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IFC PERFORMANCE STANDARD 2 NON-COMPLIANCE NOTIFICATION

*Forced Labour Conditions, Benefit Forfeiture, and ILO Convention Violations
in the IFC-Financed Acquisition of Philips East Africa Limited*

GMED Holding B.V. (IFC Project No. 46586)

USD 15 Million Unsecured Income Participating Loan

In Connection With

ELRCC Cause No. E262 of 2025

Boniface Orangi & 22 Others v. Philips East Africa Limited

Filed by: Boniface Orangi

On behalf of 22 fellow employees of Philips East Africa Limited

1st Claimant / Lead Complainant

Date: 12th March, 2026

BONIFACE ORANG'I

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12th March, 2026

The Compliance Advisor Ombudsman
International Finance Corporation
2121 Pennsylvania Avenue NW, Room F10K-242
Washington, DC 20433, USA

Via Email: cao@worldbankgroup.org

RE: COMPLAINT REGARDING FORCED LABOUR CONDITIONS AND NON-COMPLIANCE WITH IFC PERFORMANCE STANDARD 2 (LABOUR AND WORKING CONDITIONS) — GMED HOLDING B.V. (IFC PROJECT NO. 46586) — PROPOSED ACQUISITION OF PHILIPS EAST AFRICA LIMITED

Dear Sir/Madam,

1. Introduction and Authority to File

My name is Boniface Orang'i. I am the 1st Claimant and lead representative of twenty-three (23) employees of Philips East Africa Limited ("PEAL") who are listed in the Annexure to this complaint. I file this complaint in my personal capacity as an affected individual and on behalf of my 22 fellow employees, each of whom has provided authorisation.

We are current employees of PEAL whose employment is being transferred, without our consent, to an IFC-financed entity under conditions that we believe amount to forced labour as defined by ILO Conventions Nos. 29 and 105 — both of which are ratified by Kenya and referenced in IFC Performance Standard 2. We have retained J.A. Guserwa & Co. Advocates (Zamani Business Park, Block B1, 2nd Floor, Tree Lane, Karen, P.O. Box 8384-00200, Nairobi; Email: judith@guserwaadvocates.co.ke) as our legal counsel. Our counsel is available for any follow-up communications the CAO may require.

2. The IFC-Financed Project

This complaint concerns IFC Project No. 46586: a USD 15 million unsecured income participating long-term loan to GMED Holding B.V. ("GMED"), a Dutch-registered holding company of EGMED (Egyptian Group for Medical Industries). The financing directly supports GMED's acquisition of 100% of shares in Philips East Africa Limited in Nairobi, Kenya. IFC's disclosure confirms that Performance Standard 2 (Labour and Working Conditions) is triggered.

3. GMED Corporate Profile

GMED/EGMED was founded in 1983 by Dr. Sayed Shaker and is headquartered in Cairo, Egypt. The Shaker family (led by Amr Shaker, Chairman) owns 100% of the group. EGMED employs approximately 580 direct employees and approximately 180 contractors, operating four manufacturing plants and nine distribution centres — all in Egypt. The entity has no prior operational presence in East Africa. Upon closing, PEAL will be renamed “GMED Africa” and will operate under a conditional annual-renewal distributorship agreement with Philips. GMED’s current operations, governance structures, and human resources systems are Egyptian-domestic in scale and maturity.

4. The Complainants

We are 23 current employees of PEAL, a Nairobi-based subsidiary of Royal Philips N.V. (Netherlands). We hold positions across operations, commercial, field service engineering, key accounts, and administration, with service periods ranging from approximately 5 to 27 years. Our collective accrued benefits (pensions, gratuity, years-of-service payments) are estimated at USD 5–6 million. Our names and positions are listed in the Annexure.

Upon transaction closing (tentatively 31 March 2026), we will cease to be employees of a Fortune 500 global health technology company (Royal Philips: approximately 70,000 employees globally, EUR 18 billion annual revenue, NYSE-listed) and will become employees of a family-owned Egyptian distributor with no prior East African presence, reliant on IFC debt financing, and operating under a conditional annual-renewal distributorship.

5. The Harm: Forced Labour Conditions and PS2 Non-Compliance

5.0 Threshold: Why This Complaint Is Against GMED

We remain employed by PEAL. The share sale agreement was signed between GMED and Royal Philips N.V. and the transaction has not yet closed. However, this complaint properly lies against GMED because:

(a) GMED is the IFC client. The CAO’s jurisdiction extends to IFC-financed projects. The USD 15 million loan was advanced to GMED specifically to finance this acquisition. PS2 obligations — including the prohibition on forced labour (Para. 15) — attach to GMED by virtue of this borrower relationship.

