

Communication On Progress 2020



 **BOC**
A member of The Linde Group

Sustainability at BOC Kenya PLC

BOC Kenya PLC has made a commitment to continuously pursue sustainable business practice. This commitment cuts across all its operations and its engagement with stakeholders. BOC Kenya PLC firmly believes that it plays a role in the economic, social and environmental progress of its business and the community as well.

This belief is what pushes the company to contribute as a participant of the United Nations Global Compact Initiative and to commit to the attainment of the Sustainable Development Goals (SDGs).

United Nations Global Compact

The United Nations Global Compact is a global voluntary initiative that calls upon businesses to take action in addressing Human rights, Labor, Environmental issues and Corruption. This is done through 10 principles that address these four areas. BOC Kenya PLC has been an active participant since 2007 ensuring that:

- ✓ The Managing Director with the support of the Board continues to renew our commitment to the initiative.
- ✓ Annual Communication On Progress reports are prepared as and when due and that we communicate completely on the efforts of the business on the four principles.
- ✓ Continuous engagement with the local network is maintained through active participation in training sessions and update meetings.
- ✓ There is a devoted Participant Engagement Manager that is the link between us and the Network.

The Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a set of 17 goals that unite the world in addressing the pressing problems that we face currently. The challenges of rising inequality, crippling poverty, climate change and environmental disasters have increasingly become urgent matters that need deliberate action across the globe throughout different geographical areas, business sectors and even cultural backgrounds.

The SDGs give the world areas of focus for us to attain an inclusive, prosperous, well governed and environmentally sustainable world for all. BOC Kenya PLC appreciates the role that the private sector plays in the attainment of these goals:

- ✓ Innovating products that meet the needs of the vulnerable in society
- ✓ Remodeling operations and processes to ensure better management of natural resources
- ✓ Adopting best business practice to ensure business continuity
- ✓ Supporting local philanthropic efforts

To this end, BOC Kenya PLC has committed to 9 of the 17 goals. These 9 goals are areas that BOC Kenya PLC can make fundamental impact in and thus deliver consistent progress in.



"Our goal is to raise expectations of how businesses will embed all Ten Principles. These are intrinsic to a company and serve as the enabler in the contribution towards achieving the 2030 Agenda For Sustainable Development. . "

Sanda Ojiambo
CEO and Executive Director
United Nations Global Compact

The Covid 19 Pandemic and The SDGS

2020 marked the beginning of the 'Decade of Action' in which governments, civil society, academia and private sector were to accelerate the commitment and achievement of the SDGs.

The COVID 19 pandemic has however decelerated the progress made in achieving sustainable development. The direct impact in livelihoods, health care systems, access to education and economic stability had a domino effect on all other aspects of our lives.

Since the SDGs are interlinked, integrated and indivisible, the negative effect of the pandemic on health, incomes and education has contributed to slowed progress on the other SDGs as well.

Post COVID 19, engagement in the SDGs will form a crucial part of our recovery as a people. Our ability to interconnect the different human development issues will serve us well. Further, we will need to:

1. Embrace the 'Leave No Man Behind' mantra. We will need to lift the most vulnerable first as the long terms effects of the pandemic will be most devastating on them.
2. Adopt a multidimensional approach to address the different facets of the problems posed by the pandemic
3. Back collaboration and partnerships toward the goals across different sectors

The SDGS As A Framework For Recovery

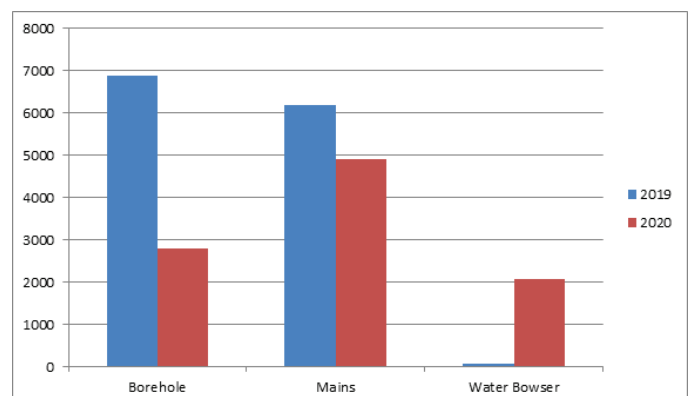
The SDGs present an outline for building a better world. They cut across all aspects of human life including poverty, food security, health, equality, essential services, climate change, peace and partnerships. Through the same lens the SDGs will present an excellent framework to 'build back better' post COVID 19. The pandemic has sensitized the world to certain truths:

1. Our economic systems are not resilient enough to cushion the vulnerable from the shocks of uncertainty
2. The cracks in the public health system are greater than we envision and as such the impact on the base of the pyramid is greater
3. Inadequate access to safe water and proper sanitation now more than ever is a fundamental human right
4. Human cooperation that is selfless is a necessity, our humanity should drive partnerships and not economic gain

Our Commitment to our Environment

Water Resource Management

We are incessantly working towards increasing water efficiencies in our processes and ensuring sustainable water withdrawals from our various water sources. Below is a measure of our water use in 2020 compared to 2019. The water usage in production is shown in cubic meters (m³).



We did however increase the water purchased from local bowzers owing to a breakdown of our borehole. We have since resolved the issue and have reverted back to its use. We will continue to manage our water use from all our sources and ensure efficiency in our operations.

Energy Consumption

SDG 7 is centered on access to affordable, clean and modern energy for all. Our operations are heavily dependent on energy to ensure seamless operations and that we deliver value to our customers. It is therefore paramount that we embody efficiency in our energy use. 2020 saw our Total power drop to 9,066,434kWh compared to 9,347,805kWh in 2019. This 3.1% decrease in our energy use is attributed to increased efficiencies in our energy use and we hope to see even more of this in future.

Materials Used In Production

Sustainable consumption and production calls on businesses to rethink how they produce goods and services. Embracing a circular economy requires us to appreciate that the life cycle of products has a huge impact on the environment and all the living things that depend on it for survival. At BOC Kenya PLC, we are fully aware that we must play an integral role in efficiently managing natural resources. As a key aspect of our operations we have consistently tracked the volume of materials that are used in our production process.

For the year 2020, the below numbers reflect our use of carbide, water and electricity used in DA production.

Material Used	2019	2020	% Increase
Carbide	259MT	290MT	11.96%
Water	540m ³	564m ³	4.4%
Electricity	149,818kWh	160,402kWh	7.06%

This incremental change in materials used is attributed to an increase in the demand for products from our customers. Going forward we will be looking to trace our materials footprint throughout our production processes.

Effluents And Waste Management

Ensuring sound management of effluents and waste depends greatly on how said effluents and waste are disposed. Reducing their release into air, water and soil guarantees reduced negative impact on the environment and human health. For this reason, BOC Kenya PLC takes great caution in how we handle effluents and waste. In the year 2020, we produced Hazardous waste amounting to 858,624kg and 100% of it was recycled or incinerated. In the same year we produced. Non-hazardous waste of 13,071kg and 94.5% was recycled while 5.5% was landfilled. In the coming years, we would want to ensure that none of our waste ends up in landfills and contributes to a greater social and environmental problem.

Additionally, there were no significant spills and leaks. Our production facilities rely on advanced technology, back up and safety systems as well as our extensively trained personnel to prevent incidences and accidents that may cause leaks and spills.

Transport

Transportation alone consumes 60% of produced oil and is responsible for more than a quarter of global energy usage. BOC Kenya PLC thus endorses shortest possible route for the delivery of products and raw materials and implements the use of energy efficient fuels for our vehicles and encourage proper maintenance and care of the vehicles.

However 2020 saw an increased demand for medical gas owing to the COVID 19 pandemic's ripple effect. The result was we transported products almost 3 times compared to previous years. This we appreciate must have had a negative impact on the environment with the increased production of greenhouse gases. Going forward, we will endeavor to mitigate this with sustainable transport practices for our products and our people.

Sustainable Supply Chain

A sustainable supply chain ensures that we enjoy the products that bring us comfort and ease while ensuring that we and future generations have a healthy planet to live on. BOC Kenya PLC therefore encourages partnerships with Suppliers who meet International Environmental Standards at the bare minimum.

In the coming years, we will be working on a system that will allow us to screen new as well as existing suppliers using environmental criteria. This, we believe will give us a better view of our environmental impact across our supply chain as well as encourage our suppliers to evaluate their own footprint and advance efforts to contribute to sustainable consumption and production.

