

SEPTEMBER 2026

Assessment Report

Regarding GMED Holding B.V. – 01 in Kenya

IFC Project number: 46586

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see <http://www.cao-ombudsman.org/about-us>.



List of Acronyms

CAO	Office of the Compliance Advisor Ombudsman
DR	Dispute Resolution
EGMED	Egyptian Group for Medical Industries
IAM	Independent Accountability Mechanism
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
PEAL	Philips East Africa Limited

1 Executive Summary

In March 2026, CAO received a complaint from 29 employees of Philips East Africa Limited (PEAL), a company based in Nairobi, Kenya, regarding its proposed acquisition by IFC client GMED Holding B.V. The complaint included concerns about involuntary labor transfer, lack of consultation and information sharing, treatment of accrued employment benefits, and related impacts on the complainants' livelihoods and well-being. During CAO's assessment, the complainants and GMED Holding B.V. expressed interest in a CAO-facilitated dialogue process. In accordance with CAO's policy, the complaint has been transferred to CAO's Dispute Resolution function.

CAO's assessment process does not entail a judgment on the merits of the complaint; rather, its purpose is to understand the parties' perspectives and to enable the parties to make informed decisions on how to address the issues raised.

2 Background

2.1. The Project

In 2025, the IFC approved an investment involving an unsecured, income-participating long-term loan of up to US\$15 million to GMED Holding B.V., a holding medical technologies manufacturing and distribution company, to support (i) growing its existing subsidiaries' operations in Egypt and (ii) the company's expansion into five East African countries, namely Kenya, Tanzania, Uganda, Ethiopia, and Rwanda, as a medical technologies distributor.

Founded in 1983, the Egyptian subsidiaries of GMED Holding (known as EGMED) operate in the field of assembly, manufacturing, and distribution of medical equipment and consumables for hospitals and healthcare entities, including maintenance and servicing of equipment. Consumables manufactured include medical products used for dialysis equipment such as the Bloodline and Fistula needle. The disposables for dialysis devices are used with machines assembled by EGMED's factory in 10th of Ramadan City processing plant. EGMED currently serves over 1,500 hospitals and large pharmacy chains all over Egypt. The company has built long-term partnerships with world-leading healthcare manufacturers. As of December 2024, the company operates four manufacturing plants in Cairo, Egypt, in addition to nine distribution centers.¹

As part of their expansion into East Africa, EGMED is in the process of acquiring PEAL in Kenya. At the time of CAO's assessment report, the proposed acquisition has not yet been completed.

¹ For more information on IFC's project, see: <https://disclosures.ifc.org/project-detail/SII/46586/gmed-holding-b-v->

2.2. The Complaint

On March 12, 2026, CAO received a complaint from 29 current and former employees (the “complainants”) of PEAL, in Nairobi, Kenya (the “company”), relating to the company's proposed acquisition by EGMED through an IFC-financed project (the “project”).

The complainants raised concerns regarding involuntary labor transfer, the level of information and consultation provided during the time leading to the acquisition process, the treatment of their accrued employment benefits, and the potential impacts on their future livelihoods and working conditions. In particular, the complainants alleged that they had not been meaningfully consulted regarding the transition; that they lacked clarity regarding the treatment of pensions, gratuity, leave entitlements, and bonuses; and that the mechanisms available to raise concerns or seek clarification regarding the acquisition process were limited. They also raised concerns about potential impacts on career development opportunities, professional growth, workplace conditions, and long-term job security. As of the time of publication of this assessment report, the proposed acquisition has not yet taken place.

CAO found the complaint eligible on May 13, 2026, and subsequently initiated its assessment process. One employee was not active during the assessment, bringing the total number of complainants participating in the CAO process to 28.

3 Assessment Purpose & Methodology

3.1 Assessment Purpose

The aim of the CAO assessment process is to develop a thorough understanding of the issues and concerns raised by the complainants, gather information on the views of different stakeholders, and determine whether the complainants and the IFC client and/or sub-client would like to pursue a dispute resolution process facilitated by CAO, or whether the complaint should be handled by CAO's Compliance function for appraisal of IFC's performance standards (see Appendix A for CAO's complaint-handling process).

