



2023 BOC KENYA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

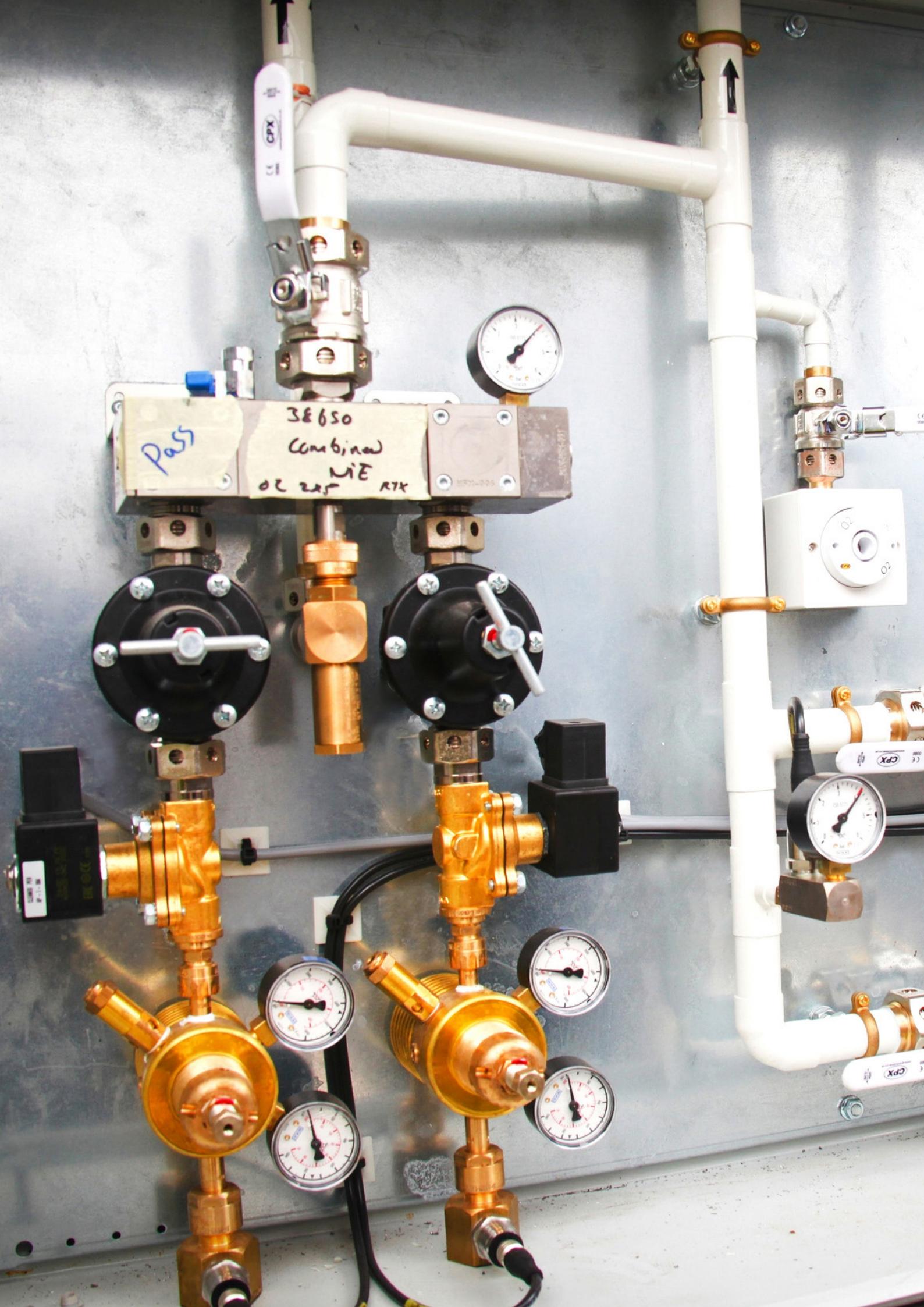


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NOTICE OF THE 2024 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-Third Annual General Meeting of BOC Kenya PLC will be held at the Company's Head Office and factory site, Kitui Road, Industrial Area, Nairobi, on 28 June 2024, at 11:00 a.m. for the following purposes:-