Climate Change Mitigation

Addressing climate change needs immediate action and we must contribute to being part of the solution. While the approach to addressing climate change has several paths, BOC Kenya PLC chooses to monitor our water, energy and raw material use. We work closely with our partners to promote tree planting initiatives. Our tree planting session with the Ruaraka Uhai Neema Hospital staff saw 10 indigenous trees planted in their compound.



Environmental Grievance Mechanisms

BOC Kenya PLC prides itself in its compliance to the law and relevant legislations. We strive to ensure that we abide by the law and achieve full legal compliance, year on year. Systems are in place to ensure that we monitor environmental compliance at all levels across the organization. In 2020, we did not have any grievances on environmental impact filed against the company. We do our utmost to meet the regulator's requirements and to ensure that our employees meet these expectations.

Environmental Expenditures

As BOC Kenya PLC, we have a clear understanding of the benefits we will derive from being environmentally conscious of our past, current and future decisions and actions. We thus invest our time, effort and money in building a business that is in harmony with nature. For the year 2020, our environmental expenditures amounted to KES 8.7 million. We consider this an investment in better operations and a better future for us all.

¹ "More energy, lower emissions: Catalyzing practical action on climate change," Oil and Gas Climate Initiative (October 2015).

OUR COMMITMENT TO OUR SOCIETY

Covid 19 Response

The ongoing pandemic has ravaged economies, livelihoods, families and broken down individuals. The effects of the pandemic though immediately visible in our health care systems, the long term effects will be felt across socio-economic and political spheres.

As BOC Kenya PLC, we empathized with the uncertainty that the pandemic presented and we therefore worked with our partners to ensure quality and affordable healthcare services to the most vulnerable members of the society by improving medical gas infrastructure in local hospitals.

We built medical oxygen pipeline infrastructure at the following COVID-19 facilities:



Liquid oxygen tank installation at kiambu level V hospital



Ruaraka Neema Uhai Hospital



Kenyatta National Hospital



Our Technical Team

- ❖ The Kenyatta Hospital run Covid-19 facility at Mbagathi Hospital with the support of our partners at Amref Health Africa.
- ❖ Kiambu County's Covid Centre at Tigoni Hospital (including the installation of a bulk liquid oxygen tank)

The access to medical gas remains a conundrum for most hospitals in Kenya. With only 58% of a possible 64,181 hospital beds having access to oxygen supply, the need to increase access is dire. Hospitals may have the gas available in cylinders but this is limiting as it avails oxygen to 1 patient per cylinder. Piped oxygen on the other hand allows for access to oxygen to up to 10 patients simultaneously.

Piping of oxygen also allows for the oxygen to be available not only in the critical areas such as theatre and Intensive Care Unit but in other units across the hospital as well. Additionally, the oxygen pressure is stable and adjustable and with the pressure gauge displays, the hospital can plan for refills effortlessly.

We also undertook medical oxygen infrastructure improvement projects at the below hospitals. This was to scale up these hospitals' ability to cater to the rising demand for medical oxygen.

- ❖ KNH Othaya Level 5 Hospital (Under The Kenyatta National Hospital)
- ❖ Ruaraka Neema Uhai Hospital with the support of Linde Group and World Friends
- ❖ Kiambu Level 5 Hospital
- ❖ Gatundu Level 4 Hospital
- ❖ Thika Level 5 Hospital

This included technical assistance availed to the staff as well as training of the health workers on proper equipment maintenance.

Business and Human Rights

Human Rights are universal and every individual deserves to be treated with dignity and equity. BOC Kenya PLC appreciates that the advancement of Human Rights in the workplace is essential to good relationships and good business practice. We promote Human Rights on two levels:

- * Due diligence
- * Proactive engagement

Due Dilligence

To ensure responsibility and accountability throughout the business, we follow sound policies and ensure constant review of the same to reflect current situations.

Proactive Engagement

The protection and promotion of human rights at BOC Kenya PLC is everyday practice. We ensure that our working environment promotes:

- * Diversity and Inclusion
- * Freedom of Expression
- * Health and Safety
- * Freedom from all forms of discrimination

We adopt the three pronged approach of Protect, Respect and Remedy. We Protect human rights through our policies, procedures and practices. We Respect human rights by addressing adverse effects through regular staff meetings and addressing grievances before they escalate. We ensure the access to effective Remedy to victims be it judicial or non-judicial.

