability performance in a comprehensive way: The SUSTAINABILITY FLOWER, integrating the threefold order of culture, society and economy based on nature with its different aspects. Moreover, this framework structures and evaluates our diverse projects and offers a chance to communicate our approach and strategy to our various stakeholders – through clear goals and Key Performance Indicators in the economical, cultural, social and environmental dimension. With this approach we are benchmarking ourselves against our own expectations regarding an all-embracing, structured, continuous, successful management for sustainable development to achieve long-term quality assurance, reflected in products, fair prices, processes and partnerships.

We hope the Sustainability Flower guides you through your journey providing you with two qualities – transparency on what and how we are operating as well as a comprehensive and pleasant accessibility of the whole SEKEM 2008.

Yours sincerely,




SEKEM

SEKEM's organizational structure reflects its vision of a sustainable business model – a group of companies which is the foundation for all cultural and social activities and at the same time utilizes these activities to further develop the employees' consciousness and abilities and through that the quality of business itself.

CULTURE



Egyptian Biodynamic Association (EBDA)



Sekem Development Foundation

SEKEM Development Foundation (SDF)
for holistic cultural-human development

SOCIETY

FDA

Farmers Development Association (FDA)

CSE

Cooperative of SEKEM Employees (CSE)
for socio-human resource development



ECONOMY



Operational Companies



The **SEKEM Holding** supervises, evaluates, and supports all its subsidiary ventures. As the umbrella organization it enables several specialized companies to produce and market their products and acts as an investor and lender to them.



LIBRA, the Organic cultivation company has evolved into a multifaceted production company by diversifying into milling, drying and oil processing. Apart from being supplied by the network of independent farmers (members in the biodynamic Association EBDA) with cotton, grains and seeds, Libra engages in assuring fair prices, security, crop rotation and planning and production for the members and stakeholders.



El-Mizan, a joint venture between Grow Group Holland and SEKEM Group Egypt offers grafting and plant cultivation services for organic and conventional fruit and vegetable plants. Healthy and profitable in- and outdoor grafted seedlings shall be provided to Egypt's vegetable producers.



LOTUS processes organic and biodynamic, thus natural and chemical free, herbs and spices according to international Demeter Processing Guidelines. Taste, aroma, and their natural medicinal effectiveness are highest priority.



ISIS produces wholesome, nutritious, tasty and 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.



HATOR packs bio-dynamically grown fresh produce to local and international markets in order to supply and maintain the highest nutritive value, and adhere to the customers' technical specifications of each product. Fresh and frozen products are sold locally under the ISIS brand in Egypt. Internationally, Hator distributes fresh fruits and vegetables to especially the European market.



ATOS Pharma manufactures and markets an array of natural medicines and health care products of superior quality for effective causal treatment combined with maximum tolerability. The products are developed for different indications in Cancer therapy, Cardiolovascular, Dermatology, Gastro-Intestinal, Gynaecology, Hepato Biliary, Immunology, Neuropsychiatry, Respiratory, Rheumatology, Urology. ATOS products are marketed and distributed nationally and in the Middle East.



NATURETEX is an organic cotton producer of high quality fabrics, fashionable home textiles, and colourful baby wear. The products are produced and marketed internationally under its own brand Cotton People Organic (CPO), NatureTex or under private labels.



SEKEM Europe, located in Bochum, Germany is a 100% subsidiary company of the SEKEM Holding. SEKEM Europe GmbH operates in the areas of import and sales of SEKEM's readymade consumer goods and fresh produce, raw materials and ingredients, provides services to SEKEM in the field of customer care, export marketing, market development and public relations.

New **SEKEM Group** companies: **Lotus Upper Egypt** and **SEKEM for Land Reclamation** have been established to enlarge the cultivation area and therefore the raw material supply for the SEKEM companies. As they are such young companies, they are not yet included into the qualitative and quantitative information of this report.

Quality Standards



The SEKEM Holding aims to supply its consumers with products of the highest quality. An integrated Quality Management System serves as the foundation to acquire standards and specific quality certificates as well as agricultural, environmental and human rights standards that open international export markets.



Libra for Organic Cultivation, founded in 1988, is applying the following principles:

- Fairtrade criteria by FLO
- International demeter Standards
- Global Gap
- EU regulation on organic farming
- ISO 9000 & 14001
- OHSAS 18001
- TÜV CO₂ Footprints



Lotus for Herbs & Spices, founded in 2005, is applying the following principles:

- Fairtrade criteria by FLO
- International demeter Standards
- NOP
- Bio Suisse
- EU regulation on organic farming
- ISO 9000 & 14001 & 22000
- OHSAS 18001
- Kosher
- Hand-in-Hand by Rapunzel

ISIS, founded in 1985, is applying the following principles:

- Fairtrade criteria by FLO
- International demeter Standards
- Global Gap
- NOP
- ISO 9000 & 14001 & 22000
- OHSAS 18001
- Kosher
- EU regulation on organic farming



Hator for Fresh Organic Produce, founded 1996, is applying the following principle:

- International demeter Standards
- EU regulation on organic farming

ATOS Pharma, founded in 1986, is applying the following principles:

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



NatureTex for Organic Cotton, founded in 1994 is applying the following principles:



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

SEKEM Europe, established in 2006, is applying the following principles:

- EU regulation on organic farming
- Fairtrade criteria by FLO
- demeter Standards

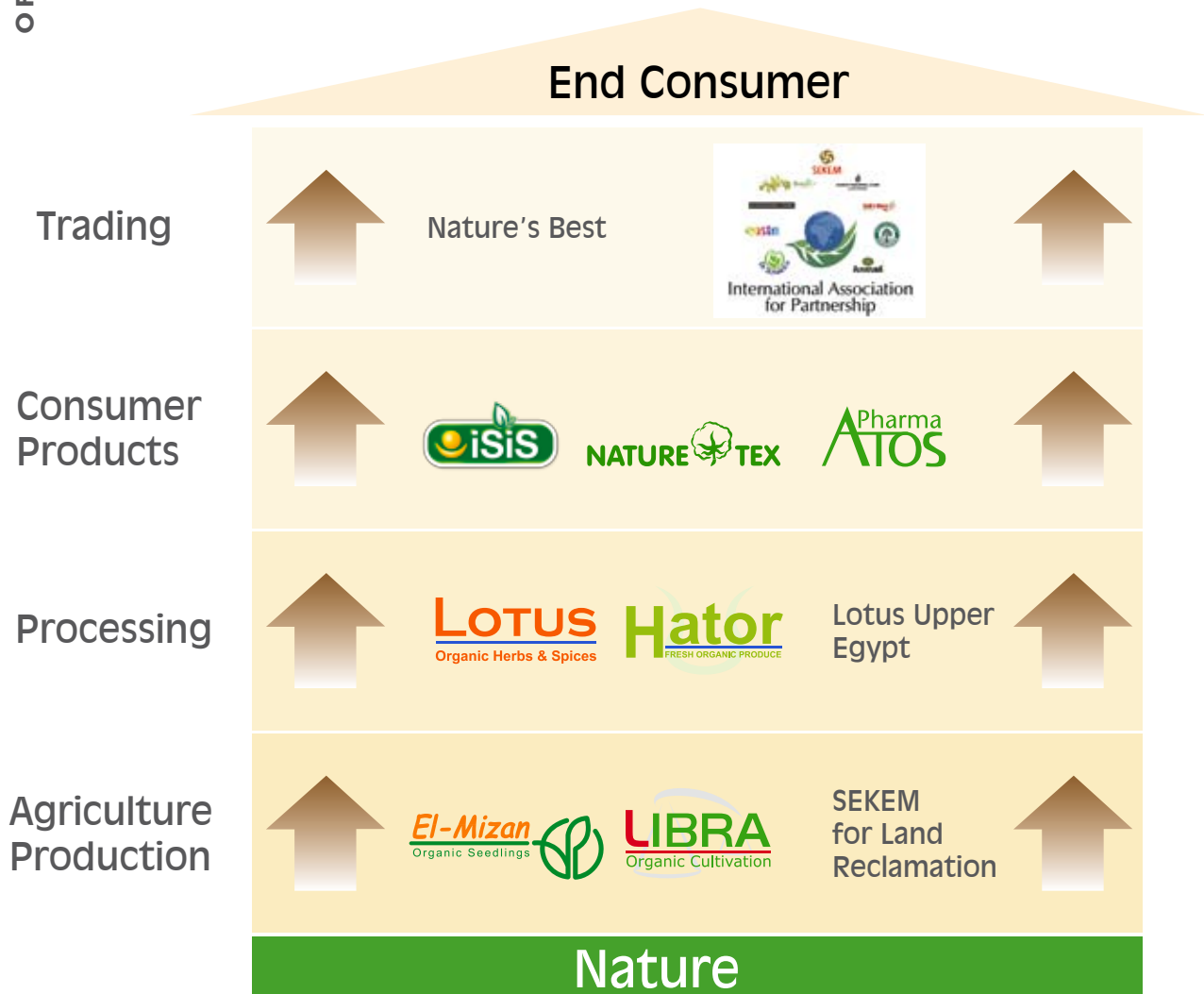


* As MIZAN was only established in 2006, it is not yet part of the Quality Management System of the SEKEM Group but under preparation.

Organizational Structure of the SEKEM Group

Starting from the very beginning of agricultural production with providing seedlings and organic cultivation, SEKEM companies cover the whole value chain of delivering agricultural-based products to the end consumer in national and international markets going through the stages of processing, packing, manufacturing and delivering.

The underlying idea of this structure is one of “value creation” through applying different processing steps on the agricultural raw product, either if it is herbs, vegetables, cotton or medicinal plants. Another dimension is the assurance of the necessary input material for the production companies wherefore especially SEKEM for Land reclamation, responsible for reclaiming and cultivating new pieces of land, and Lotus Upper Egypt, a company mainly concerned with drying herbs and spices, have been established.



«We aim towards living together according to social forms which reflect human dignity and further development, striving towards higher ideals. Our main goal is to give a development impulse for people, society and the earth.»

Dr. Ibrahim Abouleish

Our Vision & Mission For Sustainable Development

Vision

We strive to integrate the threefold order principles - freedom, equality and brotherhood - into every part of life to ensure a healthy and sustainable development within and in-between economy, society and culture.

The unity and cyclical principle of nature as foundation for any form of life shall guide our holistic development approach considering perspectives and needs of all parts of society.

Based on ethics, nature and the dynamic element of integrating the independent - economy, society and culture - a "living society" can emerge and foster sustainable development of a whole country.

Mission

To actively implement, live and impart the idea of freedom in the sphere of individual artistic education, equality regarding social and political life between individuals, and brotherhood reflecting the necessary framework of economic activity.

To implement and fulfill the highest performance in all our entities, business units, foundations and stakeholder relations guaranteeing a constant path of innovation and sustainable development.

To globally support and raise awareness for the holistic, integrated approach to sustainable development and therefore improving impact on man and nature and securing long-term success.

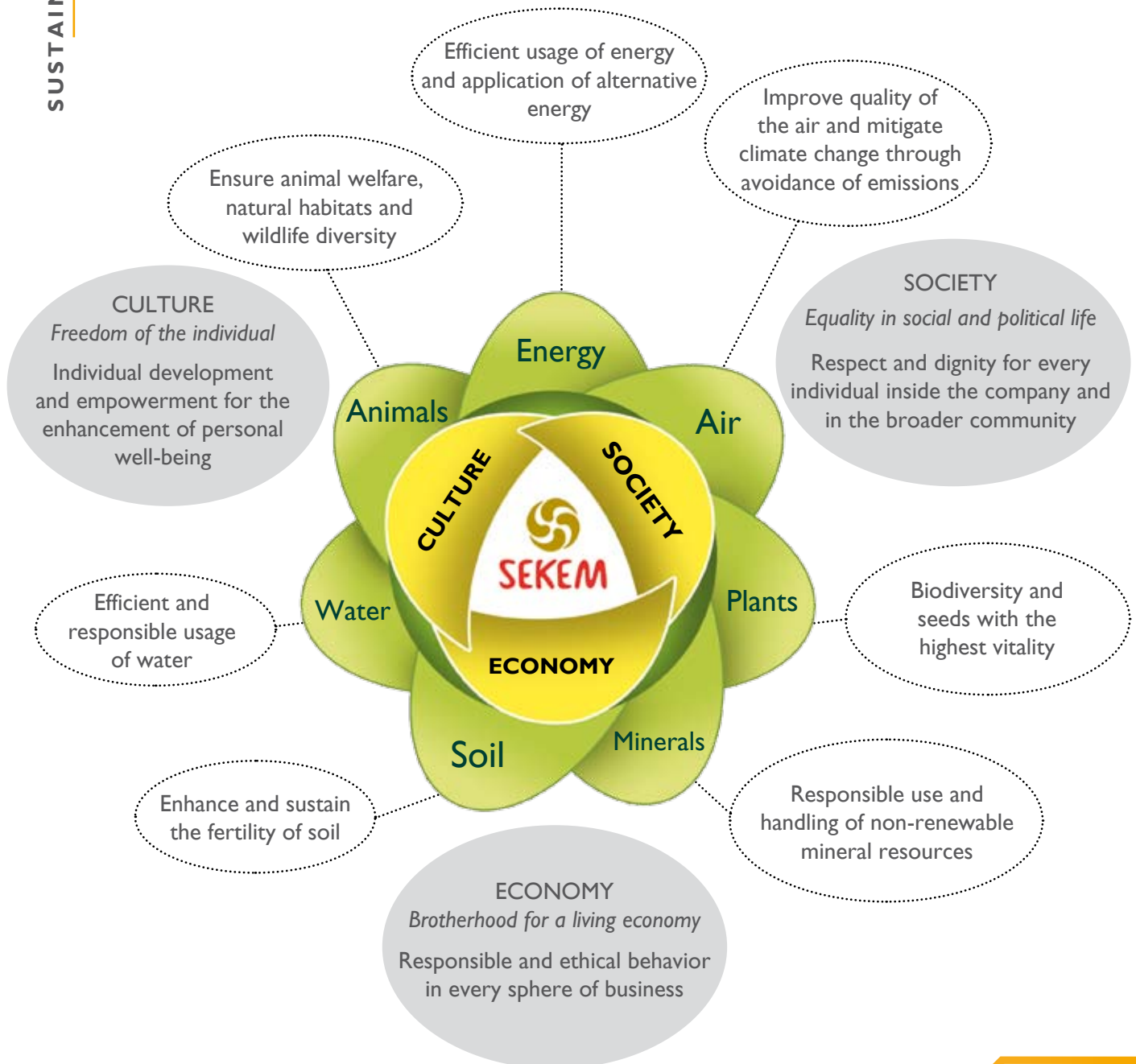
Values

Economy
Society
Culture
Ecology

brotherhood for a living economy
equality in social and political life
freedom of the individual
unity with nature

Each dimension of sustainable development, conceptualized through the sustainability flower follows its own rationality and values according to the overall vision and values of the SEKEM Group.

SEKEM's performance in each dimension follows specific targets :



Stakeholder Approach

When referring to our stakeholders we mean 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.

Through our several associated non-governmental organizations like the EBDA, SDF and our contribution to several international networks for agricultural, social and cultural development we aim to take care of all our stakeholder groups. 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 an ongoing one, ensured through close interaction with all these groups.