Ordinary Business

1. To receive, consider and if approved, adopt the Company's audited financial statements for the year ended 31 December 2023, together with the Reports of the Chairman, Directors and Auditors thereon.
2. To declare a final dividend of KES 6.05 per ordinary share, payable, net of Withholding Tax, on or about 21 July 2024 to Shareholders on the Register at the close of business on 31 May 2024.
3. To re-elect and appoint Directors:
 - a) Mr. Arthur Kamau retires as Finance Director and does not offer himself for re-election.
 - b) Mrs. Marion Gathoga-Mwangi retires as a Non-Executive Director and does not offer herself for re-election.
 - c) Dr. Ngugi Kiuna is nominated for appointment as a Non-Executive Director in accordance with Articles 29.8 (c) and 29.9 and of the Articles of Association.
 - d) In accordance with the provisions of Section 769 of the Companies Act 2015, Mr. S. Maina, Mr. J. Ramashala and Mrs. C. Wetende being members of the Board's Audit & Risk Committee be re-elected to continue to serve as Members of the said Committee.
4. To approve the remuneration of Directors and the Directors Remuneration Report for the year ended 31 December 2023.
5. To reappoint PricewaterhouseCoopers LLP Kenya to continue in office as External Auditors of the Company by virtue of Section 721(2) of the Companies Act 2015 and to authorise the Directors to fix their remuneration.

By Order of the Board

R. T. Ngobi (Ms.)
Company Secretary
Kitui Road, Industrial Area
P O Box 18010-00500
Nairobi

29 April 2024

- Notes accompanying this Notice of Annual General Meeting are contained on pages 3 to 5.
- This Notice is also available for download on the Company's website www.boc.co.ke.

NOTICE OF THE 2024 ANNUAL GENERAL MEETING (continued)

NOTES:

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. A proxy form is provided with this report. The proxy form can also be obtained from the Company's website (www.boc.co.ke).
3. Shareholders who do not propose to be at the Annual General Meeting and intend to appoint a proxy are requested to do the following:
 - Complete the form provided and attach a copy of your National ID and a copy of the National ID of the proxy appointed.
 - Return the form (plus copies of the National ID's) to the Company's Registrar, Custody & Registrars, IKM Place, Fifth Ngong Avenue, Nairobi, P.O. Box 8484-00100, Nairobi or alternatively to the Registered Office of the Company so as to arrive not later than 2:30 p.m. on 26 June 2024.

Duly signed proxy forms together with ID copies may also be emailed to proxy@candrgroup.co.ke in PDF format.

4. In accordance with the Company's Articles of Association, a copy of the entire Annual Report and Financial Statements may be viewed and or downloaded from the Company's website (www.boc.co.ke).

Unclaimed Dividends

All present and former shareholders of the Company are hereby notified that pursuant to the provisions of the Unclaimed Financial Assets Act No 40 of 2011 Parts II and III, dividends and shares which have not been claimed for a period of three (3) years or more will require to be delivered to the Unclaimed Financial Assets Authority ('the Authority') as abandoned assets on the appointed date.

For any unclaimed dividends, the preferred method of paying dividends which are below Kshs. 200,000 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling *483*038# or contacting the Share Registrar, Custody & Registrars Services Limited.

Therefore, all present and former shareholders with unpaid dividends are requested to urgently contact the Share Registrar, Custody & Registrars Services Limited at the address indicated below to claim any unpaid dividends to avert the risk of the dividends being forwarded to the Authority.

Custody & Registrars Services Ltd (C&R Group)

IKM Place, Tower B, 1st Floor
5th Ngong Avenue, Nairobi
Tel + 254 20 760 8216
Email: info@candrgroup.co.ke

For any unclaimed dividends, the preferred method of paying dividends which are below Kshs. 200,000 is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends by dialling *483*038#.

NOTICE OF THE 2024 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 28 JUNE 2024

ORDINARY BUSINESS

Agenda Item 1 - Report and Accounts 2023

Resolution 1:

THAT the Report of the Directors and the Financial Statements for the year ended 31 December 2023, as audited and reported by the Company's Auditors now submitted to this meeting be and are hereby approved and adopted.

The Report and Accounts are for the year ended 31 December 2023 were approved by the Board of Directors on 29 April 2024 and are presented and proposed for adoption by Shareholders.

Agenda Item 2 - Dividend

Resolution 2:

THAT a final dividend of KES 6.05 per ordinary share payable, net of Withholding Tax, on or about the 21 July 2024 to Shareholders on the Register at the close of business on 31 May 2024 be and is hereby approved.

The final dividend was approved by the Board of Directors on 29 April 2024 and is recommended for approval by Shareholders.

Agenda Item 3 – Re-election and appointment of Directors

Resolution 3:

THAT it be noted for the record that Mr. A. Kamau retires as Finance Director and does not offer himself for re-election.

Mr. A. Kamau was appointed Finance Director in December 2010. After nearly 14 years of dedicated service to the Company and the Board Mr. A. Kamau wishes to retire and will therefore not seek re-election.