(b) PS2 obligations are prospective and preparatory. IFC’s ESAP sets compliance deadlines before the closing date (Items #3, #4, #5, all due September–October 2025). These deadlines have passed without compliance. GMED is already in breach.

(c) GMED is an active participant. Amr Shaker (EGMED Chairman) personally emailed employees on 26 September 2025 announcing the acquisition. GMED held a mandatory meeting with employees on 8 October 2025 while disclaiming responsibility for employment matters. GMED is not a passive future shareholder — it is actively engaging with a workforce it is coercing into transfer.

(d) GMED is complicit in the forced labour conditions. GMED is accepting the transfer of a workforce whose only “alternative” to transfer is resignation with total benefit forfeiture. By failing to require Philips East Africa Limited to settle accrued benefits before handover, and by failing to implement any PS2-compliant worker protection framework, GMED is a willing beneficiary of the coercive conditions.

(e) The harm is imminent. The CAO’s eligibility standard covers persons who “are, or may be, affected.” The transaction closes on or around 31st March 2026. The forced labour conditions crystallise upon closing.

5.0A Anticipated Defence: “This Is a Share Sale” — And Why It Fails

We anticipate that GMED and Philips East Africa Limited will respond to this complaint by arguing that the transaction is a sale of shares at shareholder level, that the legal employer entity (PEAL) persists unchanged, and that employees therefore have no basis for complaint. We address this defence pre-emptively because it is legally irrelevant to the CAO’s mandate and factually unsustainable on the evidence.

(i) PS2 contains no “share sale” exception. Performance Standard 2 applies to all “direct workers” of the IFC client. Upon closing, the 23 employees become direct workers of the GMED-controlled entity. PS2’s obligations — meaningful consultation before retrenchment (Paras. 12–13), the absolute prohibition on forced labour (Para. 15), and the requirement for a workers’ grievance mechanism (Para. 20) — contain no carve-out for share sales, no distinction between asset transfers and equity transfers, and no exemption based on the legal form of the transaction. The words “share sale” appear nowhere in PS2. The obligations are triggered by impact on workers, not by the corporate structure of the deal.

(ii) IFC’s own ESAP destroys the argument. IFC required GMED to develop a Workers’ Grievance Mechanism (ESAP Item #4), an Employee Handbook with retrenchment provisions (ESAP Item #3), and a Stakeholder Engagement Procedure (ESAP Item #5) — all before closing. If IFC itself believed that a share sale exempted GMED from labour obligations toward the PEAL workforce, these ESAP conditions would not exist. The ESAP is IFC’s own institutional acknowledgment that this acquisition affects workers regardless of its legal form. GMED cannot now claim the transaction is irrelevant to workers when IFC’s own loan conditions presuppose the opposite.

(iii) A Kenyan court of competent jurisdiction has already rejected this argument. In his ruling of 28 November 2025, Justice B.O.M. Manani of the Employment and Labour Relations Court applied an “economic reality” test and found that despite the share sale structure, the transaction is in substance a transfer of undertaking that triggers employee consultation and protection obligations (Ruling, paras. 14–17). The Court held that “the onus is on the outgoing employer to ensure the entire exercise does not result in unfair labour practices” (para. 22) and that Philips East Africa Limited “is not entitled to avoid consultations with the Claimants on the process under the guise that it is unlikely to result in redundancies” (para. 30). This is not a novel or untested proposition — it has been adjudicated and decided.

(iv) The transaction's economic substance is a complete business transfer.

GMED and Philips' own principals have described it in terms that contradict the "mere share sale" characterisation. Vincenzo Ventricelli (Philips Zone Leader META) stated: "After careful consideration, we've decided that transferring our business operations in Kenya is the most viable path forward" (26 September 2025 email). Amr Shaker (EGMED Chairman) confirmed that "PEAL will operate under the new name GMED Africa" and that GMED will assume all finance, legal, and IT functions currently provided by Philips globally. The Fenianos Affidavit acknowledged the buyer will "take over the entire current employee population." The transaction involves: complete disentanglement from Philips' global infrastructure; conversion from direct OEM operations to an indirect distributor model; rebranding of the entity; and a conditional annual-renewal distributorship. Even under the EU's Transfer of Undertakings (Protection of Employment) framework — the most developed body of law on this question globally — a share sale accompanied by this degree of operational restructuring, disentanglement, and business model change would be scrutinised for its substantive impact on workers rather than its legal form.