Especially in a market in turmoil it is important to ensure meeting people's changing needs as well as to lead them in the direction of sustainable consumption of healthier products that benefit the individual and nature. Our business model is based on these aims and therefore we regard the engagement with our stakeholders as the highest priority. For 2008, there has been an ongoing engagement with all stakeholder groups but without identifying new, major concerns – the general cooperation was continued.

Stakeholder type	Needs	Our Management Approach	Ways of engagement
Co-workers	<ul style="list-style-type: none"> - Feeling of respect and esteem through organizational culture - Clear job framework and job-related contact point for personal development - Contact point for social issues - A forum to discuss grievances and possible remedies 	The Cooperative of SEKEM Employees (CSE) is assigned with providing supportive working conditions, trainings on human rights 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.	<ul style="list-style-type: none"> - Weekly meetings - Regular dialogue between managers and social workers of all companies
Farmers	<ul style="list-style-type: none"> - Fair and reliable contracting conditions and prices - Cooperative future planning of companies' needs - Training enabling to apply the organic and biodynamic agricultural method 	Our approach to supply chain integration means fair prices and fair trade 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.	<ul style="list-style-type: none"> - Weekly meetings - Regular dialogue with the FDA and the EBDA
Sub-contractors	<ul style="list-style-type: none"> - Fair and reliable contracting conditions and prices - Cooperative future planning of companies' needs - Support in applying technical and quality standards 	Our subcontractors are companies 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.	<ul style="list-style-type: none"> - Regular planning meetings - Regular quality certification process

Stakeholder type	Needs	Our Management Approach	Ways of engagement
Share-holders	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - Quarterly board meetings
Retailers & Whole-salers	<ul style="list-style-type: none"> - Excellent quality meeting the customers' standards - On-time and on- demand delivery - A story to tell the consumer 	By constantly applying general and specific quality standards and guidelines we cooperate with our retailers and wholesalers by monitoring and improving quality, availability and on-time delivery of our products.	<ul style="list-style-type: none"> - Regular planning meetings - Satisfaction questionnaires once a year
End-consumers	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - Customer satisfaction surveys every 1-2 years
Broader community	<ul style="list-style-type: none"> - Benefit from the companies' profits through in kind contribution - Support of deficient areas like education, health care and other development needs 	The surrounding and broader community of SEKEM 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.	<ul style="list-style-type: none"> - Dialogue through service provision - Weekly meetings - Outreach programs
National/ International Partnership Organi-zations	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 .	<ul style="list-style-type: none"> - Regular engagement in conferences - Strategic cooperation

Key Impacts, Risks and Opportunities regarding Climate Change

The SEKEM vision of sustainable development seeks to provide an answer to the manifold and multidimensional world challenges in the social, ecological, cultural and economic sphere. The organizations' key impacts are built on the fundament of organic agriculture from which SEKEM's activities reach all its various dimensions of influence. Being part of and reflecting a global network and its agenda, our last years' activities and risk assessment have been focused on the different crises the world is facing: the financial crisis, climate crisis and energy crisis.

Egypt is one of the MENA countries and therefore most vulnerable to consequences of the climate change due to its high level of water scarcity, its significant dependence on climate-sensitive agriculture, the concentration of population, the economic activity in flood-prone urban and coastal zones and the political turmoil due to resource scarcity. With 4,5 % of the overall greenhouse gas emissions contributing to climate change, the MENA countries are not considered to have a great impact. However, these countries have the second largest volume of emissions per unit of GDP and one of the fastest growth rates in emissions and inefficient use of energy which hampers the region's competitiveness in the long term. Climate change will lead to an increase of hot weather periods and aridity in Sub-Saharan Africa, leading to less yields and increased malnutrition in the poor regions. It will also lead to flooding of coastal areas and to an increase of diseases, which will kill millions of people. Climate change therefore is no longer a sole environmental issue, but also a political, economic and ethical problem. On the one hand, this scenario describes exactly the risks we as SEKEM Holding have to take into account. On the other hand it also must be our noble goal to fight this development on a broader level as there is still time to stop the negative impacts.

On the opportunity side we regard SEKEM as more progressive than most of the country's companies who seem to keep their "business-as-usual" going until either climate conditions, regulations or the consumer demand will force them into sudden transformation or bankruptcy. To utilize the opportunities in this time of crises means to take the lead in transformation and change towards a green, low carbon economy. We try this constantly through improving our organic and natural products, widening our product portfolio and searching for new markets opening up through all the above mentioned drivers. Furthermore we flank our activities with research that underlines our claims on how sustainable economic and agricultural activities help to mitigate climate change and its consequences, e.g. on the topic of CO₂ emission reduction through organic agricultural practices.

A comprehensive risk assessment measuring all the above mentioned impacts for the SEKEM Holding will be the next step.



SEKEM's Performance overview should provide a quick impression where the company stands in terms of its sustainability performance – based on a self-assessment according to criteria of the Sustainability Flower. The logic follows traffic light colors – 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.

ECONOMICAL

• Sustainability strategy performance management			•
• Economic development and growth		•	
• Innovation		•	
• Supply chain management		•	
• Eco-friendly products		•	
• Socio-friendly products		•	
• Fair pricing of products		•	
• Consumer responsibility		•	
• Eco-effective packaging and transportation		•	
• Sustainable waste management		•	

SOCIAL

• Corporate governance and compliance		•	
• Assessment of human rights adherence and impact along the company's value chain		•	
• Assessment of the work force and the company's impact on labor conditions and health & safety		•	
• Work force diversity and equal treatment		•	
• Employee loyalty and motivation		•	
• Support employee community organization			•
• Lobbying activities for sustainable development and world challenges on national and international level			•

CULTURAL

• 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			•

ENVIRONMENT

• Energy		•	
• Air		•	
• Animals			•
• Plants			•
• Water		•	
• Soil		•	
• Mineral resources			•

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SEKEM

ECONOMY

When man cultivates earth, processes and trades the harvested goods, social relationships based on economic activities emerge. These social networks produce the qualities such as trust, reliability and solidarity that functioning societies depend on. For individuals integrated in complex social networks these qualities and activities also serve as a basis for learning from each other and thereby encourage human development.



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Sustainability strategy performance management	Defined strategy and goals	<ul style="list-style-type: none"> - Alignment of strategy, measurement methodology and continuous improvement - Gap analysis 	<ul style="list-style-type: none"> - 100% alignment and permanent monitoring - Sustainability-based risk assessment - Gap improvements
Economic development and growth	<p>22,6 % growth</p> <p>Profit: 12,070,039 LE</p> <p>Total investments: 63,273,711 LE</p> <p>Decision for investments into cultivating new land to secure raw material supply</p>	<p>19,5 % growth</p> <p>Profit: 11,466,594 LE</p> <p>Total investments: 66,515,397 LE</p> <p>Started cultivation of new land</p>	<p>15-20% growth</p> <p>Increase of profit margin to 12-15%</p> <p>Total investment until 2010: 81 Mio. LE</p> <p>Gaining some harvests on the new farms Sinai and Baharia of highest quality</p>

ECONOMY

Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Innovation	<ul style="list-style-type: none"> - 6% of sales from new products - R&D institutionalization achieved 	<ul style="list-style-type: none"> - 9% of sales from new products - Increase of R&D projects for all companies 	<ul style="list-style-type: none"> - 15% of sales from new products - Comprehensive needs analysis and coverage
Supply chain management	<ul style="list-style-type: none"> - Principles for supply chain management set - Basic quality assurance 	<ul style="list-style-type: none"> - Status quo maintained 	<ul style="list-style-type: none"> - Compliance Manager with duty for comprehensive monitoring and improvement - Enforcement of further standard application of subcontractors and supplier
Eco-friendly products	<ul style="list-style-type: none"> - Single Issue assessment on some factors 	<ul style="list-style-type: none"> - Status quo maintained 	<ul style="list-style-type: none"> - Full impact assessment of all products; Carbon-neutral products; improved material and packaging usage
Socio-friendly products	<ul style="list-style-type: none"> - Quality labels concerning labor conditions and healthiness of products obtained 	<ul style="list-style-type: none"> - Theoretical research on how to measure social impact of products started 	<ul style="list-style-type: none"> - Starting to apply social footprinting methodology with systematic measurement
Fair pricing of products	<ul style="list-style-type: none"> - Fair trade label obtained; organic prices closer to integration of "true costs" 	<ul style="list-style-type: none"> - Status quo maintained 	<ul style="list-style-type: none"> - Pricing based on comprehensive product impact assessment (economical, social, cultural, environmental)
Consumer responsibility	<ul style="list-style-type: none"> - Product information available - Good product quality - Single issue assessment of customer satisfaction 	<ul style="list-style-type: none"> - Status quo maintained 	<ul style="list-style-type: none"> - Improvement of product availability, information and marketing - Product quality improvement to reach excellence - Customer Relationship Management improvement
Eco-effective packaging and transportation	<ul style="list-style-type: none"> - Packaging as usual - 15 – 20% air freight in food export 	<ul style="list-style-type: none"> - Status quo maintained - 10% air freight in food export 	<ul style="list-style-type: none"> - 100% recycled input and 100% reusable or biodegradable output material - 5 % air freight in food export
Sustainable waste management	<ul style="list-style-type: none"> - Introduction of waste management concept for SEKEM and the region 	<ul style="list-style-type: none"> - Capacity increase of waste recycling facility 	<ul style="list-style-type: none"> - 100% waste recycling



SEKEM

Management Approach

With the introduction of the concept of the Sustainability Flower a major step towards the implementation of a Balanced Scorecard approach to manage and monitor the performance regarding sustainability within all SEKEM companies has been achieved. By having established Key Performance Indicators for the four dimensions Economy, Society, Culture and Environment, the measurement of the performance in regular time frames becomes possible. Its clear and simple system for comparing developments over time facilitates the process of performance analysis and improvement. This step together with the establishment of an internal sustainability management team will lead us further on our way of professionalization and future preparedness for challenges we might face.

The Year 2008 - News

New Date Products in Demeter Quality at the BioFach 2008

Many organic food stores have been offering them as fresh fruit for almost 1,5 years and now they will be available for European customers as a dried specialty. SEKEM presented its newest arrivals to its product assortment and its new commercial branding identity at this year's BioFach fair. It also demonstrated the first Sesame bars in demeter quality.

New Production Facilities For Sekem's Lotus

To produce medicinal plants and spices in the best possible quality and according to international demeter standards SEKEM has so far invested around 20 Mio. Egyptian pounds in new production facilities and plants that opened their doors in March 2008. An area of around 8.300qm has been erected to ensure the homogenous quality of an entire batch of products for all full-leaf-products.

SEKEM Initiative Breaks Ground for New Farm on Sinai Peninsula

On the 2,000 Feddan large area, SEKEM will be cultivating biodynamic fruits and vegetables such as potatoes, onions, mangoes, guavas and oranges. Additionally it will conduct trial runs with new methods for cultivation and new variants. One of the main reasons for choosing the new ground so far away from the other farms is the fact that a large connected ground is available for organic farming, minimizing the risk of contamination by surrounding areas used for conventional agriculture.

New Marketing And Packaging In Isis

A comprehensive marketing campaign for the ISIS fruit juices and other drinks in organic quality in a new packaging, Tetra Pack, has been launched. It includes advertisement in newspapers, flyers, posters in public spaces and in stores, television and radio spots as well as trials in supermarkets. With the introduction of the new packaging in 1 liter and 200ml sizes more stores can now offer ISIS' new refreshing products.

Call Center For Atos Products

A call center has been established to better respond to clients needs as well as to improve the supply of pharmacies with the medical products.

Economic Development & Growth

Investment

The main investments in 2008 have been dedicated to land reclamation in order to gain new areas for cultivation and processing factories. Overall, already 4.000 Fedan with a value of about 36. Mio LE have been bought in 2008, from which 2.000 are located in Wahad, and another 2.000 in Sinai. Another 2.000 Feddan shall be purchased in the year 2009 in Minya in order to cultivate herbs to be processed by Lotus Upper Egypt. The whole project of reclamation and cultivation is expected to run for the following 5-7 years and require a total investment of about 150 Mio LE. Furthermore, the cooperation with the Deutsche Entwicklungsgesellschaft (DEG) in form of a loan of 10 Mio. LE is aspired for the year 2009.

Looking at the single companies, major investments in Atos, Hator and NatureTex have enabled the expansion of production capacities already in 2007. Thus, besides the investments for land reclamation, Libra with 12 Mio. LE, Lotus with 15 Mio. LE and Lotus Upper Egypt with 9 Mio. LE as well as ISIS with 5 Mio. LE have been subject to investment decisions in 2008. Libra has expanded the herd of cows by another 150 animals and installed a new milking plant. The expansion of production facilities and thus the improvement of working conditions of Lotus has been reached in the beginning of 2008 with the completion of the new building. ISIS has invested in a new tea packing machine, in buildings, and in the upgrading of juice lines.

Financial Highlights

Profit and Loss:

Turnover: The group has achieved a net consolidated turnover for the year 2008 LE 196 million achieving 19.5% growth compared to year 2007.

Gross Profit: The consolidated gross profit is LE 74 million compared to LE 70 million in year 2007 with a gross profit margin 37%

Net profit before tax: The consolidated net profit before tax is LE 13.8 million.

Balance Sheet:

Total non-current assets reached LE 489 million with 21% growth.

Total assets reached LE 558 million compared to LE 509 million in 2007 .

Total shareholders equity grew by 7% reaching LE 199 million.

Total non-current liabilities grew by 7% reaching LE 151 million.

Financial Assistance from the Government

The SEKEM Holding received an amount of 4,000,000 LE during the year of 2008 in the form of export subsidies by the Egyptian government. The ministry of trade and industry has established the "Egyptian Export Promotion Center" which financially supports exporters by 10% of their export invoices. Subject to these subsidies have been the SEKEM companies NatureTex for all its exports of cotton fabrics except dolls, Hator for all exports of fruits and vegetables, Lotus for all exported herbs and ISIS for all exported herbal drinks.

Furthermore, SEKEM received financial support from the Industrial Modernization Center (IMC) and the Egyptian Exporters Association (Expolink) to increase industrial firms' productivity, employment, know-how, sales and exports. During 2008 Expolink has supported the participation of local and international exhibitions.


SEKEM

Production and Financial Performance Overview

In 2008, overall sales of the SEKEM Group added up to 247 mio. EGP. The total number reflects sales volume effects as well as price effects for each company and its products.

LIBRA

Libra's two most important products for sale are milk and compost. Libras sales of milk in tons increased by 290%. Sales in tons of compost increased by 100% due to enlargement of the site and increased demand.

LOTUS

With selling dried herbs and spices raw material to ISIS as well as exporting them, LOTUS achieved a 24% increase in sales volume.

NATURETEX

NATURETEX' main products are dolls, readymade garments and raw organic cotton, all for export markets. Compared to the year 2007, 660 % more dolls and 21% more garment have been produced in 2008, which indicates a major increase in productivity and capacity.