Employee Welfare and Safety

BOC Kenya PLC can only succeed in its endeavors if we have a resilient team running the business. We embraced necessary measures to protect our staff from infection. This was especially crucial as we have colleagues who are in close contact with front line workers through the delivery of medical gas. We therefore instituted the below measures across our 3 locations:

1. Temperature screening on site entry for all including visitors and maintenance of records.
2. Provision of hand washing stations, alcohol based hand-rub sanitizers and face masks for employees.

3. Provision of visuals/posters articulating the protocols to be observed for protection against Covid-19 infection.
4. Identification of vulnerable employees and provision for optional working at home.
5. Regular stand downs to disseminate and share emerging issues around Covid-19 pandemic.
6. Temporary onsite quarantine camp for critical staff at the initial peak of the Covid-19.
7. Testing of employees for Covid-19.
8. Direct consultancy support/helpline to the company doctor for employees.
9. Regular disinfection of high traffic touch point areas.

We however lost a colleague to COVID 19 in 2020 and we accorded the family much needed support in this difficult time.

Occupational Health And Safety

In the year 2020, our performance on Occupational Health and Safety is as below:

METRIC	STATISTIC
Types of injury and rates of injury	No injuries incurred in 2020.
Occupational diseases	None.
Lost days and absenteeism	Nil.
Number of work related fatalities	Zero
Workers with high incidence or high risk of diseases related to their occupation	None
Worker training on Occupational Health and Safety	Virtual trainings done according to agreed schedules
Hazard identification, risk assessment and incident investigation	100% compliance to risk assessment review period.
Death and injury rate due to road traffic injuries	None.

Employee Training And Education

We are committed to the continuous development of our staff through training and education. We appreciate that their career path is dependent on the knowledge and skills they build into their work experience. We therefore encourage our employees to make the most use of our virtual learning platform TRACCESS to facilitate this growth.

To date our staff of 65 have completed 3,567 modules with an average completion rate of 83.5%. Only 227 modules were not completed in the expected time. We commend our staff for committing time to learn and relearn these skills. The modules covered are listed below:



Continuous Integration Training

- Computer, Office & General Standards
- Daily standard work
- Fire Safety
- Waste Management
- Hand Washing techniques
- Kaizen principles
- One- point lessons & Standard operating procedure
- Project Management
- Tagging/Un-tagging procedure



Competency (Traccess)

- The Linde group Competency Management System.



Accreditation

- ISO 45001:2018 Understanding & Awareness Training



Safety Health Environment and Quality

- Act Safe & Lead Safe
- Defensive Driving



Linde e learning Compliance Training

- Code of Business Integrity
- Anti -Corruption
- Competition Law
- Business Partner Compliance
- Healthcare Compliance
- Data Privacy Basics
- Information Security

Tax Compliance

BOC Kenya PLC complies with the law in every respect. Our tax obligation is treated with utmost gravity and we pride ourselves in the role we play in supporting our Government to raise revenues and deliver valuable services to our people. We have retained tax consultants to assist the Company in ensuring tax compliance and we rely on their professional advice to organize our tax affairs. We seek to maintain a cordial relationship with the Kenya Revenue Authority, the Authority being a key stakeholder of the Company.

In the year 2020, the company did not incur any fines or penalties owing to late remittance or failure to file the required returns.

Anti-corruption

Corruption robs society of an equitable share to resources that are available to us all. It cripples economies and it kills businesses that are otherwise supporting livelihoods. BOC Kenya PLC maintains zero tolerance to corruption in all its undertakings. In the year 2020, there were no confirmed incidences of corruption and as such no actions were taken. In the event that there is an incidence, we have in place a Whistle Blowing hot line and necessary procedures for due investigation and persecution by relevant authorities.

We also offer continuous training to our staff on anti-corruption to ensure they are conversant with the law and the role they play in addressing corruption.

Supporting Innovation

SDG 9 is focused on Industry, Innovation and Infrastructure. Fostering innovation calls on businesses to support new product and skills development while advancing research in different fields. BOC Kenya Ltd is no stranger to this line of thought. In the year 2020, we sponsored the development of a fully functional ventilator.

The ventilator will aid in addressing local problems in the health care system including costs of ventilators. BOC Kenya PLC aided the development of the prototype by Ventilate working with Gearbox by donating 2 oxygen cylinders (17 m³).

Partnerships For The Goals

Achieving the SDGs needs collaboration on all fronts. BOC Kenya PLC thus continues to work with partners drawn from Government, private sector and civil society. We have worked well in this year with Amref Health Africa, The Kenyatta Hospital, Linde Group and Ventilate Africa.