Resolution 4:

THAT it be noted for the record that Mrs. M. Gathoga-Mwangi retires as a Non-Executive Director and does not offer herself for re-election.

Mrs. M. Gathoga-Mwangi joined the Company as Managing Director in July 2018 and held that position until 31 December 2021 when she took up a role with Africa Oxygen Limited. She remained on the Board as a Non-Executive Director from 1 January 2022. Mrs. M. Mwangi-Gathoga wishes to retire and will therefore not seek re-election.

Resolution 5:

THAT Dr. Ngugi Kiuna be and is hereby appointed a Director in accordance with Articles 29.8 (c) and 29.9 of the Articles of Association.

Dr. Ngugi Kiuna has been nominated for appointment as a Non-Executive Director by Mr. Ngugi Kiuna who holds 2,192,926 shares representing 11.2% of the total shareholding of the Company.

NOTICE OF THE 2023 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 28 JUNE 2024 (continued)

Agenda Item 3 – Re-election and appointment of Directors (continued)

Resolution 6:

THAT Mr. S. Maina, Mrs. C. Wetende and Mr. J. Ramashala be and are hereby elected to continue to serve as Members of the Board Audit & Risk Committee.

In accordance with the provisions of Section 769 of the Companies Act 2015, the above-named Directors offer themselves for re-election to continue to serve as Members of the Board Audit & Risk Committee.

Agenda Item 4 - Directors Remuneration and Remuneration Report

Resolution 7:

THAT the Directors remuneration as stated in Note 29(f) to the Financial Statement and the Remuneration Report set out on page 67 of the Company's 2023 Annual Report, be and are hereby Approved.

Resolution 7 is an advisory vote to approve the Directors' remuneration as stated on Note 29(f) to the Financial Statements and to approve the Director's Remuneration Report as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public.

The Remuneration Report is set out on page 67 of the 2023 Annual Report posted on the Company's website www.boc.co.ke.

Agenda Item 5 - Re-Appointment of Auditors and Auditors Remuneration

Resolution 8:

THAT in accordance with Section 721(2) of the Companies Act 2015, of Messrs PricewaterhouseCoopers LLP be and are hereby re-appointed as the Auditors of the Company and that the Directors be and are hereby authorised to fix their remuneration.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Companies External Auditors. In accordance with the provisions of Section 721(2), PricewaterhouseCoopers LLP offer themselves for re-appointment and it is proposed that the Directors be authorized to fix their remuneration for the ensuing financial year.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. R. Mbugua*	(Chairman)
Mr. J. Ramashala*	(Acting Managing Director)
Mr. A. Kamau	(Finance Director)
Mrs. C. Wetende**	
Mrs. M. Gathoga-Mwangi	
Mr. S. Maina**	
Ms. R. T. Ngobi	(Company Secretary)

AUDIT AND RISK COMMITTEE

Mr. S. Maina**	(Chairman)
Mr. J. Ramashala *	
Mrs. C. Wetende**	
Mrs. M. Gathoga-Mwangi	(Permanent Invitee)
Mr. A. Kamau	(Permanent Invitee)
Mr. K. Kiprotich	(Permanent Invitee)
Ms. R.T. Ngobi	(Secretary)

NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

Mrs. C. Wetende **	(Chairman)
Mr. R. Mbugua*	
Mr. J. Ramashala *	
Mrs. M. Gathoga-Mwangi	(Permanent Invitee)
Ms. M. Ranape	(Permanent Invitee)
Ms. R.T. Ngobi	(Secretary)

* Non-Executive Directors

** Independent Non-Executive Directors

Nationality where not Kenyan:

Mr. J. Ramashala (South African)

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road, Westlands
PO Box 43963 – 00100 Nairobi

TRANSFER AGENTS

Custody & Registrar Services Limited
IKM Place, 1st floor Fifth Ngong Ave
Nairobi

ADVOCATES

Kaplan & Stratton
Williamson House
4th Ngong Avenue
PO Box 4011 – 00100 Nairobi

J.A Guserwa & Company Advocates
5th Avenue Office Suits
PO Box 8384-00200 Nairobi

BANKERS

Citibank N.A. Kenya
Standard Chartered Bank Kenya Limited

SECRETARY AND REGISTERED OFFICE

Ms. R.T. Ngobi (CPS No. 726)
Company Secretary
Kitui Road, Industrial Area
PO Box 18010 – 00500 Nairobi

ABOUT US

Overview

BOC Kenya PLC's (the "Company") is a public Company formed under the laws of Kenya with its principal offices in Nairobi.