ATOS

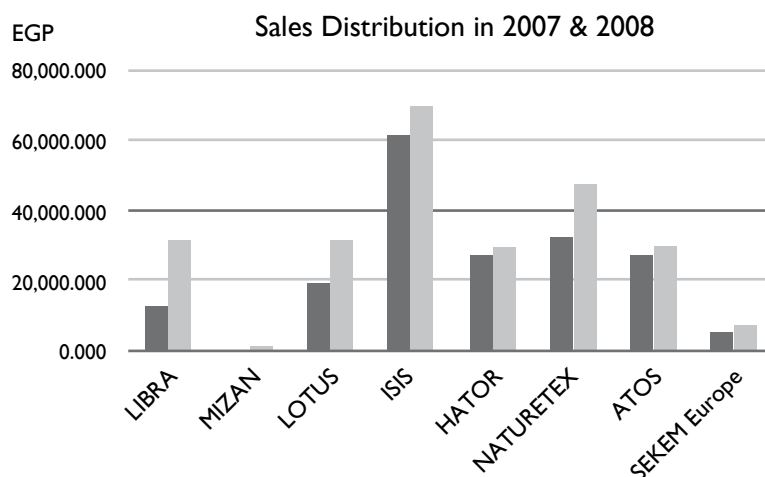
ATOS sells a diverse portfolio of phyto-pharmaceutical products and medicinal teas mainly to the local market. In 2008, one new product, Heparisan, was introduced to the market and sales could be slightly increased in quantity as well as in revenues.

HATOR

HATOR's sales rely on exporting fresh produce of organic fruits and vegetables as well as selling them to ISIS for the local market. Compared to 2007, quantity and revenues could be slightly increased in 2008.

ISIS

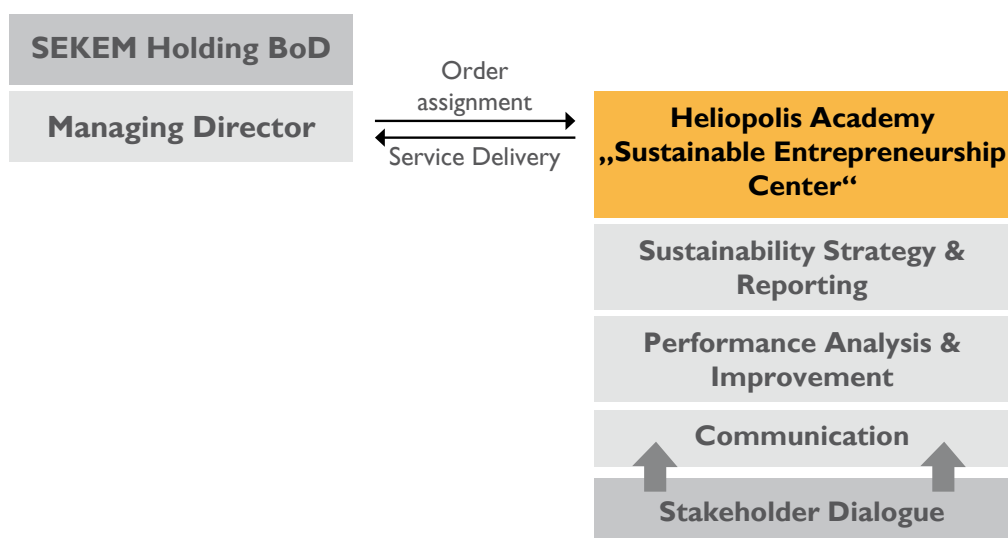
In general, prices for ISIS foodstuff products, solely sold on the local market, have slightly increased during 2008. Nevertheless ISIS achieved an overall increase in total sales, achieved through economies of scale and the introduction of various new products to the market.



Internal Sustainability Management

The internal sustainability management is conducted by the Heliopolis Academy as a service provider. The team of the Heliopolis Academy is therefore working together with all different divisions of the SEKEM Group companies, especially with heads of the Quality and Internal Audit, Financial, HR, Corporate Governance, Marketing/PR and IT departments and directly reports to the Managing Director.

Organizational Structure



Supply Chain Management

The supply chain management in 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 constant monitoring and improvements of our local and exporting activities. But rather than applying a centralized supply chain management on a Holding level we succeed with handling this individualized in every company. 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 cooperating farmers throughout Egypt.

Product Innovation and Research & Development Linkage

Innovation is SEKEM's strategic edge and therefore an important factor for our long-term success. Apart from the general innovation which biodynamic farming in Egypt still is, there are constant efforts to bring new products to the markets in all existing fields – organic textiles, foodstuff, medicine and phyto-pharmaceuticals – as well as to explore new market opportunities. Furthermore the cultivation and production process of all 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 know-how. The whole innovation process in SEKEM is ensured by two drivers – the general organizational culture and the institutionalization of the Heliopolis Academy, the research and training institute of SEKEM which is mainly conducting R&D activities for the companies.



Product Responsibility

Eco-Friendly Products

Starting from the close collaboration and regular as well as on-demand counseling of our contracted farmers all life cycle stages of the products are planned, monitored and assessed from the planting until the delivery to our clients. Insuring the appropriate quality of soil for biodynamic cultivation on a regular basis as well as providing own seeds to the farmers is the first step of SEKEM's integrated agricultural approach and quality assurance. All raw materials used for further processing as well as fresh vegetable and fruit produce are subject to quality assessments when arriving at the actual location of processing as well as just before their further transport to national or international retailers. The results of these assessments and the feedback of our customers serves as the basis for constant improvement activities including soil, seeds, cultivation, processing and transportation.

Additionally, the yearly analysis by a carbon foot printing method allows us to track and reduce environmental impacts stemming directly from the production and transportation of products itself or indirectly from, i.e. the transportation of employees. Moreover, all kilometers traveled by plane for business activities of the holding are regularly offset with carbon credits.

Socio-Friendly Products and Fair Pricing

The support of the biodynamic movement and the development of local and export markets for biodynamic products goes hand in hand with the fair cooperation with all partners in the supply chain. All of the 350, mostly small-scale farmers, supplying SEKEM with agricultural products for further processing in the companies are subject to a special contracting procedure. Relying on the sales assessment and forecast of the companies, the required amount of raw materials and thus crops and necessary land size for cultivation is calculated. Farmers receive contracts already stating the prices for the harvest. These contracts are committed to the fair trade principles and thus higher than market prices by a certain percentage in order to create trust, reliance and long-term perspectives. Also all processing companies follow the fair trade principles and various quality standards, engaging in a high level of social responsibility towards co-workers and community members. In addition, 10% of the annual profits are donated to the SEKEM Development Foundation. This social investment makes community development, educational and health institutions and artistic programs possible.

External Communication and Customer Relations

In order to provide our customers and consumers with all necessary information and transparency, all products are labeled at least according to the country specific governmental regulations. The labels of medical products also contain the according information and directions for use. A free customer service hotline is available in case of any questions or complaints. Furthermore we engage in awareness building of the consumer through emphasizing the health advantages of organic and biodynamic products and inviting them for farm visits. Especially for the food products, we have different satisfaction measurements in place like objective-oriented end-consumer surveys, customer satisfaction reports and a retail audit research to measure the market share of the products. These tools need to be extended to all our companies. A next step would then be a trace-and-tell system for the end-consumer products that enables the consumer to track the products origin and impact throughout its supply chain until the retail shelf by entering a product-specific code on our homepage.



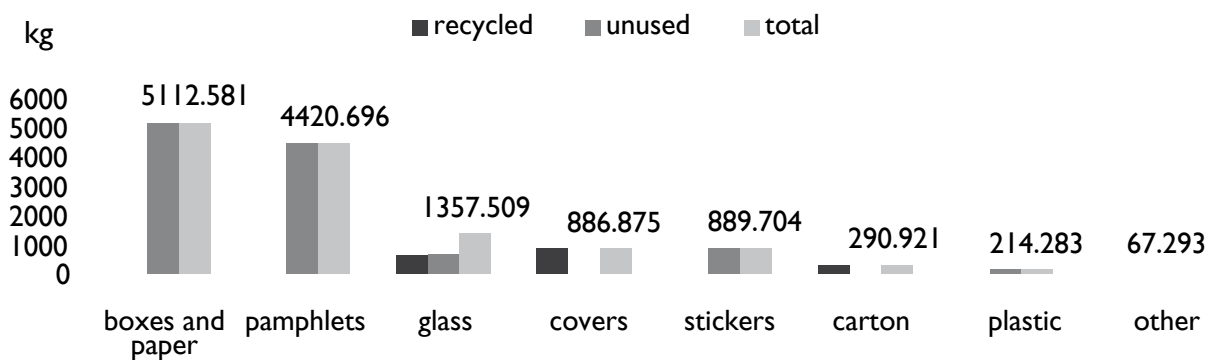
Eco-Effective Packaging & Sustainable Waste Management

For the packaging of our products we strive to use solely material which can either be reused or recycled or consists of recycled material itself. Covers and cardboard as well as about half of the glass used for packaging already consist of recycled materials. The major amount of packaging consisting of boxes and paper as well as the pamphlets already offer the possibility for recycling.

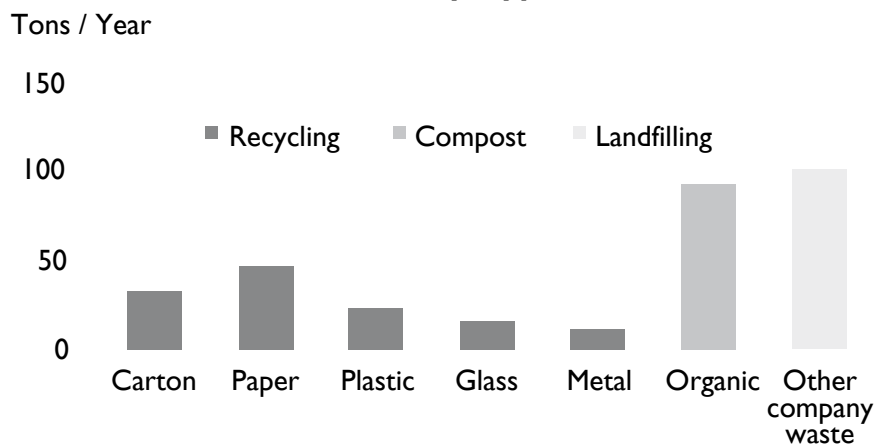
Due to the missing infrastructure in Egypt, the introduction of a refund system for bottles or the establishment of a recycling system have not been put into practice. However, SEKEM plans to cooperate with major customers in order to regain and recycle its own packaging material.

Waste accruing during the processing and production within the SEKEM companies is sorted into metals, glass, plastics, paper, carton, organic waste and textiles. In order to provide garbage collection services to the surrounding villages of the main SEKEM farm, the valuable waste is sold. Including the surrounding villages, 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. In 2008 no significant spills have been recorded.

Packaging Input Material

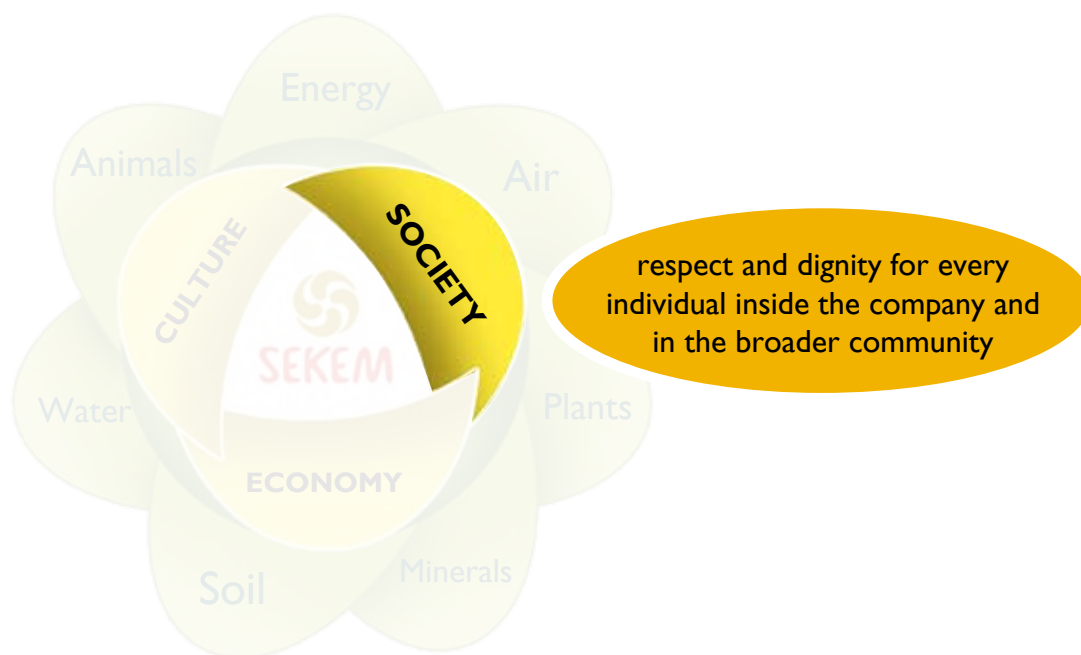


Waste By Type


SEKEM

SOCIETY

Social life connects mankind with its origin and its future. The human being is born into specific family ties and is responsive to the diverse relations from the economic, political or cultural sphere. Man encounters different kinds of ties and relations during life. All of them, fore mostly education have to respect the human rights. Education means explaining human rights and raising social competencies to enable the active participation in ethical discussions about the future of the world and mankind.



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Corporate governance and compliance	- Corporate Governance Codex in place	- Status quo maintained	- A "Living" Code of Conduct
Assessment of human rights adherence and impact over the company's value chain	- UN Global Compact obtained - Certain suppliers comply with demeter/fair trade certifications	- UN Global Compact obtained - Social worker empowerment in all SEKEM companies	- Enforcement of Global Compact & other human rights standards throughout the supply chain

Goals Portfolio

Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of the work force and the company's impact on labor conditions and health & safety	- OHSAS standard obtained	- Status quo maintained	- Improve data availability and monitoring on fatalities, absentee rate and other health indicators of employees - Reporting on fatalities and absentee rate
Work force diversity and equal treatment	- Women percentage of workforce: 17% - Women in managerial positions: not available	- Women percentage of workforce: 21% - Women in managerial positions: 15	- Women percentage of workforce: 30% - Women in managerial positions: 20
Employee loyalty and motivation	- 1593 employees - 15% turnover - Provision of certain non-monetary employee benefits to full-time employees	- 1483 employees - 13,4% turnover - Provision of certain non-monetary employee benefits to full-time employees	- 1500 employees - 10% turnover - Increasing transparency on non-monetary benefits through better HR programs
Support employee community organization	- Family support - Community projects	- Status quo maintained	- Increase capacity for long-term community projects
Lobbying activities for sustainable development and world challenges on different regional levels	- Memberships in different committees concerning economical, agricultural and environmental topics	- Significant work on climate change and sustainability issues with governmental institutions	- Significant engagement to impact COP15 outcomes and Egyptian national competitiveness and transformation


SEKEM

Management Approach

Providing our employees and cooperating farmers at their workplace and in addition to that their families and communities with an environment and conditions that contributes to their well-being is the predominant goal and most comprehensive, self-imposed challenge 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 basic requirements. Moreover, we strive to offer and create awareness for the necessity of space for individual learning and development activities, equal treatment, especially women's rights and the improvement of health care in the sphere of corporate life, the surrounding communities and the broader national and international society.