CAO's assessment process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the parties' perspectives and empower those involved to make informed decisions on how to address the issues raised.

3.2 Assessment Methodology

The assessment was conducted by two members of the CAO dispute resolution team, with the support of a CAO-hired regional mediator.

Figure 1 shows the approach and methodology to be applied in CAO's assessment process.

Through the assessment process, CAO aims to get a better understanding of the issues and understand whether the parties wish to address the complaint through a dispute resolution or compliance process. This assessment involved:

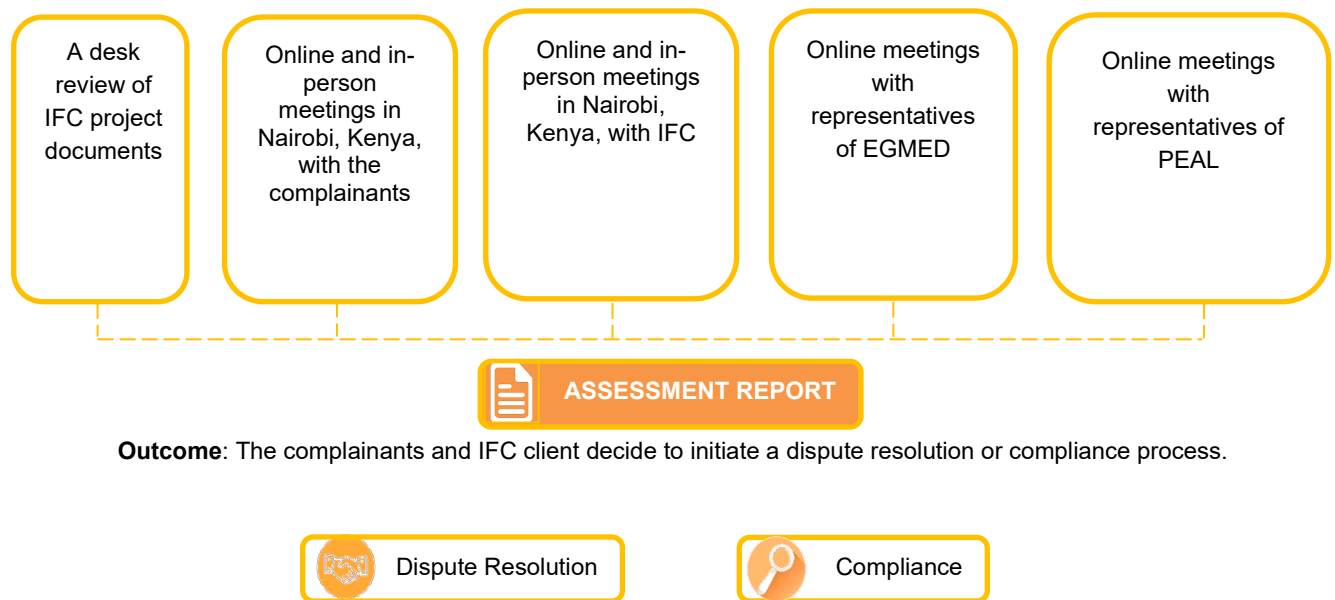


Figure 1. CAO Assessment Process

4 Complainants' Perspective

During the assessment process, the complainants described a range of concerns arising from the proposed acquisition and the anticipated transition to EGMED. The concerns are described in detail below.

Consultation and Access to Information

The complainants stated that they were first notified of the proposed acquisition of PEAL by EGMED in September 2025, through a written communication from EGMED, followed shortly thereafter by a communication from PEAL. According to the complainants, this initial notification set out that the transaction was proceeding but did not provide further details regarding how it would affect their employment, benefits, or working conditions going forward.

According to the complainants, the acquisition process has been characterized by limited transparency and insufficient consultation with employees. The complainants stated that they have received limited information about how the transaction will affect their employment benefits and future working conditions if they are transferred to EGMED.