The Company set up in Kenya in 1940 and is part of the BOC organisation that was established in Britain in 1886. The Company's immediate majority shareholder is BOC Holdings (UK) and the ultimate majority shareholder is Linde Plc.

Linde is a leading global industrial gases and engineering company with sales of \$31 billion (€26 billion) in the year 2021. The Group's mission is making our world more productive every day by providing high-quality solutions, technologies and services which are making our customers more successful and helping to sustain and protect our planet.

The Linde Group serves a variety of end markets including chemicals & energy, food & beverage, electronics, healthcare, manufacturing, metals and mining. Linde's industrial gases are used in numerous applications, from life-saving oxygen for hospitals to high-purity & specialty gases for electronics manufacturing, hydrogen for clean fuels and much more. Linde also delivers state-of-the-art gas processing solutions to support customer expansion, efficiency improvements and emissions reductions.

Our Business

The Company's primary products in its medical and industrial gases business are atmospheric gases (oxygen, nitrogen and argon) and process gases (carbon dioxide, helium, hydrogen, specialty gases and acetylene etc). Ancillary to this, the Company supplies gas accessories, equipment and welding products. The Company also designs and builds medical and industrial gas storage facilities and gas pipelines (engineering services).

The Company's customer base cuts across a large spectrum and includes public and private hospitals, food processors, civil and mechanical engineering contractors, motor vehicle body builders, hotels and restaurants, the informal business sector ("Jua Kali") and small and medium enterprises.

Our business operates with the purpose of making our world more productive by meeting the needs of our customers.

Our product range includes:

Bulk (Liquid) Gases

- BOC has an Air Separation Unit (ASU) in Nairobi that produces liquid oxygen and liquid nitrogen with purity levels of 99.95%.

Packaged (Cylinder) Gases

- These comprise the Company's primary product line and include medical gases, industrial gases, special gases, gas mixtures and liquefied petroleum gas. Atmospheric gases, gas mixtures and acetylene are produced at the Company's Nairobi plant while the other gases are purchased from other gas suppliers, mostly overseas.

Engineering Services

- Supply of medical equipment, construction of medical and other gas pipelines, LPG installations, provision of Company owned cryogenic gas storage tanks and related maintenance services.
- BOC has a team of highly qualified engineers and technicians who provide Customer Engineering Services (CES) to the highest international standards including the following: Medical Oxygen KS 2170 – 1:2009; Medical Air – KS 2170 – 2008; Medical Nitrous oxide – KS – 2170-3:2008 and Medical Carbon Dioxide – KS -2170-4:2009

ABOUT US (continued)

Mission and values

Safety, Health, Environment and Quality

Safety at BOC is non-negotiable. We pay great attention to the safety of operations, products, distribution fleet and our customers.

We conduct rigorous tests on our cylinders before any filling operation to ensure safety of products and users. Medical cylinders are subjected to more stringent tests and cleaning in line with health care standards.

All staff receive regular general safety and role specific training. Employees have access to the web-based Linde Plc Learning Management System (TRACCESS) on which they study and undertake tests on subjects relevant for their respective roles in the Company.

The Company's distribution fleet drivers are continuously trained in vehicle safety, including heavy commercial vehicle anti-rollover training in South Africa.

Completion of core training is mandatory before an employee is allowed to execute particular tasks.

We live the Linde mission of making our world more productive by providing high-quality solutions, technologies and services to our customers to make them more successful and helping to sustain and protect our planet.

Mission:

Our mission is to be the best performing medical gases, industrial gases welding products and welding accessories Company in our region, where our people deliver innovative and sustainable solutions for our customers in a connected world.

Vision:

Our vision is making our world more productive

Strategic Direction:

- A. Build on our individual and collective strengths across a larger global footprint.
- B. Profitably and sustainably grow our industrial and medical gases business by increasing network density.
- C. Leverage world-class engineering and technology capabilities to deliver a competitive advantage to the gases business and profitably grow with third party customers.

Values and Behaviours:

- Safety - We put safety first. We believe all incidents are preventable, and our goal is no harm to people, communities or the environment. We continuously work to improve our safety culture and performance worldwide.
- Integrity - We always strive to achieve our goals ethically, and with the highest integrity. We expect transparent and respectful interactions between management, employees and our business partners, consistent with our Code of Business Integrity.
- Accountability - We hold ourselves accountable for our performance, individually and collectively. We focus both on what we accomplish and how we accomplish it, and we are committed to delivering on individual and company goals.
- Inclusion - We embrace diversity and inclusion in order to attract, develop and retain the best talent and build high-performing teams. By hearing all voices and benefiting from diverse opinions, thoughts and perspectives, we achieve our full promise and potential; and
- Community - We are committed to improving the communities where we live and work. Our contributions support initiatives that make important and sustainable contributions to our world.

