Public Information Summary

Host Country	Kenya
Name(s) of Borrower(s)	Kentegra Biotechnology Holdings LLC, Kentegra Biotechnology Limited, and Kentegra Pyrethrum Company Limited
Project Description	The DFC loan proceeds will be used to expand the Borrower's capabilities to produce pale refined pyrethrum extract, for working capital, and to access new international markets (the "Project").
Proposed DFC Loan	7-year, $10,000,000 direct loan
All-Source Funding Total	$16,200,000
Policy Review	
Developmental Objectives	The Project is expected to have a highly developmental impact through job creation, inclusive supply chains and a technical assistance facility. The Project will create hundreds of new jobs and sources much of its agricultural inputs from smallholder farmers and to whom the Project Company will offer technical assistance.
Environment and Social Assessment	**SCREENING:** The Project has been reviewed against DFC's categorical prohibitions and has been determined to be categorically eligible. The Project has been screened as Category B because impacts are site specific and readily mitigated. Key potential environmental risks and impacts include the need for a strong environment and social management system, Emergency Preparedness and Response, soil conservation and nutrient management, crop residue and solid waste management, water use and management, agro-chemical use and management, occupational health and safety, and biodiversity conservation. Social issues associated with the Project include the need for a strong labor management system, adequate oversight and management of contractors, and management of labor risks in the pyrethrum supply chain. The Project is subject to a climate change resiliency screening as per Executive Order 13677. This Project has also been reviewed against findings in the 2021 State Department Human Rights Report for Kenya, which identified forced labor, child labor (including forced child labor in agriculture), discrimination, casualization of labor, and gender-based violence, as social risks. The Project has labor management policies, including child protection and human resources policies, in place to mitigate these risks. **APPLICABLE STANDARDS:** Under DFC's ESPP, Kentegra Biotechnology is required to comply with applicable national laws and regulations related to environmental and social performance. DFC's

	environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following 2012 International Finance Corporation's (IFC) 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; and • PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources Based on DFC's desktop review, land for the Project's new facility will be a lease-to-own transaction, Kentegra's nurseries and farm are also located on leased land. The Borrower represents that it may lease additional agricultural land in the future, and DFC will require that no parcel of land shall be leased that results in physical or economic displacement of people. Significant adverse impacts with respect to land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 5, 7, and 8 are not triggered at this time. The Project will be required to meet applicable provisions of the International Finance Corporation's (IFC) General Environmental Health and Safety (EHS) Guidelines (30 April 2007); and the IFC EHS Guidelines for Perennial Crop Production (30 March 2016). GHG emissions from the Project will come from backup diesel generators, petrol used for motorbikes, and purchased electricity. Total Scope 1 and 2 emissions are estimated to be ~ 3300 metric tonnes CO2 per year. **Environmental and Social Risks and Mitigation:** Key potential environmental risks and impacts include the need for a strong environment and social management system, Emergency Preparedness and Response, soil conservation and nutrient management, crop residue and solid waste management, water use and management, agro-chemical use and management, occupational health and safety, and biodiversity conservation. Social issues associated with the Project include the need for a documented external grievance procedure, adequate oversight and management of contractors, and management of labor risks in the pyrethrum supply chain.

	The Borrower has carried out an Environmental Impact Assessment to identify risks associated with the new plant. The Borrower has some elements of an ESMS in place but will be required to clarify E&S roles and responsibilities. The Borrower will also be required to submit a complete ESMS, including a system to identify and manage E&S risks; E&S management program; designated officer who will be in-charge of managing E&S issues and implementing the ESMS; E&S training that will be provided to relevant staff; an E&S monitoring and reporting program; and an Emergency Preparedness and Response Plan. DFC will also require the development of an external grievance procedure that meets the requirements of IFC PS 1. The Borrower has in place a labor management system for its workers, including human resources and child protection policies. However, it will be required to develop and implement a contractor management plan for labor risks and to strengthen its management of labor risks in the pyrethrum supply chain by developing a supply chain management plan, which will include supplier due diligence and monitoring. Kentegra has an Occupational Health and Safety Policy and Health and Safety manuals which is the basis for their integrated safety and health management program. Implementation of this safety program satisfies the requirements of the Kenyan Directorate of Occupational Safety and Health Services (DOSHS). However, the Borrower will be required to create Standard Operating Procedures for key risk areas of operations including, but not limited to handling hazardous materials, solvent handling, and pesticide spraying operations at the nurseries. During processing wastewater is treated using a self-designed zero liquid discharge wastewater treatment facility. This process will capture approximately 99% of all solvents used in the extraction and refining process. Kentegra plans to have a licensed operator for industrial waste and non-industrial waste in line with County Government of Nakuru and the National Environment Management Authority of Kenya (NEMA) regulations. NEMA requires industrial waste to be handled by a NEMA certified service provider for safe disposal in a demarcated area. They are located in a business park with infrastructure to handle domestic waste. Waste includes diatomite, semi solid wastes, metal, glass, plastic containers, and food remains. Kentegra plans to use organic by-products for soil conditioning, making tarmac for surfacing roads, and as raw materials for insect repellants. They represent that ~99% of all by-products can be sold, providing additional revenue. The largest by-product is pymarc, which is the protein-rich bio-remains of the flower after the extraction manufacturing process.

	There is a risk that farmers may expand their fields into high biodiversity value areas or use pesticides and fertilizers improperly. Because of the number of farms, the only way to manage the biodiversity impacts and risks is thru Kentegra's training and farming agreements. Kentegra represents they conduct due diligence of a given locality to confirm that none of the farmers have encroached upon a protected/biodiversity area. Once a farmer has been contracted, Farmer Relationship Officers do regular checks to confirm that the farmer has not encroached on protected/biodiversity area. The locations of the farms in terms of the Protected Areas (PA) and Key Biodiversity Areas (KBA) must be studied more accurately and farmers should be trained to use environmentally sound farming practices. The Borrower will be required to collect geographic information for smallholder farms supplying the facility; smallholder farm data should be compared to geographic information on PA and KBAs to identify those farms that may have an impact on PAs or KBAs; and develop a biodiversity risk management plan.