The Year 2008 - News

SEKEM Successfully Concludes I3-Villages-Project

By the end of 2008 the SEKEM Development Foundation (SDF), SEKEM's non-profit association for social and cultural development in Egypt has completed one of its biggest projects so far: the three-year I3-Villages-Project. The project has been fighting against poverty and its causes in the region of Sharkeya, the area of SEKEMs mother farm.

Empowering Social and Political Rights of Women

In cooperation with the European Commission the SDF is implementing a project entitled "Empowering Social and Political Rights of Women in Sharkeya Governorate". The project aims to empower women in social and political life through increasing public awareness on women rights and raising the women status by reducing discrimination against women in education, work and families.

Community School

In cooperation with the Egyptian Government and as a continuation of the "Chamomile Children project", in 2008 a community school has been opened. Its purpose is to reintegrate children, obliged by their families to contribute to the family income, into the schooling system and continue with their basic education.

Civic Engagement

„Win Your Rights“ is a new project by the Ministry of Education and Schooling in Egypt. It pursues the aim of instilling ideals of an inclusive society, justice and the rule of law, tolerance and diversity, equal rights and civic responsibility in young children. It intends to encourage them to develop critical thinking and pro-actively take on their responsibilities as Egyptian citizens. SEKEM participated and sponsored two public schools to join the competition.

Financial Ownership

76.03 % Abouleish Family

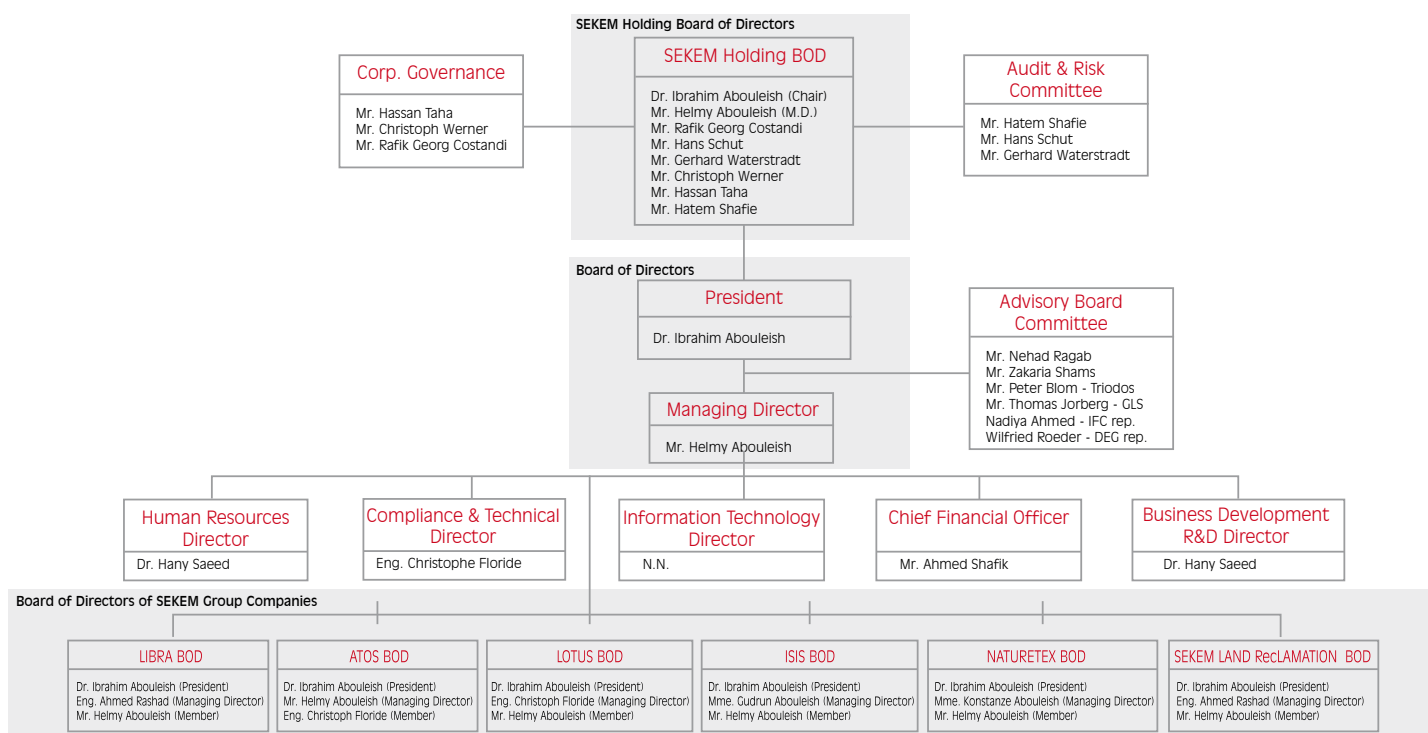
11.99 % GLS Beteiligungs AG

11.92 % Triodos Ventures BV

0.06 % Abouleish Foundation

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.

Corporate Governance Structure



Corporate Governance Strategy

The Corporate Governance Code includes regulations on the rights of the shareholders, the frequency of the General Assembly (GA) meetings and the voting rights of the shareholders. The Board of Directors (BoD) advises and supervises the SEKEM Group's Management with regard to sustainable economic prosperity, business development strategy and wellbeing. The composition, current members, voting rights, access to information, responsibilities, meeting procedures and duties and tasks are defined. 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 (semiannual). A copy of the complete Corporate Governance Code can be provided upon request and is available in the company's intranet.

SEKEM's advisory board consists of six members representing different sectors. The main function of the advisory board, based on the experience of the board members, is to provide consultancy and advice for the SEKEM management. The advisory board members are representatives from different institutions (see page 27 f.)

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

Value Management - Bribery & 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 2008.

SEKEM has researched the possibility of extending its already existing Corporate Governance Code to include a zero-tolerance policy for corruption and bribery. We are currently working on drafting this document and implementing further steps to ensure the effective enforcement of our anti-corruption policy.

Public Policy Engagement

As Vice Chairman and Managing Director of the SEKEM Group, Helmy Abouleish regards the awareness rising and enforcement of sustainable development in various boards and councils nationally and internationally as one of his main responsibilities. Mr. 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 these positions he works closely together with different governmental authorities and ministries to drive agendas and priorities into the direction of sustainable transformation of sectors and governmental policies regarding especially agriculture, climate change and environment, education and the industrial sector. A National Sustainable Development Strategy for Egypt, that embraces all these issues, was a focus topic of Helmy Abouleish in 2008.

Internationally Mr. Abouleish worked together with United Nations Industrial Development Organization (UNIDO), Bund oekologischer Lebensmittelwirtschaft, Food and Agriculture Organization (FAO) and many more universities, research institutions, NGOs and associations on topics such as Corporate Social Responsibility, How organic agriculture can feed the world, Sustainable Innovation, Entrepreneurship and Renewable Energies for developing and transition countries.

Overview of most important memberships in 2008:

Chairman of

- Chair of Managing Council of Industrial Modernization Centre Egypt (IMC)
- Egyptian National Competitiveness Council (ENCC)

Board of Trustees:

- The Egyptian Junior Business Association (EJB)

Member in

- Social Entrepreneur Council (Schwab Foundation) and World Economic Forum (WEF)
- International Association of Partnership (IAP) with leaders of international organic movement

Board member in

- Egyptian Energy Saving Council for Industry
- Board of Arab Sustainability Leadership Group (ASLG)
- Chair of Industrial Law Committee in the Federation of Egyptian Industries (FEI)
- Board Member of Science and Technological Development Fund
- The Federation of Egyptian Industries (FEI)

Board Of Directors

Dr. Ibrahim Ahmed Abouleish - Chairman

Alternative Nobel Prize 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

Born in 1940. After the study of business and management economics he was co-worker at a German subsidiary of a large US company eventually serving as director in the finance department. He also was treasurer and member of the committee at a non-profit organization. After that he has built up the Stuttgart branch of the GLS bank that has its main office in Bochum, Germany. In 1994 he was appointed as a member of the board of directors and in this function has been continuously responsible for the credit transactions (customer service) of the GLS Bank. Besides that he was also member of the board of directors of GLS Investments (GLS Beteiligungs-Aktiengesellschaft). In 2007 he retired from the GLS board and is now working among others as a representative of GLS bank.

Mr. Hans Schut

Member

Hans Schut (*1953) is a managing director of Triodos Investment Management, part of the 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 Healthcare 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 markt (Karlsruhe). He holds an International Executive MBA from the University of Pittsburgh (USA).

Mr. Hatem Ahmed Shafie

Member

Hatem Ahmed Shafie, currently in the position of assistant to the chairmen of Cairo & Alexandria stock exchange. Previously, Mr. Shafie was the CFO of SEKEM Group for five years. 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 specializing 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 AWFI/Lokma and International Partner in Price Waterhouse Coopers, Cairo, Egypt.



SEKEM

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.

Human Rights, Equal Treatment and Child Labor

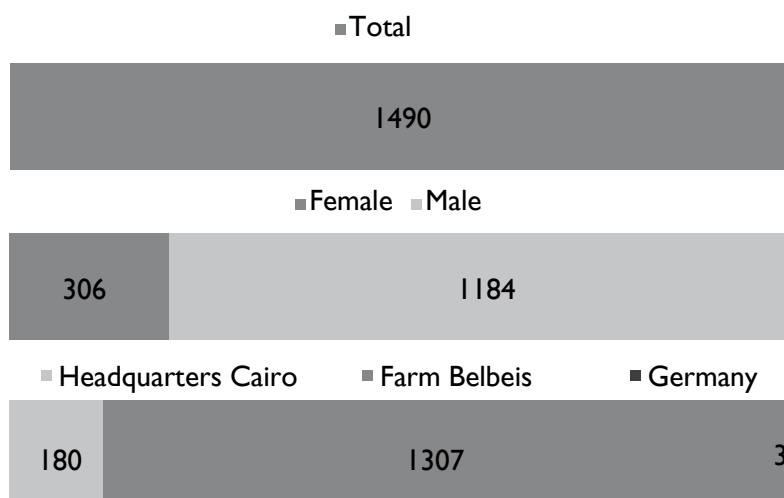
For all our employees, farmers and all partners in the supply chain, including everybody from the producer to the consumer we strictly apply fair trade policies. For the contracted farmers this is implemented through fair prices and long-term cultivation contracts to farmers, securing greater independence from the rapidly changing world market prices and thus basic livelihood and future development perspectives. The Fair Trade Labeling Organization (FLO) has certified fresh products, herbs, rice, cotton and ready made garments and thus the majority of the SEKEM products and their supply chains. Products not covered by this label are subject to other quality certifications always postulating the adherence of human rights. Furthermore project partners and main investors are including human rights clauses in their investment decisions, which they query through questionnaires. SEKEM's Farmers Development Association (FDA) is constantly training the contracted farmers on these issues. In addition to that the security personnel working in the SEKEM Holding is trained in Human Rights issues for one hour a week. All other employees attend weekly meetings in which Human Rights topics are discussed and directly applied to every-day working situations.

The freedom of association and collective bargaining is secured for the co-workers through the commitment of SEKEM that every employee is free to be part of a labor union, which is promoted through regular visits of delegates. Furthermore the Cooperative of SEKEM Employees gives weight to the collective issues of the employees and therefore helps to win recognition and achieve interests.

The SDF has taken on a project to create awareness for social and political rights of women in the surrounding villages of the SEKEM farms. Developing female community representatives by providing legal advice, training religious leaders on State Law, international convention and how to advocate for eliminating discrimination against women in family, education, work and other social aspects as well as training midwives on safe delivery and hygiene related issues and how to advocate against female genital mutilation and early marriage were the main accomplishments so far.

In order to avoid child labor not only within SEKEM but on a broader community level. SEKEM has offered a special program for working children since several years. In September 2008 the SDF opened a community school to increase the literacy rate for children and thus reduce child labor. Community Schools are based on a governmental initiative in cooperation with the UNICEF since 1992. Communities provide the ground and school while the government supplies material and teacher training. The two projects have been joined and 24 children participated in the program so far.

Employees



General Association with our Workforce

All employees of the SEKEM companies are represented in the Cooperative for SEKEM Employees. The CSE realizes the provision of meaningful work in a healthy, safe and humane environment, the guarantee of working conditions according to national and international standards (International Labor Organization, Fair Trade), the training of employees regarding performance as well as cultural and social activities.

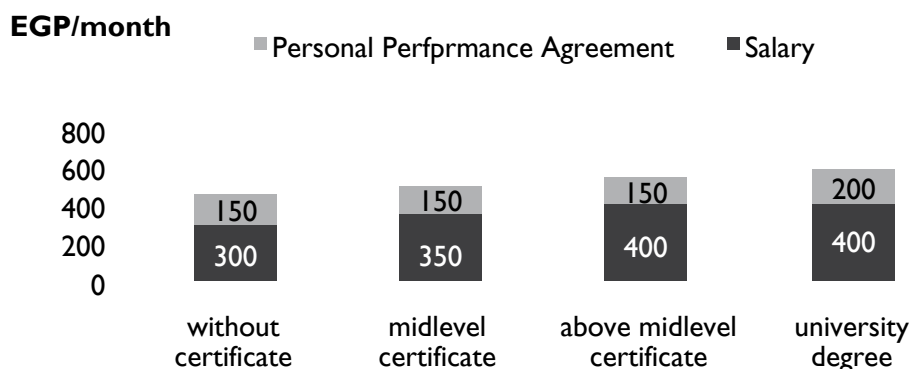
The hiring procedure secures equal rights during the whole process. After assessing the applications, different candidates are interviewed by the HR and the direct manager. The final candidate is also interviewed or approved by the CEO. The Board of Directors approves changes in the positions of the CFO, COO and CEO. During the probation period of three months any contract can be cancelled immediately from both sides. After this period as for all other operational changes, the minimum notice period is one month, as the labor law in Egypt prescribes.

In order to advise or provide counseling and support on topics such as health and safety, working conditions or personal or community well-being all employees have the possibility to contact the «Social Worker» in their company. The social worker is responsible for the improvement of critical issues raised by the employees as well as for training proposals by addressing them to the management. Furthermore employee representatives are elected for three months to act as spokesperson for a certain amount of employees.

Health and Safety

For our employees also in 2008 we kept up internationally acknowledged health and safety conditions in their working environment. All SEKEM companies have established and are applying a Health & Safety Management System that is certified according to OHSAS 18001 until 2011. In order to constantly monitor these conditions the social workers are placed in all companies. In addition to these efforts the Medical Center in the SEKEM premises offers medical services to all employees and inhabitants of the surrounding villages and regions.

Entry Level Wages



Diversity and Women Empowerment

To ensure a diverse employee structure and empower minorities is regarded as a main responsibility to reach the goal of equality and dignity for every individual in SEKEM. Therefore we have several institutions and programs in place. For women empowerment we on the one hand support women in any work-related or personal issues through social workers and on the other hand strengthen the position of women in the outer community through microcredit and education programs. Furthermore we pay additional 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.