The complainants stated that they do not believe they were meaningfully consulted by PEAL in the lead-up to the proposed acquisition. Some stated that they felt they were being compelled to accept the transfer without being provided with adequate information, sufficient time to consider alternatives, or access to independent advice. The complainants further expressed concern

regarding the availability of mechanisms through which they could raise concerns or seek clarification regarding the acquisition process.

When a meeting was convened in October 2025 for PEAL and EGMED representatives to meet with the employees, the complainants stated that no proper agenda had been shared with them, giving them no visibility of the objective of the meeting. Furthermore, the complainants explained that the town hall meetings organized at PEAL in other occasions were information sessions at which decisions already taken were announced, without seeking the employees' views. The complainants' position is that the engagement with EGMED should follow the court-ordered consultation and proceed on a clear and agreed basis.

Involuntary Transfer and Alleged Forced Labor Conditions

The complainants alleged that the conditions of the proposed acquisition amount to forced labor within the meaning of IFC Performance Standard 2 and ILO Conventions 29 and 105. They described being presented with only two options: accept an involuntary transfer of employment to EGMED, an employer they stated they did not choose and had no prior relationship with, or resign and forfeit the entirety of their accrued benefits, including pension contributions, gratuity, years of service payments, bonuses, and leave entitlements. In their view, the prospect of losing long accrued benefits in some cases representing decades of service, meant they had no real ability to decline the transfer voluntarily.

Employment Benefits and Financial Security

According to the complainants, one of their primary concerns relates to the treatment of accrued employment benefits during the transition. The complainants indicated that they have not received written assurances confirming that benefits, including severance entitlements, pension contributions, gratuity, accumulated leave balances, and bonuses, will be preserved or transferred under equivalent terms. They expressed concern that the loss or reduction of these benefits could have significant financial implications for them and their families.

The complainants stated that uncertainty regarding their accumulated benefits has made it difficult for them to plan for future financial obligations. Some explained that they rely on these benefits to support household expenses, including housing, education costs, healthcare, and loan repayments. The complainants further expressed concern that the acquisition could result in reductions to their overall compensation packages, including salaries and benefits such as medical insurance, transportation allowances, and life insurance coverage.

Career Development and Professional Opportunities

The complainants stated that they value the professional opportunities and resources available through their current employer, including access to international networks, formal training programs, and career development pathways. The complainants are concerned that these opportunities may not continue under EGMED. Some complainants indicated that they work in a sector where specialized training, certifications, and continuing professional development are important to maintaining their qualifications and career prospects. They expressed concern that the absence of equivalent professional development opportunities under the new employer may affect their ability to maintain their skills and competitiveness in the labor market.

Some also stated that following the announcement of the acquisition, they felt excluded from professional opportunities and decision-making processes within the organization. They expressed concern that the transition from a large multinational company to a smaller regional organization could negatively affect their future career progression, professional standing, and long-term employability.

Psychological and Family Impacts

According to the complainants, the uncertainty surrounding the acquisition and its implications for their employment has caused significant stress and anxiety. The complainants described concerns about their future employment status, compensation, and benefits, which they said have affected their overall well-being. Some reported experiencing sleep disturbances, anxiety, and difficulties concentrating as a result of the uncertainty.

The complainants also explained that these concerns extend beyond the workplace and affect their family lives. They stated that uncertainty about their future income and employment conditions has made it difficult to make personal and financial plans. Some expressed concern that this situation has placed additional strain on family relationships and household well-being.

Changes to the Work Environment Following the Acquisition Announcement

According to the complainants, workplace conditions have changed since the acquisition was announced. They reported a decline in employee morale and increasing uncertainty across the workforce. Some complainants stated that operational disruptions, changes in reporting lines, and reduced institutional support have affected their ability to perform their work effectively. Others expressed concern about increased workloads and reduced access to systems and resources previously available to them. Several complainants also reported adverse treatment which they attribute to their participation in the CAO complaint and the court proceedings, including downgraded performance ratings, withheld increases or incentives, and exclusion from decision making. Several employees have resigned due to what they describe as a toxic and untenable work environment. They shared their concern of retaliation with CAO and requested that CAO's safeguards against reprisals continue to apply.