We will continue to encourage partnerships and build relationships with partners that can support the attainment of the SDGs.

Moving Forward

The year 2020 was challenging for most businesses if not all. We are proud of the strides we took as BOC Kenya PLC in keeping our employees safe, keeping the doors open and delivering essential services at a crucial time.

We have done well in all regard in integrating Sustainability into the business operations. That said we would want to make greater efforts in attaining the SDGs and in building a sustainable business. We will continue to monitor progress on our 9 SDGs and improve our Sustainability Reporting process to meet International Standards.

Over the next year we commit to setting concise targets around Sustainability that will guide our efforts and better enable us to track our progress. Additionally, we will pay close attention to the below areas as they form an essential part of the change we would want to drive in the world:

Tracking metrics – Continue improving our reporting on Sustainability and adopt International Sustainability standards

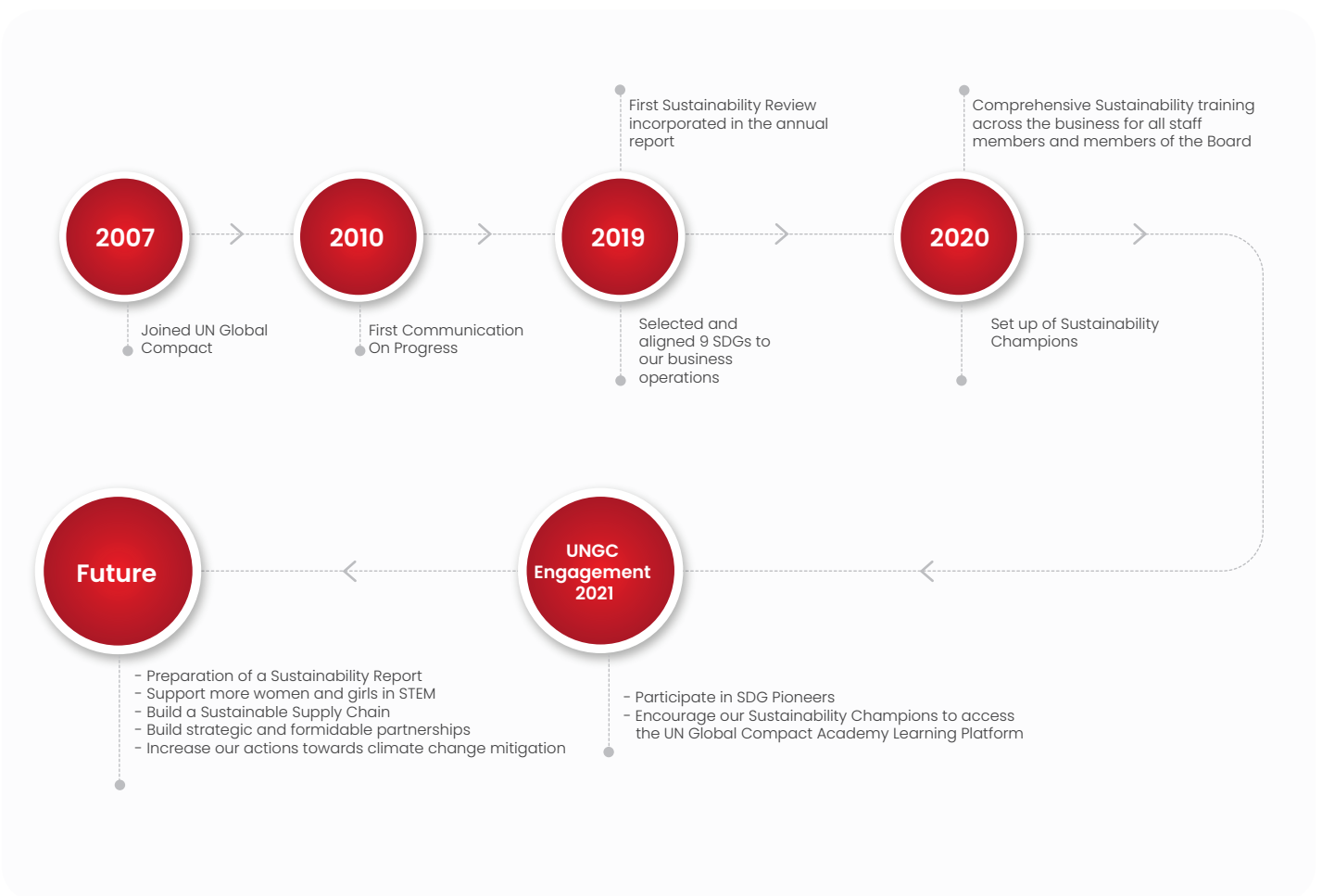
Gender Equality – Support efforts to encourage more women and girls in Science, Technology, Engineering and Mathematics (STEM). Build the capacities of women in our workforce to prepare them for leadership positions.