(v) The forced labour prohibition is absolute. PS2 Paragraph 15 states without qualification: "The client will not employ forced labour." There is no exception for forced labour conditions arising from a share sale. The coercive binary — accept involuntary transfer or forfeit all accrued benefits — exists regardless of the transaction's corporate structure. A worker compelled to continue working under threat of financial penalty is in conditions of forced labour whether the compulsion arises from a share sale, an asset sale, or any other mechanism.

(vi) The CAO's mandate is defined by harm, not corporate law categories. The CAO Policy provides jurisdiction over complaints by persons who "believe they are, or may be, affected by environmental or social harms from an IFC-financed project." The CAO does not apply corporate law distinctions between share sales and asset sales. It asks a single question: are people being harmed by an IFC-financed project? Twenty-three employees are being coerced into involuntary transfer under threat of benefit forfeiture, financed by IFC's USD 15 million loan. The legal structure of the transaction is irrelevant to that harm. The CAO has previously investigated labour impacts of share-related transactions: in the Amalgamated Plantations Private Limited (APPL) / Tata Tea case in India, the CAO found that IFC failed to adequately supervise client compliance with PS2 regarding worker consultation around a share purchase program — confirming that the CAO will scrutinise labour impacts irrespective of the share-based nature of the transaction.

(vii) Accepting the "share sale" defence would create a perverse loophole. If IFC clients could avoid PS2's labour protections simply by structuring transactions as share sales rather than asset sales, PS2 would be rendered meaningless for every acquisition-related workforce impact. Any sophisticated acquirer could circumvent consultation obligations, retrenchment protections, and even the forced labour prohibition by choosing one corporate structure over another. This cannot be the intention of a Performance Standard that is explicitly "guided by" ILO Conventions 29 and 105 and that exists to protect workers, not to create structural arbitrage opportunities for employers.

5.1 The False Choice: Forced Labour Under ILO Conventions 29 and 105

ILO Convention 29, Article 2(1) defines forced or compulsory labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” The ILO’s 2025 Indicators of Forced Labour (revised edition) clarify that “menace of any penalty” includes “the wide range of threats or penalties used to compel someone to work, including direct or indirect coercion, legal or financial sanctions, and the loss of rights or privileges.”

The 23 employees have been presented with only two options:

Option A: Accept involuntary transfer to GMED — an entity they did not choose to work for, whose financial capacity to honour their accrued benefits (estimated at USD 5–6 million) they have no confidence in, whose business model (indirect distributor) fundamentally differs from the direct OEM operation they were hired into, and which operates under a conditional annual-renewal distributorship.

Option B: Resign — and forfeit all accrued benefits: pension contributions (some transferred from previous employers), gratuity, years-of-service payments (up to 27 years), bonuses, and leave entitlements. For the 1st Claimant alone, this forfeiture is estimated at over KES 35 million (approximately USD 270,000).

This is not a genuine choice. It is the extraction of continued labour under threat of financial penalty. The “penalty” for exercising the fundamental right not to be transferred to a new employer without consent is the forfeiture of earned compensation. This meets every element of the ILO Convention 29 definition: work exacted (continued employment under new ownership), under menace of penalty (forfeiture of accrued rights), without voluntariness (no consent to transfer, no penalty-free alternative). Both Philips East Africa Limited and GMED are responsible: Philips creates the coercive conditions; GMED accepts and benefits from them, financed by IFC.

5.2 No Analysis of Alternatives — Including the Obvious One

PS2 requires analysis of alternatives before actions that may result in retrenchment. The most obvious alternative has been ignored entirely: Philips East Africa Limited settles all accrued employee benefits and terminates existing contracts before closing; GMED then offers fresh employment contracts to willing employees on mutually agreed terms. This would eliminate the forced labour conditions, respect employee autonomy, and comply with both PS2 and Kenyan law.

No alternatives analysis of any kind has been documented. GMED, by accepting IFC financing for this acquisition, assumed the obligation to ensure that the workforce transition complied with PS2. Its ESAP Item #3 (Employee Handbook with retrenchment provisions, due 30 October 2025) confirms IFC recognised the labour risk. The deadline has passed without compliance.