Age Group	Number of Employees
18-21	230
21-35	894
35-45	235
45-60	106
>60	22

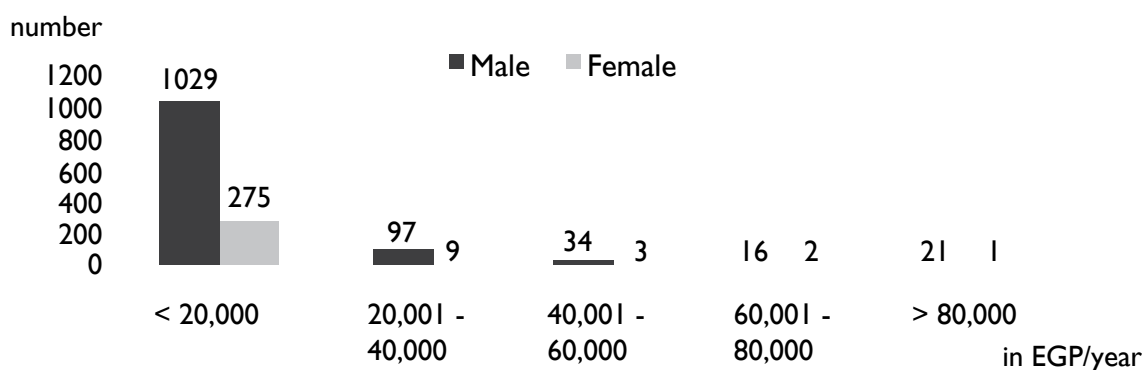
Of the 1489 total employees, 1188 equaling 80%, have a Personal Performance Agreement (PPA), which means that they have regular performance review meetings where they define individual goals and training needs. The goal attainment percentage defines the variable part of the employee's salary.

Salary Average in 2008	
Female	914.64 EGP per month
Male	1482.97 EGP per month

This wage difference is related to the still small number of women in managerial positions throughout the SEKEM Holding and which we are going to improve with our above described programs.

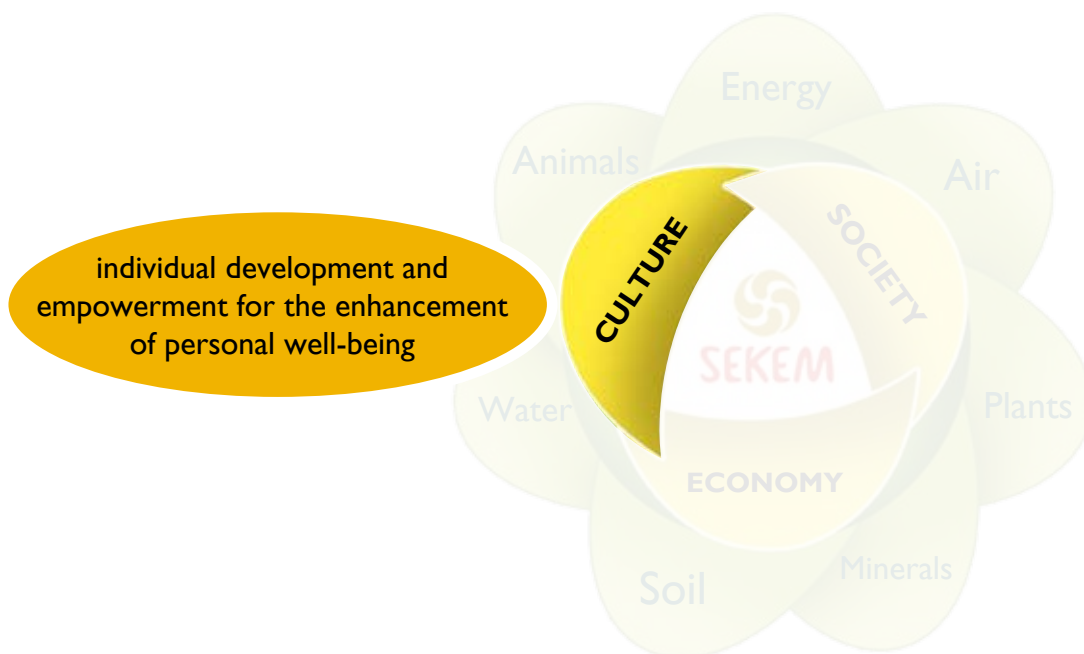


Number of Employees in Wage Groups



CULTURE

Every human being is born into a cultural setting and is constantly influenced by and learning from its culture. The more education and empowerment a human being receives and embraces, the more it enlarges his/her perspectives for the development of its own culture and the distinctness and values of other cultures. A profound education and diverse perspectives are the premises for an economy of trust and respect towards all human beings. Wherever mankind has the possibility to fully evolve culturally, mankind advocates for the future of the earth.



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of company's cultural development strategy	<ul style="list-style-type: none"> - Intensive engagement in all fields of broader community development - Company spending: 1,550,000 LE 	<ul style="list-style-type: none"> - Continuous extension of engagement through more external funding - Company spending: 1,500,000 LE 	<ul style="list-style-type: none"> - Professionalized project monitoring and impact assessment - Company spending: 10 % of profits
Employee training and awareness building in different spheres of education (arts, music, skills, etc.)	<ul style="list-style-type: none"> - Single issue training of employees 	<ul style="list-style-type: none"> - Starting phase of professional, long-term training plan 	<ul style="list-style-type: none"> - Fully implemented 1-year training plan for every employee

CULTURE

Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Scientific research engagement	<ul style="list-style-type: none"> - 8 running projects - Project acquisition through various channels 	<ul style="list-style-type: none"> - 14 running projects - Acquisition strategy maintained 	<ul style="list-style-type: none"> - 20 running projects - Alignment of acquisition of projects to defined strategy - Comprehensive project monitoring
Health of the employees and broader community	<ul style="list-style-type: none"> - Offering a wide range of medical services 	<ul style="list-style-type: none"> - Enlargement of medical services portfolio - Encouragement of use of available services 	<ul style="list-style-type: none"> - Further develop consciousness for individual health - Improve medical center monitoring and evaluation
Religious and spiritual activities	<ul style="list-style-type: none"> - Inclusion of religious activities in the workday 	<ul style="list-style-type: none"> - Status quo maintained 	<ul style="list-style-type: none"> - Status quo maintained



SEKEM

Management Approach

The advancement of every individual is a continuous challenge in the fields of education, science, art, and religion. Children who have come to enjoy a profound education will become free-spirited and responsible individuals. Continuous learning throughout the work life and a good health condition enable people to improve their living conditions and contribute to the development of the community and country. SEKEM's approach is therefore 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.

The Year 2008 – News

„House of Wisdom“ performance at SEKEM

In April 2008 the SEKEM Academy saw the theatre play „House of Wisdom“. The play was performed by a group of male and female teachers of the SEKEM School in the Arabic language. The teachers delivered a commendable performance that greatly enlarged their experience and understanding of foreign works of art.

Pupils and students perform for the public

A number of 80 students from the SEKEM School's fourth graders up to the students of the Vocational Training Centre participated in a public presentation of new production integrating theatre, eurhythm, music and recital performances in SEKEM's Roman Theatre. The audience enjoyed happy children, an attractive stage scenery and a famous folk story plot well known to Egyptians.

San Francisco Youth Eurhythm Group performs at the SEKEM Initiative

22 students and three of their teachers from the Rudolf Steiner High School in San Francisco visited SEKEM in February. They performed their program „Awakening“ for the pupils, students and co-workers of the SEKEM Initiative. A close artistic relationship between the visiting performers and the youngsters from SEKEM's social institutions was established. Besides the presentation of the fairy tale of the princess Sinhold by Michael Bauer an Arabic poem was transformed into Eurhythm.

Conference on SEKEM's Work in Egypt Focuses on “Social Art”

The Swiss SEKEM Support Association organized a conference on the Initiative's Social Development Impulse. Speeches gave insights into the diversity of the economic and personal relations of the SEKEM Initiative internationally. The participants left the event with the positive impression that change is indeed possible and can be brought about even by individuals.

SEKEM plans its own Chamber Orchestra

Since September 2008 the conductor and choir director Bernhard Sieberer from Austria has been working with people from all SEKEM core and associated organizations. The musical activities already in existence have been picked up, continued, and advanced through his engagement. The different SEKEM choirs have made impressive improvements and also the orchestra work is developing into different projects.

Medical Centre completes expansion

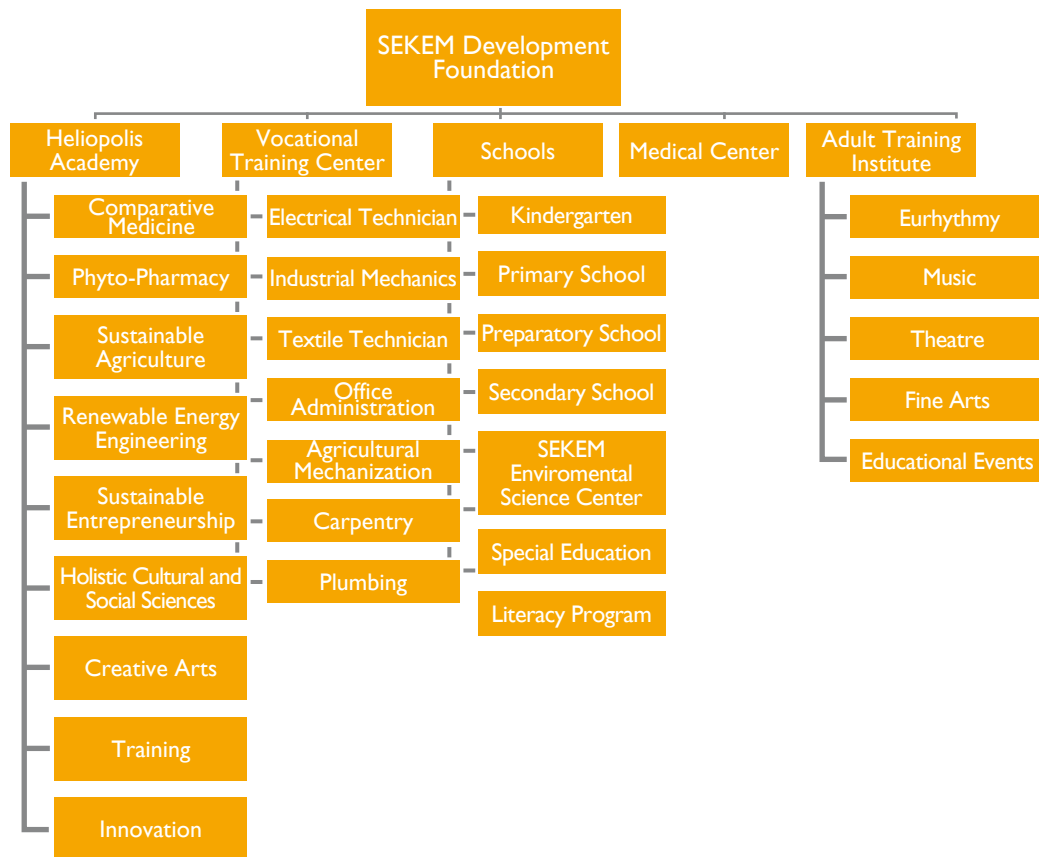
Co-workers of the SEKEM Hospital inaugurated new premises with new rooms for administration, a reception and examination room, and a room for endoscopy in which also therapeutic flushing can be offered. Multifunctional ultra sound equipment, a room for circulatory diagnostics, a reception room for a cardiologist and space for revitalization therapies have been created.

Islam Seminar

Another Islam Seminar was held on the SEKEM Farm by Dr. Ibrahim Abouleish in January 2008 to foster the intercultural understanding and develop a dialogue between the religions.

Overview of SEKEM's Cultural Institutions

To ensure a diverse employee structure and empower minorities is regarded as a main responsibility to reach the goal of equality and dignity for every individual in SEKEM. Therefore we have several institutions and programs in place. For women empowerment we on the one hand support women in any work-related or personal issues through social workers and on the other hand strengthen the position of women in the outer community through microcredit and education programs. Furthermore we pay additional 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.



Every year, all SEKEM companies donate 10% of their profit to the SEKEM Development foundation to finance community projects which serve educational, health and cultural development purposes. In total, the SDF received 2,144,570 EGP from donations in 2008, including the donations from other associations, boards and national and international funds for research, training and social development projects.

In 2008 there have been 43 children enrolled in the kindergarten, 239 in the school, 27 in the special education program, 10 in the literacy program and 163 trainees in the vocational training center. The educational institutions employed 97 teachers.

The Heliopolis Academy employed 33 full employees and 13 part-time researchers in the Heliopolis Academy, with whom it conducted 14 research projects in all fields. The medical center employed 24 doctors and served 32.000 patients in 2008.



Cultural Development Activities and Spiritual Inspiration - “Arts at the Workplace”

In this program employees are encouraged to practice their artistic skills by singing or practicing Eurhythmymy. They are invited to participate in the SEKEM choir called “Peace Voices” which practices once a week. Its purpose is to bring people from different cultures and nations together, enjoying the common language of music. Such as with the Peace-Voices, employees are invited to practice and develop their skills in eurhythmymy. Furthermore, programs such as acting, story telling and artistic speaking as well as practicing fine arts by painting, sculpturing and plasticizing are offered for co-workers and international SEKEM Friends.

The results of the practices, workshops or trainings are made available to all SEKEM employees by either plays, performances or exhibitions. Every week one hour of working time is dedicated to the results of the artistic development of co-workers, at which the employees are obliged to attend. Two other set dates for the portrayal of cultural activities are the two main festivities of SEKEM each year. Furthermore, paintings or sculptures are constantly portrayed in the offices of the employees.

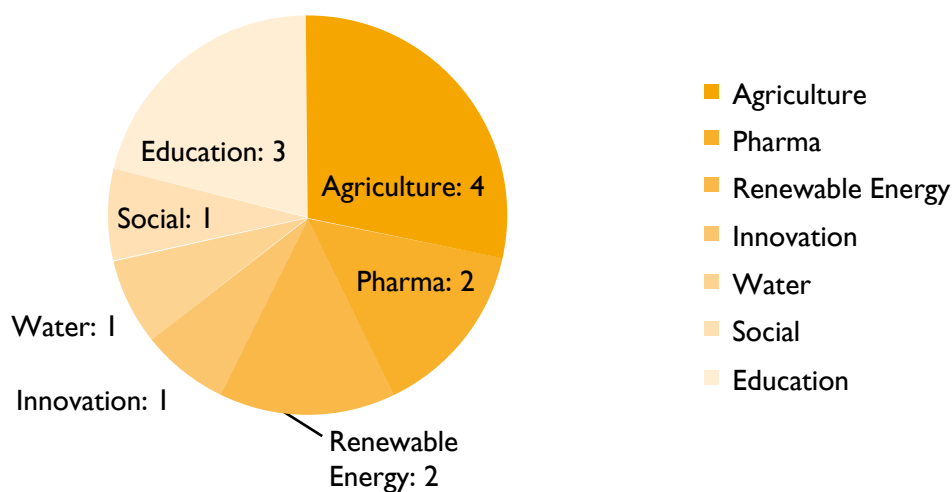
Training for Body & Soul

Besides the voluntary involvement in the development of cultural skills all employees receive regular training in eurhythmymy 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. Gymnastics are practiced daily with every employee in groups for about 15 minutes. But eurhythmymy 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.