Sustainable Supply Chain – working with our suppliers to encourage them and support them in undertaking Sustainability as a business approach.

Partnerships – Build strategic and formidable partnerships with Government, private sector and civil society to advance the SDGs.

Climate Change Mitigation – Increase our actions towards climate change mitigation especially through shifting consumer behaviour, use of renewable energies and developing natural Carbon Sinks

Our Sustainability Journey

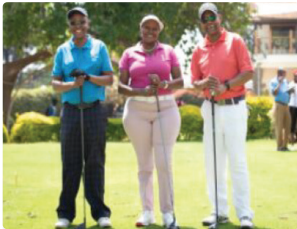


Contribution to the SDGs by Goal in 2019

The 9 SDGs chosen are set to deliver the most impact for BOC in its aspiration to become more sustainable in its business operations. The 9SDGs also align with the Sustainability pillars as below:



Contributions made to the 28th Annual Charity Golf Tournament organized by Gertrude's Children's Hospital of KES 200,000.00 to help children fight cancer. The tournament was held at Muthaiga Golf Club.



KES 200,000.00 to The Nairobi Hospital Charity Heart Fund, a program that was founded in 1993 to reach out to needy Kenyan children who were born with congenital heart defects.



BOC trained 25 Bio-medical engineers from the Kenyatta National Hospital on safety when receiving and handling oxygen cylinders as well as accurate conversion rates for patient prescriptions.



In 2019, the BOC management team was joined by Achieng Opiyo who is the Supply Chain and Distribution Manager. This brings the percentage of women in Senior Management to 43% up from 33% in 2018.

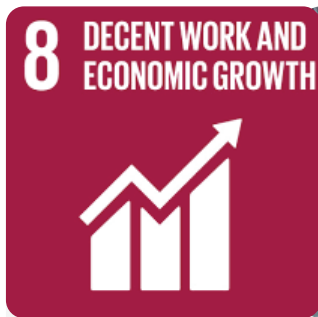
Support of Women Leaders in Manufacturing under the Kenya Association of Manufacturers through training on KAIZEN and Lean Implementation Strategies specifically 6S, KANBAN, AM Step 1 and TFM. BOC Kenya has made good progress in understanding the Lean way and begun to see the results.



The BOC plant relies on underground water provided by a borehole. This cuts down BOC's reliance on water provided by the County Government of Nairobi.

On 28th – 31st October 2019, BOC participated in the Kenya Sanitation Conference held at KICC.

Safe reuse of waste water generated from the production of dissolved acetylene



Training support given to 450 welders running micro enterprises across the country in Kamukunji, Machakos, Thika, Nakuru and Manara on right welding equipment and procedures as well as safety when welding.

In collaboration with the Technical and Vocational Education and Training Authority (TVETA) and the Kenya Universities and Colleges Central Placement Service (KUCCPS), BOC hosted 28 lecturers and administrators drawn from various polytechnics across the country to train them on BOC's products, correct electrodes for welding and practical application of classroom theory



Resale of 871,560 kg in 2019 of Carbide sludge generated in the acetylene production to a National Environment Management Authority (NEMA) approved contractor. The sludge byproduct is made of Calcium Hydroxide and is repurposed as a raw material in construction mainly in plastering of walls.



Staff participation in Tuminai Day clean up of Kitui Road in October 2019. The County Government of Nairobi was represented by Job Wainaina. The County Government has worked closely with private sector to push for greening the County. He affirmed that the County will come in and offer garbage collection and disposal services.



In partnership with the Clinton Health Access Initiative, BOC installed a Vacuum Insulated Evaporator (VIE) Tank valued at KES 7,500,000.00 to store bulk liquid oxygen for medical applications by the Baringo County



BOC sponsored Kenya Healthcare Federation with KES 200,000.00 for an annual caucus for Kenyan doctors in Naivasha.



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