5.3 No Retrenchment Plan; Discriminatory Workforce Division

Formal retrenchment has not yet crystallised. However, Royal Philips is selectively retaining certain employees within its global structure (research, foundation, country management teams) while transferring the remaining operational and commercial staff

to GMED, without published objective criteria. This discriminatory workforce division is being imposed on GMED's incoming workforce. As the PS2-bound acquirer, GMED cannot passively accept the product of discriminatory selection. Its Employee Handbook with retrenchment provisions (ESAP Item #3) remains incomplete — meaning GMED has no framework to ensure non-discriminatory treatment of the workforce it is about to receive.

5.4 No Benefit Settlement; No Severance; No Notice

PS2 and the IFC Good Practice Note on Managing Retrenchment require that all outstanding payments and benefits be addressed. Kenya's Employment Act Section 40 mandates severance of at least 15 days' pay per completed year of service. Alphonse Kamil Fenianos (Philips' deponent) stated: "There is no redundancy package." No mechanism has been proposed to settle the employees' estimated USD 5–6 million in accrued liabilities before transfer. The employees' accrued benefits — representing years and in some cases decades of service to a Fortune 500 company — will be handed to a family-owned entity whose capacity to honour them is unproven.

5.5 No Workers' Grievance Mechanism

GMED's ESAP Item #4 required a Workers' Grievance Mechanism by 30 October 2025. The deadline has passed. The 23 employees have no project-level mechanism to raise concerns about the forced transfer, benefit security, or employment conditions. They were forced to file court proceedings to be heard — the very situation PS2's grievance mechanism requirement is designed to prevent.

5.6 ESAP Deadlines Passed; Systems Not in Place

Multiple ESAP items have deadlines that have already passed (Items #3, #4, #5 — all due September–October 2025) or fall after closing (Item #1, 30 April 2026). GMED will absorb 23 employees' contracts while in documented breach of its own ESAP commitments to IFC.

6. Active Court Proceedings

This matter is the subject of active proceedings before the Employment and Labour Relations Court at Nairobi: Cause No. E262 of 2025 (Boniface Orangi & 22 Others v. Philips East Africa Limited). The Court issued a ruling on 28 November 2025 ordering mandatory consultation before any firm decision is taken. Philips East Africa Limited obtained Competition Authority authorisation (Gazette Notice No. 956) on 19 December 2025 — 21 days after the ruling, before any consultation occurred. The 23 complainants continue to report to work. The transaction is set to close on or around 31 March 2026.

7. Requests to the CAO

We respectfully request the CAO to:

- (1) Accept this complaint and confirm eligibility within 15 working days;
- (2) Investigate whether the conditions imposed on the 23 employees constitute forced labour within the meaning of PS2 Paragraph 15 and ILO Conventions 29 and 105;
- (3) Assess GMED Holding B.V.'s compliance with PS2 in connection with the acquisition, including the ESAP items whose deadlines have passed;
- (4) Request from IFC a copy of GMED's current ESAP compliance status;
- (5) Recommend that IFC condition further disbursement of the USD 15 million loan on: (a) settlement of all accrued employee benefits by Philips East Africa Limited before transfer; and (b) GMED's demonstrated compliance with PS2 labour provisions;
- (6) Consider referral to a CAO compliance investigation if the assessment reveals systemic non-compliance; and
- (7) Engage with all parties and the ELRC to facilitate resolution that respects the employees' right to freely choose their employer and to receive their earned benefits from the entity that owes them.

8. Enclosures

Enclosure 1: A copy of the Ruling of Justice B.O.M. Manani, ELRC, dated 28 November 2025

Enclosure 2: Kenya Gazette Notice No. 956 dated 19 December 2025 (Competition Authority authorisation)

Enclosure 3: Email from Amr Shaker (EGMED Chairman) to PEAL staff dated 26 September 2025

Enclosure 4: Email from Vincenzo Ventricelli (Philips Zone Leader META) to PEAL staff dated 26 September 2025

Enclosure 5: IFC Project Disclosure and ESHS Review Summary for GMED Holding B.V. (IFC-46586)

9. Confidentiality

We request that individual employee names (other than my own) be treated as confidential. My identity as lead complainant, the ELRC case reference, and the substance of the complaint may be disclosed publicly.

I am available for any further information and welcome the opportunity to meet with the CAO assessment team. Our legal counsel (judith@guserwaadvocates.co.ke) may also be contacted.

Yours faithfully,



BONIFACE ORANGI

1st Claimant / Lead Complainant

On behalf of 22 fellow employees of Philips East Africa Limited

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