SEKEM Environmental Science Center (SESC)

For SESC the year 2008 was a successful and promising year. The number of field trips increased, more schools beside the SEKEM school participated in the program and the content of the field trips was broadened. Further local schools from the surrounding communities who normally would not have the chance to pay the participation fees, have been included through a special competition program between the projects of each school.

Heliopolis Academy New Research Projects 2008



Employee Training

Besides the cultural development activities offered to the employees in the form of artistic courses or its weekly presentations, the SEKEM Holding takes special 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. To give an insight into the variety of training activities of the SEKEM Holding the trainings from the different areas such as agricultural production and professional skills are listed below.

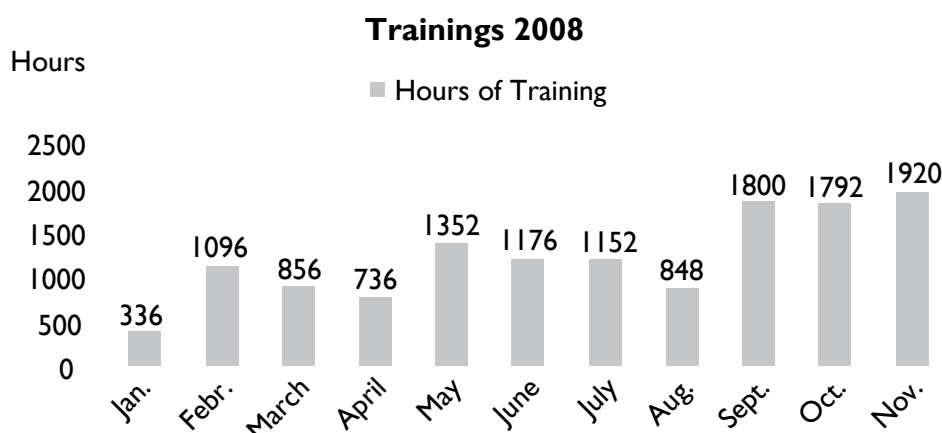
Professional Skills Trainings

- Human development between catalysts and hinders
- Ways of dealing between the supplier and the company
- Retaining Customer Relationship
- Team Building
- Time Management
- The Art Of Leadership
- Sales Coaching, Selling Skills
- Essentials of Marketing
- Performance Appraisal
- Effective Business Plan
- Effective Communication
- Budgeting and Planning
- Advanced Cash Flow
- Presentation Skills
- Win-Win Negotiation
- Problem Solving & Decision Making
- Professional Secretaries

Professional Skills Trainings

- Organic treatment of grapes
- Fertilizer needs of crops
- Preparation for cotton cultivation and ways of organic resistance
- Irrigation water needs and how to specify it for different crops
- Organic resistance to pests and how to apply it
- Time of planting and its effect on the production
- Organic agriculture and the best application methods
- Application of bio control

In order to adapt the trainings provided to the individual needs of the employees, long-term individual training plans will be developed by the HR Department for the year 2009. The trainings and outcomes from the year 2008 will serve as a basis for a detailed needs evaluation. Overall a number 48 trainings has been held in the year 2008 for a total of 837 employees of the SEKEM Holding. The rise in training hours in the last quarter of the year 2008, as seen in the chart below, has developed from the beginning of the systematic analysis of training needs and the setting up of detailed training plans.



SEKEM



ENVIRONMENT

Unity with Nature

Management Approach

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.

These methods require the full integration of the environmental dimensions of the sustainability flower through focusing on all aspects of a healthy, stable environment without neglecting the importance and necessity of its interdependence and close linkages. Stating this we commit ourselves to sustaining and further developing all dimensions of the environment - through quality standards and efficiency improvements, the application of new technologies and through education of all our stakeholders to gain “eco-literacy” – to keep everything in balance and take the scarcity of all resources into consideration.

Organic and Biodynamic Agriculture

The aim of creating integrated, environmentally sustainable agricultural production systems is rooted in the concept of organic and biodynamic agriculture itself. Reliance is placed on self-regulating agro-ecosystems, renewable resources and the management of ecological and biological processes. All farmers contribute to the development of a biological diversity in the fields favoring renewable resources and returning nutrients to the soil without using chemical pest controls or fertilizers. 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. Biodynamic farming uses biodynamic preparations and cosmic rhythms of development in harmony with agricultural activities. 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 optimized in harmony with its environment. Most of the supplier farmers of SEKEM use biodynamical growing methods and thus proof an increase in productivity and superior food quality from season to season.

Environmental Compliance

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.

Overall Spending on Environmental Protection

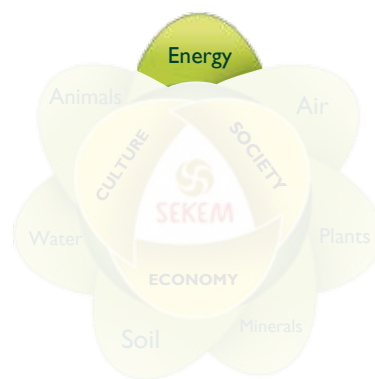
We do not spend any money apart from our core activities on environmental protection – because we regard all our investments to be protective and regenerative for the environment, since their purpose is to further develop and conciliate the individual, society and nature.

ENVIRONMENT



ENERGY

Efficient usage of energy
and development of
renewable energy



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of water usage	- Corporate Carbon Footprint conducted	- Corporate Carbon Footprint conducted	- Full measurement through ongoing data assessment and evaluation - Energy efficiency strategy implemented
Energy saving	- No saving records	- < 0,01% energy saving	- > 1% energy saving
Proportion of clean(er) / renewable resource usage in the energy mix	- Single-issue trials for using renewable energy sources	- Improvement and further application of different renewable sources	- Comprehensive renewable energy mix implemented and monitored



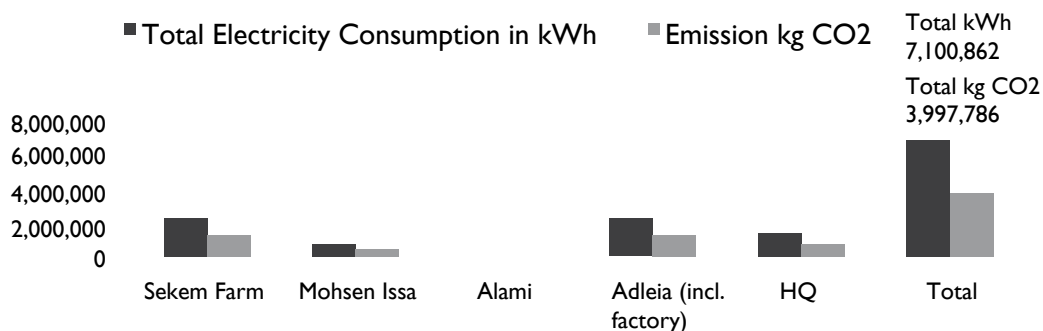
„Starting from 2008, I was occupied in constantly improving and installing solar water heaters on the SEKEM farm. Different types of heating systems are now tested and the flat type heaters are built in SEKEMs Vocational Training Center. Almost all of the private houses on the farm, the Medical Center, one Cafeteria and the Academy are now supplied with warm water heated by solar energy. In addition to that, our team built and installed a heating system for one of the greenhouses using a 750 litres tank and a closed underground system directly warming the roots of the plants and the surrounding soil.“

Dr. Ahmed El-Hodeiby
Project Specialist for Renewable Energies

Energy Footprint

kWh / CO₂

■ Total Electricity Consumption in kWh ■ Emission kg CO₂



The sun lights life and grants the human being physical strength and the luminance for its enlightenment. Humans need to learn attaining energy from nature, not only by exploiting and destroying the earth but by using renewable energies for reaching the same development. The way how energy is used provides an indicator for the degree of respect shown towards earth and mankind.

Solar Water Heaters

SEKEM is currently using two different types of solar water heaters. The flat type of heaters are already produced in the Vocational Training Center of SEKEM and are subject to constant research with the aim to improve quality while decreasing the production cost using different technologies and materials. In 2008 the production of a proto-type has been finished. Governmental certification by the NREA will take place in 2009. Due to limited market demand, the evacuated-tube-type-heaters are still imported and used as learning examples for the own production as well as to fulfill current needs at SEKEM.

The major project in 2008 included the production of a customized solar water heater system for one of the greenhouses of SEKEM. The warming of 750 liters by solar energy is used for the warming of the greenhouses with a closed underground water cycle. The pipes release the warmth of the water close to the roots of the plants, providing optimal temperatures also in colder seasons.

With 15 pilot projects using solar water heaters either produced within SEKEM or imported from cooperating partners in Italy and China, the daily warm water needs of about 2200 liters for mainly private households as well as the Medical Center, the Academy and one of the cafeterias are served. By using solar energy to heat the water, about 100 kWh of energy can be saved, which would have alternatively been produced by gas. Thus, almost 60 kg of CO₂ can be avoided.

Hybrid Solar Dryer

In order to preheat the air used to dry all the herbs processed within Lotus, a hybrid solar dryer has been installed on one of the SEKEM farms. In average it preheats the air about 20° C and thus saves the energy to heat this air with the help of gas or electric energy. By using this help of natural energy, 375 kg of gas can be saved, equaling emissions of 1.800 kg of CO₂.

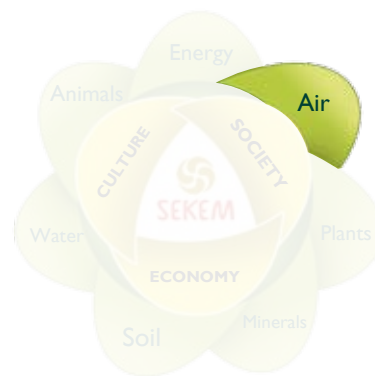
Wind Energy

The recently installed wind measuring device is the first step towards a turbine set up in SEKEM to produce wind energy. Due to increasing diesel and electricity prices, alternative energy sources are becoming more and more competitive. Research will allow to introduce this type of energy generation in SEKEM within the next two years.



AIR

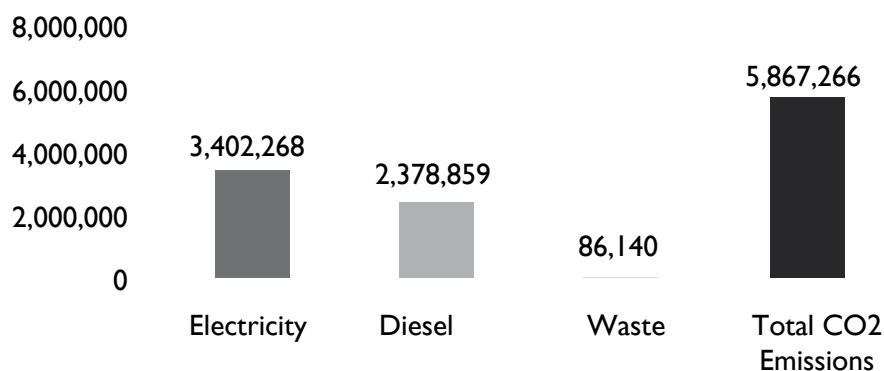
Improve quality of the air and mitigate climate change through avoidance of emissions



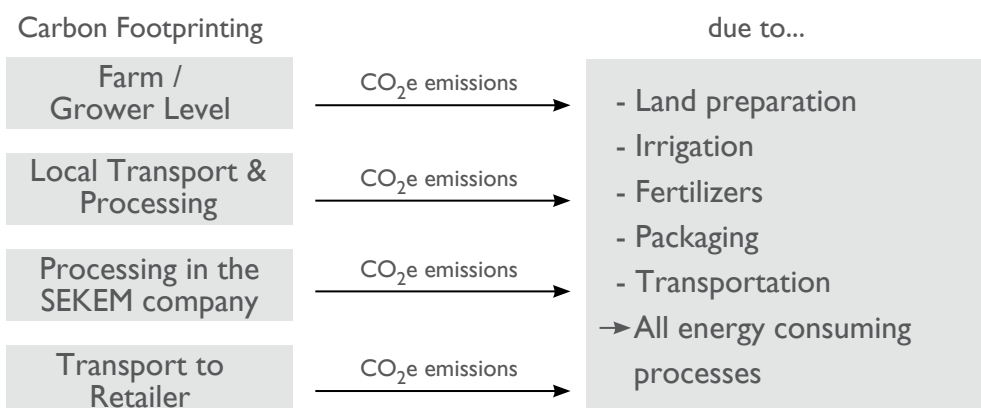
Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of emissions	Assessment of 2 pilot products	Additional assessment of 4 varieties of herbs	Assessment of all food products
Reduction of imperiling emissions	No emission reduction actions	< 0,01 % of emission reduction	> 0,1 % of emission reduction
Emission offsetting	No CO ₂ emissions offsetting	Business flights offsetting	Zero CO ₂ company & all food products

“After working for several years as Project Developer in the Business Development Department at SEKEM, I only changed to my current position in the last year. I am now conducting analyses on company specific information related to its CO₂e emissions such as energy consumption and transportation to prepare product and corporate carbon footprints for SEKEM. Due to the increasing demand of the consumer to be informed about total emissions caused by the final product lying on the supermarket shelf, international standards, regulations, and methodologies are beginning to develop. We in SEKEM follow the ideal of pioneering this movement in the Egyptian and further Middle East market.”

Mrs. Dalia Abdou
Bachelor in Construction Engineering

CO₂ Emissions by source

The Climate Change shows in a drastic way that the atmosphere and climate are important resources that need our serious protection. As air is our conjoint resource, one of our central tasks is to care for the climate and its balance. To keep the air clean through various CO₂e abatement methodologies has to be managed in a progressive, forward-looking and cooperative way – on the level of individuals, businesses, research institutions and nations.



In 2008 SEKEM assessed 4 varieties of herbs: camomille, hibiscus, spearmint and peppermint. For all products the drying process was identified as the phase with the highest CO₂e emissions due to the huge energy need. To lower this negative impact a solar dryer was developed and was put into operation at the end of 2008.

For 2009 all fresh food products are going to be assessed. Furthermore, an offsetting strategy will be defined.

Compost

By processing SEKEMs green waste and green waste from farmers around the SEKEM farms into compost, CO₂e emissions can be decreased in comparison to conventional waste management methods. Using a controlled aerobic process, around 1 Ton of CO₂-equivalent emissions per two tons of compost can be avoided. Furthermore, organic compost replaces tons of chemical fertilizers when applied in agricultural processes, most of all by improving low-grade desert soil. 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 as well as less irrigation. In 2008, 123,452 tons of compost have been produced on Libra's two large scale compost sites. For this amount a total of 86.119 tons of CO₂-equivalent emissions have been avoided. Part of these CO₂-certificates have been used to offset all business flights for the SEKEM-Holding.

Paper Usage

Due to our SEKEM Information System – an intranet including mainly strategic, internal structure information and manuals, which are subject to frequent circulation and adjustments – we save an enormous amount of paper. On top of that all companies follow a very strict paper usage policy which requires to reuse the blank sites of each paper if it is for internal circulation only.