Desired Outcome

During the assessment process, the complainants stated that they would like assurances that any transfer of employees to EGMED is based on a voluntary, informed, and uncoerced decision, with all accrued benefits and separation entitlements settled beforehand. The complainants would like CAO's support in facilitating a dialogue with EGMED, and would also welcome PEAL's participation in the process, to address the concerns raised in the complaint. They further stated that their choice of dispute resolution is made without prejudice to the ongoing court proceedings and to the requests in the complaint concerning compliance with IFC's policies, should the dispute resolution process not result in agreement.

5 IFC Client's Perspective

Consultation and Communication Efforts

EGMED stated that although the acquisition has not been concluded and that it does not consider itself part of the dispute between PEAL and the complainants, it made efforts to engage directly with the complainants, including a planned visit by their representatives to the Nairobi office to meet with the employees. According to them, this meeting did not take place as intended, as the employees allegedly refused to meet with them at that time. EGMED stated that it has remained open to communicating with the complainants throughout the process, while acknowledging the complainants' preference to first engage with PEAL outside of the CAO DR process.

EGMED shared that the company being acquired also made efforts to provide multiple channels of communication to the complainants and had held four town hall meetings with employees and issued written communications regarding the proposed acquisition. They stated that the efforts included a consultation session in January 2026, including the engagement of a professional third-party intermediary tasked with facilitating the consultations, but noted that the complainants did not attend that session.

Employment Terms and Continuity of the Employment Relationship

EGMED stated that the terms of the complainants' employment, including their accrued benefits, will not be disrupted by the acquisition. Furthermore, they explained that employees' accrued leave balances and other employment benefits would remain unchanged, and that the offer extended to employees to join EGMED is intended to mirror their existing terms and conditions of employment. EGMED stated that it is committed to maintaining these terms and conditions and denied that the transaction would result in any loss of employee rights, as required by law. They characterized the ongoing change as a continuation of the same employment relationship rather than an involuntary transfer to a new legal entity.

EGMED further shared that the company has consistently communicated the message to the complainants that employees' terms and conditions would remain unchanged following the acquisition, with no changes to their existing contracts. EGMED understands that PEAL offered written assurances confirming that existing contractual terms and accrued statutory or contractual benefits would be respected. In the case that the complainants opted to resign, it would not extinguish vested statutory entitlements, and pension, gratuity, accrued leave and any earned bonuses would be considered according to their applicable legal and contractual basis, separately from any severance or additional separation payment proposed in negotiations.

Workforce Retention

EGMED emphasized that retaining the existing Kenyan workforce is a key priority for them. As it does not currently have an operational presence in Kenya, EGMED explained that the experience and continuity offered by the existing employees represents a significant value to them going forward. EGMED also stressed the importance of business continuity as a key feature of operating in the healthcare industry, and that, in their view, the existing workforce plays a critical role in providing uninterrupted service to its customers and the patients who rely on its products and equipment. EGMED stated that it seeks to retain the existing workforce following the acquisition and considers employees' continued employment to be important to achieving a successful transition.

Desired Outcome

EGMED noted that it is aware of the complainants' concerns and understands that direct discussions between the complainants and PEAL are ongoing, with a view to addressing those

