

Public Information Summary

Host Country	Kenya
Name of Borrower	Hewa Tele Limited, Kenya (Borrower)
Project Description	The proceeds of the DFC loan will be used primarily to (1) finance the expansion of the Borrower’s medical oxygen production supplied to hospitals and clinics in Kenya through the construction of a liquid oxygen (“ <i>LOX</i> ”) plant and three Pressure Swing Absorption (“ <i>PSA</i> ”) facilities, (2) augment the Borrower’s distribution capabilities and product training program to healthcare providers, and (3) finance associated working capital needs of the Borrower.
Proposed DFC Loan	Up to \$10,000,000 million facility with tenor of up to 10 years and grace period of up to 3 years
All-Source Funding Total	\$20,150,000
Policy Review	
Developmental Objectives	This Project is expected to have a highly developmental impact on Kenya’s healthcare system through the increased supply of medical oxygen. According to Kenya’s Ministry of Health, demand for oxygen has more than doubled to 880 tons a month compared to 410 tons before the coronavirus pandemic, and Kenyan hospitals are often subject to unreliable deliveries, elevated prices, and high transportation costs for medical oxygen. The price of medical oxygen in sub-Saharan Africa tends to be eight to ten times more expensive by volume than in Europe and North America because of the limited distribution and storage options. The DFC-supported construction of oxygen production facilities is expected to enable the Borrower to boost production of medical oxygen to at least 20 tons, which is expected to reduce the cost to its rural and urban healthcare customers by up-to 30%.
Environment and Social Assessment	<p>Screening: The Project has been reviewed against DFC’s 2020 Environmental and Social Policy Procedures (“ESPP”) and has been determined to be categorically eligible. Projects involving loans for oxygen production facilities are screened as Category B under DFC’s environmental and social guidelines because impacts are site-specific and readily mitigated.</p> <p>Applicable Standards: Under DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance. DFC’s environmental and social desk-review due diligence indicates that the investment will have impacts that must be managed in a manner</p>

consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security

DFC's due diligence assessment indicates that the Project involves construction of oxygen production facilities in an existing industrial park area and healthcare facilities which are predominately for commercial and industrial use. The land for the Project will be fully acquired by the Borrower on a negotiated, willing seller/willing buyer basis. The Borrower represents that no structures for economic use are present on the land plot which is within the enclosed SEZ compound.

Based on desk review, no adverse impacts associated with land acquisition, biodiversity, cultural heritage, or indigenous peoples are anticipated. Therefore, PS 5, 6, 7, and 8 are not triggered at this time.

The Project will also be required to meet applicable provisions of the IFC's General Environmental, Health, and Safety (EHS) Guidelines (2007).

Environmental and Social Risks and Mitigation: Key potential environmental and social risks and impacts associated with this Project include occupational health and safety measures for workers, disposal of wastes, life and fire safety, human resources management.

All Project employees will be trained on occupational, health and safety ("OHS") fundamentals and a full-time EHS Manager will be recruited to oversee OHS issues. Hewa Tele has a Human Resources policy that includes a Health and Safety section outlining basic overarching OHS goals, including incident prevention, emergency procedures, first-aid boxes, and incident reporting. As part of its Environmental and Social Management System, Hewa Tele will be required to develop a formal system for recording, investigating, and closing out OHS accidents/incidents, as well as conduct a comprehensive hazard assessment for its operations/activities, that includes policies and standard operating procedures for pre-filling cylinders, noise generating activities, venting, cylinder maintenance, cylinder storage, wastewater generation, personal protective equipment use, and OHS training.

	<p>Non-hazardous solid waste is expected to be generated from construction activities and during operations. As per the Tatu City Waste Management policy, this waste will be collected on site in designated areas and disposed of bi-weekly by a certified third-party waste hauler. During both the construction and operational phases, small quantities of hazardous waste will be generated, which will be separated and stored properly in a dedicated area and disposed of by licensed third-party contractors.</p> <p>As a producer of oxygen, fire risks will be present at the Project plants. Hewa Tele will be required to develop and implement a Fire Safety Plan including implementation of emergency drills.</p> <p>The Borrower will be required to include an anonymous channel for grievances, prior to disbursement.</p>
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