Policy engagement: Climate Change & Organic Agriculture

The political issue of climate change and the different adaptation and mitigation mechanisms for countries does not leave out the agricultural sector, as it accounts for 13,5 % of the global greenhouse gas emissions. In 2008 SEKEM started to investigate the specific potential of organic agriculture in this regard – and we identified three main areas of positive contribution to the avoidance of CO₂e: carbon soil sequestration potential, chemical fertilizer avoidance and a higher water holding capacity due to healthy soils. The further investigation and engagement will be continued in 2009 and directed to influence the Copenhagen Post Kyoto Protocol Summit in December 2009.

WATER

Efficient and responsible
usage of water



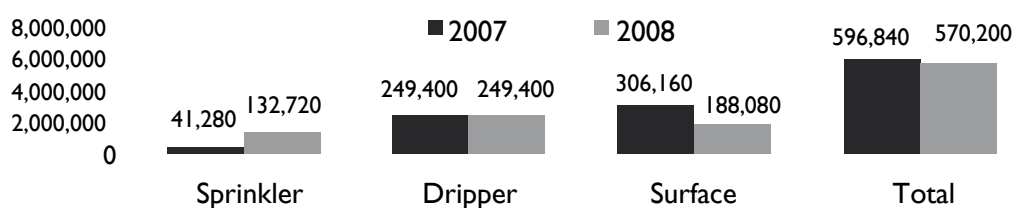
Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of water usage	<ul style="list-style-type: none"> - No assessment of total water consumption - No assessment of usage 	<ul style="list-style-type: none"> - Water consumption: 535.498 m3 per year from wells and governorate - Single-issue assessment of usage in irrigation 	<ul style="list-style-type: none"> - Total water consumption: Overall reduction of 20% - 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 	<ul style="list-style-type: none"> - Projects ongoing 	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - No significant impact 	<ul style="list-style-type: none"> - No significant impact



“Since November 2007 I have initiated significant projects searching for new sources of water catchment, water saving irrigation methods and practical education in the field of water at SEKEM. Currently research to reduce the cost for the desalination of water is running in the laboratories. Pilot areas cultivating fruits and vegetables are using subsurface irrigation methods to optimize the effectiveness of water usage and increase productivity. Already today we are living under the poverty line of water in Egypt – so we better keep our agricultural methods prepared and handle the still available resources carefully.”

Dr. Hoda Kamal Soussa
Project Leader Water Management

Water Consumption form Irrigation



*compared to surface irrigation as the most water intensive method used in SEKEM

Water is the most elementary resource of life. Therefore the access to clean water and the conservation of water supplies is the fundamental basis for any development. The extension of water supply is of greatest importance to support development. Activities for more economically and ecologically efficient usage of water in for example irrigation of agricultural land are necessary to protect the worlds' water resources.

Water Usage, Sources and Waste Water Recycling

All of SEKEMs drinking and irrigation water is taken from different wells on the SEKEM farms. 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 governorate.

In 2008 the second waste-water recycling plant was established. In addition to the 20 m³/day recycled in the old plant, a further 100 m³/day can now be recycled in the second plant. Overall, our total waste water of 120 m³/day coming from all companies, cafeterias and other buildings on the farm is recycled in an organic way using various filtering methods and special plants.

Desalination

The project which researches 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 1 LE. The majority of costs arise through the usage of chemicals during the three process steps, the pre-treatment, and the post- treatment for disinfection. While the reverse osmosis has already been optimized to its limits, the pre- and 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%. The project aims to increase the pilot area with sub-surface irrigation during the two years from about 5 to 20 feddan. Currently, the technique is applied on 1,5 feddan open field and 1,5 feddan green house vegetables as well as on 2,5 feddan fruit cultivation.

Measurement techniques for Irrigation Need of the Soils

To use the adequate amount of water on the fields, automatic moisture content measurements using different sensors have been established. Furthermore SEKEM installed two weather stations – one for the open field and one for the greenhouse – to measure evaporation and evapotranspiration of the soils.

All initiatives established in 2008 concerning the research on water and the testing of new irrigation methods have already led to good results, and will be continued in the next years.

Policy engagement: Support of the UN Global Compact “CEO Water Mandate”

With our water strategy we demonstrate ongoing support of the CEO Water Mandate. Step by step we will implement actions in all the six areas of commitment, taking this report as a starting point with clearly defined long-term aims and short-term targets according to the GRI G3 Indicators. As Egypt will be majorly 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.

ANIMALS

Animal Welfare, Natural Habitats and Wildlife Diversity



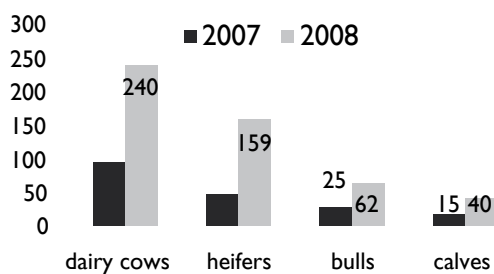
Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of species-appropriate treatment	Compliant with demeter standard	Compliant with demeter standard	Compliant with demeter standard
Impact on animal welfare, diversity and habitats	Indoor housing of chicken because of chicken flue regulations	Water sprinklers for cow stable against the heat	Continuous improvements in all fields
Capacity building	Enlargement of cattle stock	Integration of larger number of cows into general operations	Selection process and improvements in fodder mng. to stabilize the cattle stock



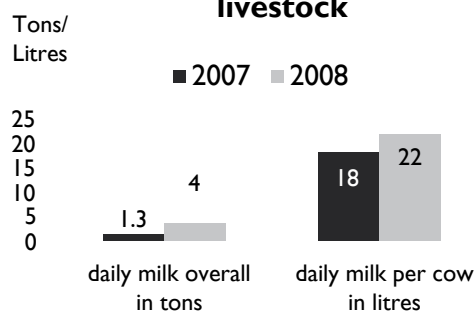
“In my third year working for SEKEM, I am currently leading the main animal projects in the Libra company. The sum of dairy cows, cattle and calves has almost tripled which has also entailed a change from a milking installation with buckets to a milking plant using a suction system. By integrating the new milking system, the effects of improved feeding and production of silage as well as the reduction of udder-infections, we achieved significant improvements concerning the quality of milk and the productivity of the cows.”

Mr. Ibrahim Abdel Hamid
Manager of Milk Production

Livestock



Productivity of the livestock



Dealing with animals requires having respect for life. Our basic agricultural understanding fosters the companionship of man and animals as well as the diversity of species. This shall enable agriculture to develop towards a cooperative activity incorporating the unity of man and nature.

Sheep

The acquisition and start of cultivation on about 500 Feddan of desert not only brings about new agricultural land but also living space for animals of various species. This year already 120 sheep and 30 lambs were settled on the land of the new farm in Sinai. The sheep pastures the clay, initially planted to increase soil fertility, and at the same time fertilizes the soil to host a variety of plants in the future. A total of 300 sheep remained on our SEKEM farm, of which the rearing sheep have been separated to ensure a more specialized treatment.

Hens

The existing three units of laying hens have been expanded by a fourth unit, to a total number of 27.000. Furthermore, upbringing and keeping of rearing chicken has been introduced. There is no antibiotics usage in the entire chicken treatment.

Dairy Cows & Cattle

After the increase of the herd by 145 dairy cows (60%), the daily milk production has increased by about 75%. The average milk production of the single cow has increased by more than 20%. This improvement in productivity came along with quality improvements in diverse fields. The silage production on the ground has become more economic. The more harmonized composition of fodder reduced health risks and problems for the cows. Moreover, the new and more hygienic milking plant reduced udder-infections and prevented bacteria from reaching the milk on its way to the bottler.

All dung of the animals is used for the compost sites. The outcome is again used to fertilize the soil of all SEKEM farms where biodynamical crops are grown.

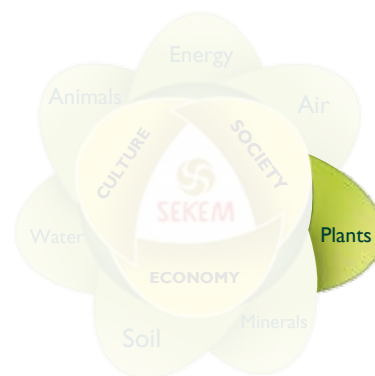
Species-appropriate treatment

Cows like this one shown in our picture are usually not allowed to keep their horns on conventional farms - one aspect of where SEKEM's ideal of cattle-raising differs. 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.



PLANTS

Biodiversity and seeds with the highest vitality



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Seed development	- Producing and selling our own organic seeds for medicinal herbs and some cereals; buying seeds for fruits and vegetables	- Status quo maintained	- In-house production of more seed types and higher quantity in each category
Biodiversity	- Continuous increase of species	- Continuous increase of species	- Building up a botanical garden to sustain seeds and train people on different species

Biodiversity

Through practicing biodynamic agriculture over the last three decades SEKEM and its supplying farmers helped to maintain, restore or create the natural characteristics of the land and flora growing on this land, as well as the fauna living in this soil. The biological natural resources have been sustained due to avoiding the negative impacts of chemicals used in fertilization and pest control in conventional farming.

Moreover, a Herbarium is kept since 25 years as a permanent record of the original flora of the area and the active efforts to conserve endangered plants in Egypt. Local varieties were selected for a quality-improvement program, leading to the introduction of new varieties of i.e. Chamomile, Fennel, Calendula, Basil, Roselle and Anis.

The long-term participation in the “National Program for Genetic Resources” and the resulting collaboration in a gene bank, the engagement in the development of a “National Strategy for conservation and sustainable use of wild medicinal plants in Egypt” with the Ministry of Environmental Affairs as well as the participation in and hosting of the project “Genetic Resources Policy Initiative” (GERPI Egypt) widen the efforts to secure biodiversity on the local and regional level.

“In my ten years of experience with SEKEM, I have not only applied my theoretical knowledge stemming from my PhD in Medicinal Aromatic Plants but also benefited from the practical approach of the farmers. In my projects I always see the need to balance the two perspectives. Besides advising around 250 farmers on agricultural processes I am engaged in genetic resource management, including seed development and breeding programs, acclimatization of new plants to Egypt as well as scientific research and feasibility studies.”

Dr. Saber Hendawy Fayes
Consultant for Organic Agriculture
Assistant Professor –
National Research Center



Cultivation cannot solely be regarded as a matter of production – it strictly depends on the vitality of all components of nature. The specific protection and promotion of biodiversity recreates complex natural ecosystems, which can be more efficient than patented and technologically prepared seeds. Exploring and learning from nature and its processes allows for a responsible handling of the flora to serve and bring about healthy soils, food and climate.

Seed Bank and New Species

Already 15 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. anis, fennel, chamomile and calendula, have during the time increased in quality and seed efficiency by about 200%. In addition to preserving biodiversity SEKEM actively researches the acclimatization of foreign plants to Egyptian conditions in a scientific and practical way. The original living conditions of the plants, i.e. lighting and the optimal temperature are tried to be imitated in order to create the possibility to grow certain plants in Egypt, where living conditions often differ drastically.

Medicinal and Aromatic Plants

The implementation of the findings from the R&D projects into agricultural activities in 2008 have focused on the production of medicinal herbal extracts from *Solidago*, *Cynara*, *Vitex*, and the development of natural remedies for the treatment of hypertension or diabetes mellitus. Furthermore, the methods for adaptation and cultivation of *Echinacea* and *Hypericum* to have been developed to reach a standardized pharmaceutical grade for organic extracts. 3000 *Solidago* seedlings have been cultivated under organic conditions and harvested at the end of June and August. With our research we were able to identify the harvesting dates which reach the highest active ingredient contents. Finally, a new prototype of imported *Solidago* was developed. Two types of *Cynara* were also imported and acclimatized. Furthermore, harvests of *Vitex*, *Echinacea* and *Hypericum* have been subject to drying and research.



SOIL

Enhance and sustain the fertility of soil



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of soil quality	- Positive impact of organic methods known	- First soil analysis regarding certain indicators	- Ongoing monitoring of various, well-defined soil parameters on all SEKEM farms
Environmental compatibility	- Awareness of general potential risks are familiar	- Starting to identify potential risks on SEKEM's land	- Setting goals and continuous measurement to minimize risks



"I already worked for several years as a Quality Manager on the compost sites in SEKEM. Eager to understand the particular needs of soil I specialized with a Master in Compost. With the establishment of the new laboratory I am now responsible for the analyses of soil and compost in order to create the optimal balance for efficient biodynamic farming. Internal as well as external clients are provided with detailed analyses and recommendations how to best meet the needs of their soil."

Mr. Ramy Mohamed
Director of the Laboratory for Soil, Compost and Microbiology
Consultant for Compost Sites

Assessment of Soil

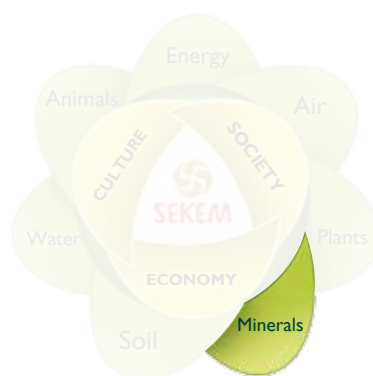
In order to constantly monitor and improve soil quality a new Microbiology and Soil Laboratory was established on one of the SEKEM farms. Gaining understanding of biological and chemical processes that govern organic agriculture and using this knowledge to develop solutions for agricultural problems is considered the overall aim of the analyses within the laboratory. With the evaluation of the soil fertility and the production of bio-fertilizers, bio-stimulants, bio-treatment and bio-control agents through scientific research, better yields and quality of field crops can be achieved.

Environmental Compatibility

The soils of our earth contain about 2500 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. Converting the world's farming land into organic farming would lead to a better ability of the soils to absorb CO₂e. 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 the most effective single means to reduce the CO₂e concentration and would have numerous positive "side effects" like a better livelihood for farmers, less health hazards due to agro-chemicals etc.

MINERALS

Responsible use and handling of non-renewable mineral resources



Key Performance Indicators	Status 2007	Status 2008	Goals 2010
Assessment of impact on non-renewable mineral resources	- No assessment	- Awareness of potential issues and investigation of SEKEM's impact	- Full assessment and strategy for balanced usage

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 fertilizers which supply these minerals. They are extracted from reserves which were created billions of years ago. Excessive use of mineral resources washes them out to the sea. There they are, although not ultimately lost, at least out of human reach. Scarcity of mineral resources is a major threat to mankind since they can not be substituted like fossil fuels. The world's extractable phosphor reserves for example are estimated at about 18 billion tons with an extraction of around 150 million tons annually. More than 90% of the extraction goes to agriculture. Egypt has reserves of roughly 60 million tons, of which 3 million were extracted in 2006. Thus, Egypt will face a scarcity within the next decades.

SEKEM's virtual mineral resource footprint

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. It serves as a way to recover animal manure and organic waste. During this process minerals are being transferred into organic forms sequentially, not being flushed away and thus lost. In this process the mineral resources are preserved.

Furthermore SEKEM is cultivating legumes. These plants are notable for their ability to capture atmospheric nitrogen. Bacteria called Rhizobia enter symbiotic relationship with the root nodules of these plants. The bacteria are supplied with energy from the plant and support the plant with nitrogen. The ability to form this symbiosis cuts down the costs of fertilizer and lowers the emission due to mineral fertilizer production. Additionally, these plants make up a large proportion of what is fed to the dairy cows.