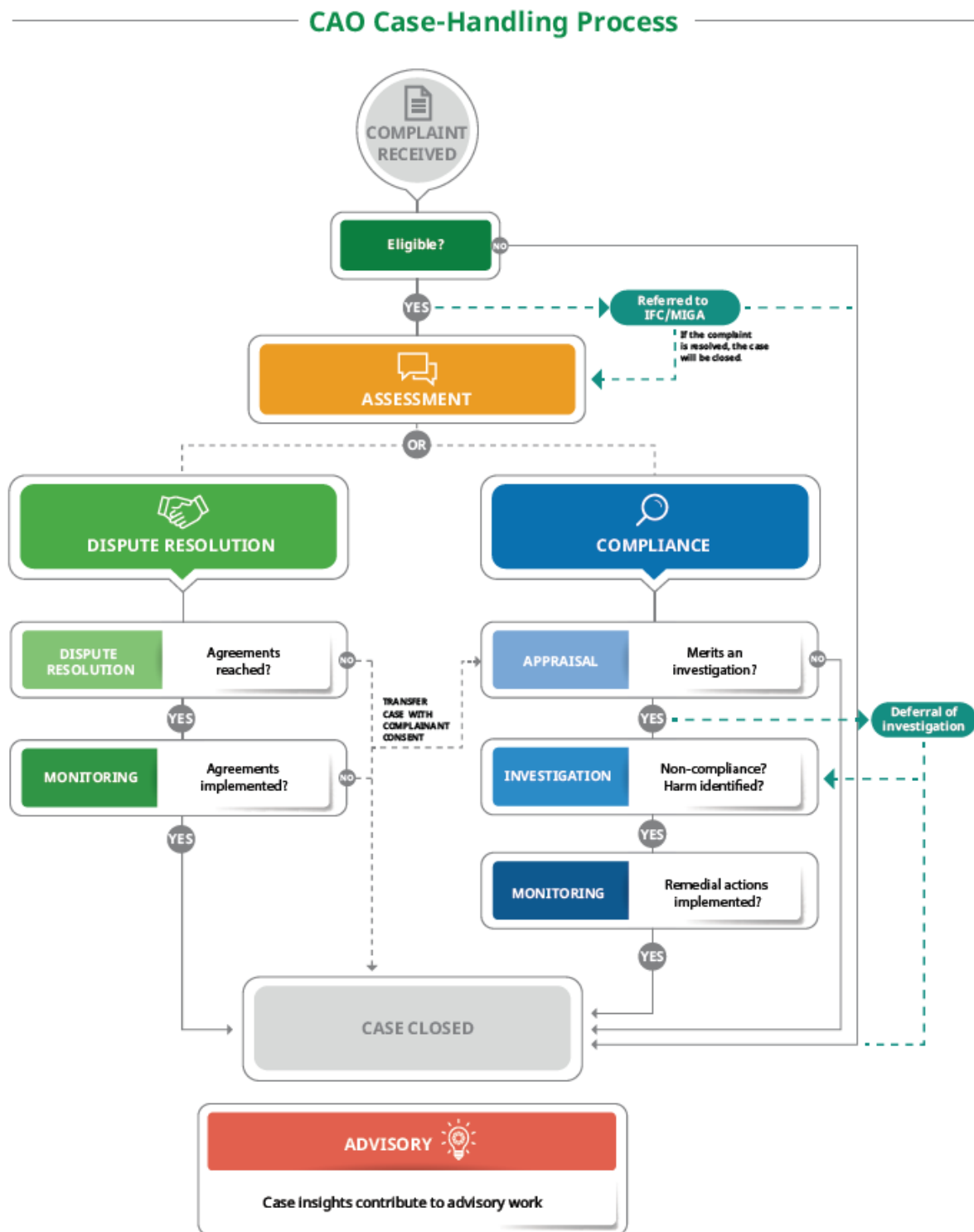
concerns.² EGMED expressed its interest in achieving a timely and amicable resolution of the complaint through CAO's dispute resolution process. It stated that it remains committed to engaging constructively with both the complainants and the company and to working toward a mutually acceptable resolution.

6 Conclusion & Next Steps

During the assessment, the complainants and EGMED expressed interest in engaging in a CAO-facilitated dispute resolution process to address the issues raised the complaint. Given that both the complainants and the IFC client have chosen to pursue a DR process, CAO is therefore transferring the complaint to its Dispute Resolution function, in accordance with the CAO Policy.

² CAO also communicated with PEAL to offer its services in facilitating dialogue with the complainants. As of the date of this report, the company has indicated a preference to continue engaging with the complainants directly.

Appendix A: CAO Complaint Handling Process



As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgment** of receipt of the complaint.
- Step 2: **Eligibility:** A determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if after the 90-business day period (1) the parties confirm that resolution of the complaint is likely; or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.
- Step 4: **Facilitating settlement:** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Affected Community Member must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

- Step 5: **Monitoring and Follow-up**