Fertile soil is the basis for any kind of development. The current condition of global soils portrays that the constant, infinite exploitation is no longer viable. Its terms and conditions of giving and taking need to be accepted by humans. The biodynamic agriculture not only redistributes the nutrients but strengthens its living processes and establishes a sustainable fertility.



SEKEM

Awards Received 2008

German “Federal Cross of Merit” Award

Dr. Ibrahim Abouleish was awarded with the highest German civil award, the “Federal Cross of Merit” on November, the 27th 2008 by the German ambassador in Egypt, Bernd Erbel, at the embassy in Cairo. Ulrich Walter, founder and executive director of the Ulrich Walter AG, an organic business in Germany, has nominated Ibrahim Abouleish for the award because of his inspiring vision, his courage and experience to strive for and realize paths of innovation. The Federal Republic of Germany has thus honored Dr. Abouleish’s tireless work for intercultural exchange with Germany.



Groups, Networks & Conferences 2008

United Nations Industrial Development Organization (UNIDO) Conference

In November 2008 SEKEM hosted the first international conference on “Sharing Innovative Solutions in Agribusiness” organized by the UNIDO. 400 Experts from economics, science and politics participated in the search for practical solutions and their implementation to encounter the financial crisis. The four conference forums were filled with topics like sustainable supply and value chains, standards and certification, technical innovation, and financial solutions. The need for innovative solutions and the importance to discuss such an issue on the international level was once again portrayed by the conference.

European Development Research Network (EUDN)

The EUDN Conference in Paris in November 2008 tried to answer the question of how to manage the growing pressure on natural resources (agricultural lands, forests, water spaces, pastures, fossil fuels etc.) arising from population growth and increasing living standards in a sustainable, long-term way and what role public policies can play in influencing that. SEKEM contributed its own vision of finding solutions through balancing the interests of a few with those of the many.

Regional Center of Expertise (RCE) on Education for Sustainable Development

The aim of the international RCE – Network is to bring together institutions, organizations and individuals working in the sphere of education for sustainable development embracing topics such as economic growth, social development, and environmental protection at the regional/local level to jointly promote the integration into general education. SEKEM Development Foundation, Heliopolis University (under establishment), the different associated SEKEM education institutions, EBDA and the SEKEM Holding companies are among the 25 initial stakeholders of the RCE Cairo. The date of acknowledgement was November 2008.



United Nations University

Chairman's Epilogue

“An entity that works like SEKEM does not function on its own; it is embedded in different networks. On the one hand, SEKEM made numerous connections to economic partners all over the globe, and so became part of the world. On the other hand the network also includes friends from the cultural and political sections, through which SEKEM is taking an active role in shaping the world. We were always aware of the help we were receiving from heaven. For that we thank the all-embracing Allah.

When we look at Egypt from SEKEM's perspective, we can see how Egypt changed on many different levels: through organic agriculture, the phytotherapeutics, the healthy food products, through humane education methods, interdisciplinary research, contemporary art and new social forms.

When we look at the world from SEKEM's perspective, we can see how more and more people dedicate their lives to sustainable development. Many of them are active in the World Economic Forum (WEF) and the World Future Council (WFC), the latter of which I have helped to establish as a co-founder.

For SEKEM it is about supporting new visions that want to contribute to the sustainable development of us, other people and our earth.”



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, 2008, 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 International Financial Reporting 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. We did not audit the financial statements of some of the Company's subsidiaries which statements reflect total assets amounted to approximately EGP 36 million and total revenues amounted to approximately EGP 7 million of the related consolidated totals. These financial statements were audited by other auditors whose report have been furnished to us, and our opinion insofar as it relates to the amounts included for the said companies, is based solely on the report of those auditors. We conducted our audit in accordance with International 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.

Opinion

In our opinion, the financial statements referred to above, give a true and fair view of the consolidated financial position of Sekem Holding for Investment Company S.A.E. and its subsidiaries as of 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Cairo, 30 April 2009

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

Deloitte.

SEKEM Holding for Investment Company S.A.E.
Consolidated Income Statment
for the year ended 31st December 2008
in Egyptian Pounds - EGP

	31-12-2008	31-12-2007 Restated (Note 30)
	EGP	EGP
<u>Operating Revenues</u>		
Revenue	196 118 585	164 893 105
Cost of sales	(121 303 487)	(94 865 082)
Gross profit	74 815 098	70 028 023
Investment revenue	5 946 807	5 129 367
Gain on disposal of property, plant and equipment	478 550	481 482
Marketing and distribution expenses	(28 281 539)	(20 447 880)
Administration expenses	(24 075 777)	(22 545 670)
Finance Costs	(24 295 812)	(21 955 197)
Net foreign exchange gains/(losses)	2 322 369	(20 517)
Provisions	(1 010 000)	(88 739)
Fair value gain arising on forward foreign exchange contracts	727 000	-
Other revenues	7 260 835	3 239 509
Profit before tax	13 887 531	13 820 378
Income tax expense	(2 240 937)	(2 406 070)
Profit for the year	11 466 594	11 414 308
Attributable to		
Equity holders of the Company	10 560 198	10 736 335
Minority interest	906 396	677 973
	11 466 594	11 414 308
Basic and diluted earnings per share	7.06	7.78

Consolidated Balance Sheet

	31-12-2008	31-12-2007 Restated (Note 30)
<u>Operating revenues</u>		
<u>Assets</u>	EGP	EGP
Non-current assets		
Property, plant and equipment	282 800 385	216 284 988
Biological assets	4 189 029	1 276 464
Goodwill	53 867 282	53 867 282
Investments in certificates of deposit	48 975 000	48 975 000
Other financial assets	93 500	93 500
Total non-current assets	389 925 196	320 497 234
Current assets		
Inventories	97 496 211	72 252 809
Trade and notes receivable	34 555 585	42 523 944
Other assets	29 286 541	25 204 449
Derivatives carried at fair value (forward foreign exchange contracts)	727 000	-
Cash and bank balances	6 927 658	48 686 251
Total Current assets	168 992 995	188 667 453
Total assets	558 918 191	509 164 687
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Issued capital	149 509 000	149 509 000
Reserves	8 430 987	8 454 609
Retained earnings	30 833 791	20 331 128
Equity attributable to equity holders of the company	188 773 778	178 294 637
Minority interest	10 291 488	7 769 171
Total equity	199 065 266	186 063 808
Non-current liabilities		
Borrowings	138 430 846	122 300 040
Obligations under finance leases	1 657 907	3 548 702
Other long-term liabilities	6 002 850	12 059 219
Deferred tax liabilities	5 252 811	3 190 219
Total non-current liabilities	151 344 414	141 098 180
Current liabilities		
Trade and notes payable	12 217 649	13 163 959
Credit facilities	162 832 536	140 562 494
Current portion of long-term borrowings	16 677 175	16 468 950
Other liabilities	12 346 909	8 269 056
Obligations under finance lease	1 552 764	1 626 762
Provisions	2 881 478	1 911 478
Total current liabilities	208 508 511	182 002 699
Total liabilities	359 852 925	323 100 879
Total equity and liabilities	558 918 191	509 164 687

Summary of Technical Consultant's Report

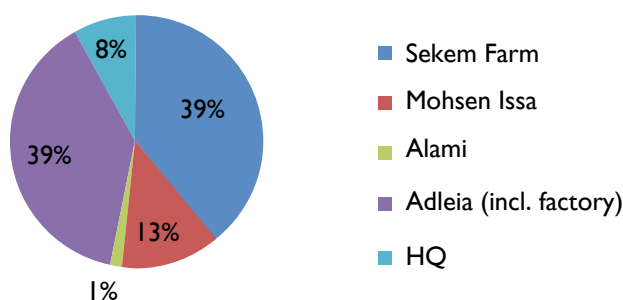


Electricity consumption related Greenhouse Gas Emissions

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 2008 were collected and multiplied with the generic grid emission factor as provided by UNEP.

Facility	Total Elect. Consumption		Emission Factor	
Sekem Farm	2,373,880	kWh	1,336,494	kgCO ₂
Mohsen Issa	773,323	kWh	435,381	kgCO ₂
Alami	54,016	kWh	30,411	kgCO ₂
Adleia (incl. factory)	2,351,172	kWh	1,323,710	kgCO ₂
HQ	490,713	kWh	276,271	kgCO ₂
Total	6,043,104	kWh	3,402,268	kgCO₂

Electricity rel. GHG Emissions



Fuel consumption related GHG emissions incl. employee commuting

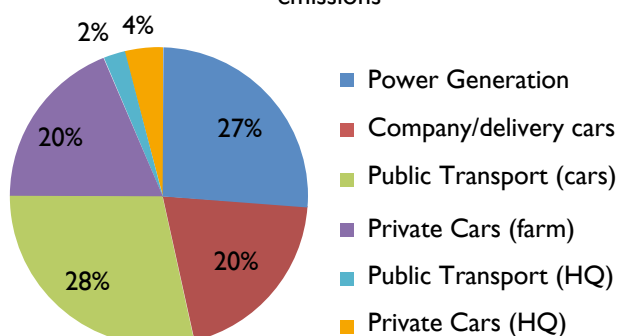
In order to calculate the GHG emissions related to the fuel (diesel and petrol) consumption at the SEKEM Holding's facilities (factories, farms and offices) incl. the employee commuting the documented consumed liters of diesel and fuel for the period from January 1st till December 31st 2008 were collected and multiplied with the generic fuel specific emission factor as provided by the IPCC.

Diesel usage	Total Diesel Consumption (l)	Total Emissions
Power generation	240,000	638,400 kgCO ₂ e
Company/Delivery cars	180,000	478,800 kgCO ₂ e
Total	420,000	1,117,200 kgCO₂e

To calculate the employee commuting the following assumptions were taken into account: 1307 employees on the farm, 180 employees in the head office, 300 working days per year, 100 km daily travelled distance (return trip) for farm all employees except 15% of the farm employees who walk to work or come by bike, 50 km daily travelled distance (return trip) for head office employees using public transport and 20 km daily travelled distance (return trip) for head office employees using private cars. The different passenger capacities 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	1,101,614	246,463	655,591 kgCO ₂ e
Private Cars	1,960,500	196,050	466,599 kgCO ₂ e
Total	3,062,114	442,513	1,122,190 kgCO ₂ e
Head Quarter			
Public Transport	115,071	18,611	49,505 kgCO ₂ e
Private Cars	378,000	37,800	89,964 kgCO ₂ e
Total	493,071	56,411	139,469 kgCO ₂ e
Total	3,555,186	498,924	1,261,659 kgCO₂e

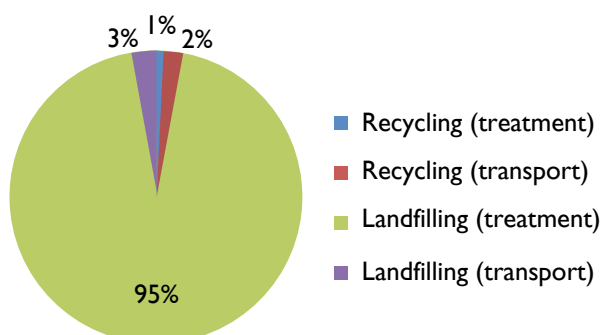
Diesel and Fuel Consumption incl. Employee rel GHG emissions

**Waste treatment and transport related GHG emissions**

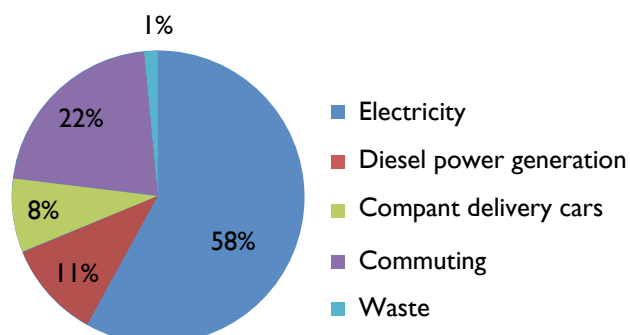
To calculate the GHG emissions related to the transport and treatment of waste at the SEKEM Holding's facilities (factories, farms and offices) the total amount of waste occurring during the period from January 1st till December 31st 2008 was assessed regarding its transport and treatment and the total 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	221	818 kgCO ₂ e	1,572 kgCO ₂ e	2,390 kgCO ₂ e
Landfilling	101	81,547 kgCO ₂ e	2,202 kgCO ₂ e	83,750 kgCO ₂ e
Total	322	82,365 kgCO₂e	3,775 kgCO₂e	86,140 kgCO₂e

Emission rel. waste treatment and transport



Total emissions overview



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 behavior 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, labor, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies.

I3-villages project

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

ABBREVIATIONS

BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COO	Chief Operating Officer
CPO	Cotton People Organic
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	Fair Trade 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 of 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



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EN16	42, 57, 58
EN17	57, 58
EN18*	42, 43
EN19	NA - no ozone depleting substances
EN20	NA - no such emissions
EN21	44, 45
EN22	21
EN23	-
EN24*	NA - no transport of such waste
EN25*	44-45
Aspect: Products and Services	
EN26	20, 42, 43
EN27	21 - No reclamation yet
Aspect: Compliance	
EN28	NA - no fines or sanctions
Aspect: Transport	
EN29*	42, 43, 57, 58
Aspect: Overall	
EN30*	38

Human Rights	
Disclosure on Management Approach	23-24, 29
Aspect: Investment and Procurement Practices	
HR1	NA - SEKEM only invests into desert land
HR2	-
HR3*	-
Aspect: Non-discrimination	
HR4	-
Aspect: Freedom of Association and Collective Bargaining	
HR5	No operations identified
Aspect: Child Labor	
HR6	No operations identified, 29
Aspect: Forced and Compulsory Labor	
HR7	No operations identified, 29
Aspect: Security Practices	
HR8*	30
Aspect: Indigenous Rights	
HR9*	No incidents identified
Labor Practices & Decent Work	
Disclosure on Management Approach	24, 29
Aspect: Employment	
LA1	29 (only permanent contracts)
LA2	23
LA3*	No such benefits
LA4	-
LA5	30
Aspect: Occupational Health and Safety	
LA6*	-
LA7	-
LA8	23, 29, 30, 31
LA9*	No agreements

Aspect: Training and Education

LA10	37
LA11*	36, 37
LA12*	31

Aspect: Diversity and Equal Opportunity

LA13	29-31
LA14	-

Product Responsibility**Aspect: Customer Health and Safety**

PR1	6, 20
PR2*	No incidents

Aspect: Product and Service Labeling

PR3	20
PR4*	No incidents
PR5*	20

Aspect: Marketing Communications

PR6	Only engagement in general advertisement
PR7*	No incidents

Aspect: Customer Privacy

PR8*	No collection of customer data
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Aspect: Compliance

PR9	No fines
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Society

Disclosure on Management Approach	22-24, 32-34
Aspect: Community	
SO1	32-34

Aspect: Corruption

SO2	26 - no analysis undertaken yet
SO3	26 - no trainings yet
SO4	26

Aspect: Public Policy

SO5	26
SO6*	No contributions

Aspect: Anti-Competitive Behavior

SO7*	No relevance for a niche market company; no actions taken
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Aspect: Compliance

SO8	No fines
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Legend:

-	Currently not reported
NA	Not applicable for the company
GC	Governance Codex
*	Additional

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