ABOUT US (continued)

Strategy

The strategy of the Company is geared towards long-term profitable growth and focuses on the provision of forward-looking products and services that support our customers in their various areas of operations.

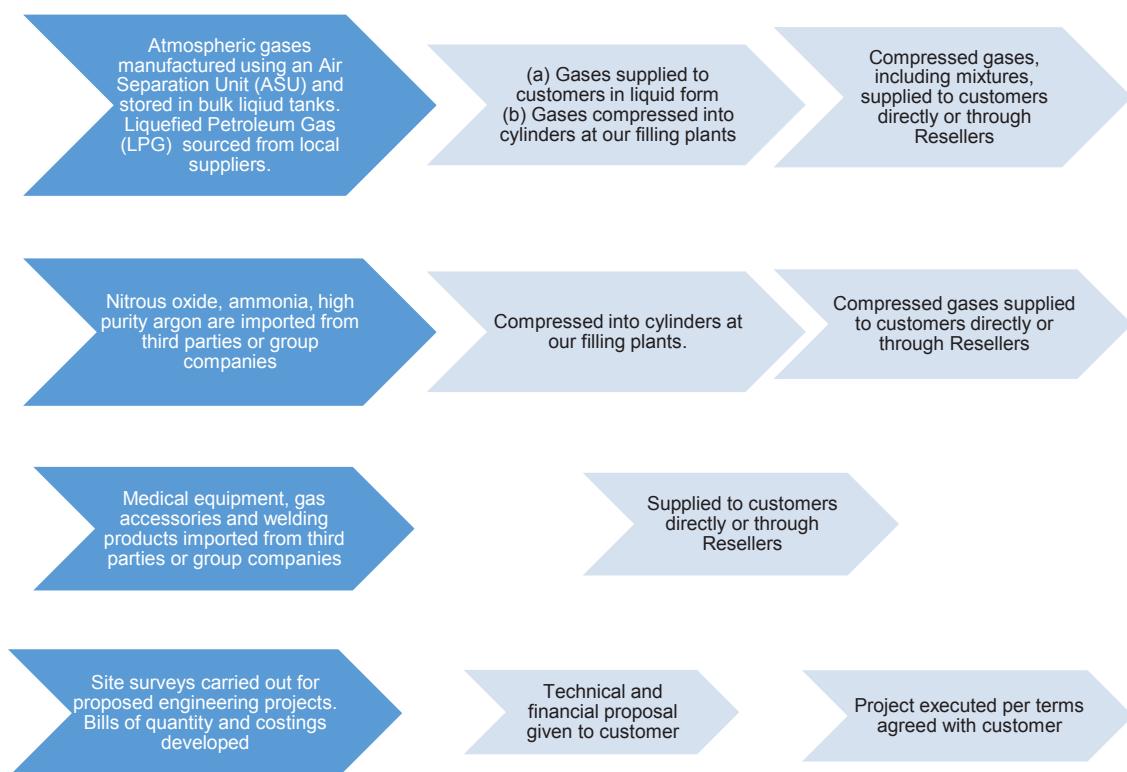
The Company acts responsibly towards its shareholders, business partners, employees, society and the environment in every one of its business areas and locations.

We seek to consolidate and grow the medical gases segment and to maintain and grow the industrial gases segment (especially oxygen and dissolved acetylene) and aim to become the gas supplier of choice in the Kenyan market. We seek to partner with real estate developers for Liquefied Petroleum Gas (Gas) reticulation and to provide innovative solutions to key segments in the agriculture and floriculture sectors and to partner with national referral and county governments to deliver quality medical supplies to public hospitals.

Our strategy is focussed on four pillars: (1) Protecting the base business, (2) Creating new business streams, (3) Excellence in customer service operations and the (4) Execution and people pillar.

Business Model

The Company's business model may be summarised as follows:



Gases and Manufacturing Processes

Atmospheric gases are the highest volume products produced by the Company. Using air as its raw material, the Company produces oxygen, nitrogen and argon through cryogenic air separation.

Process gases, including carbon dioxide, hydrogen, helium, specialty gases are purchased from other gas companies locally or abroad while acetylene is produced at the Company's plant by reacting calcium carbide with water.

Gases have applications in either industrial or medical sectors, or in the case of oxygen in both sectors.

ABOUT US (continued)

Gases Distribution

The Company uses two basic distribution methods for industrial gases:

- (i) Merchant/bulk liquid - The merchant business is generally associated with distributable liquid oxygen and nitrogen. The deliveries generally are made from Company's Nairobi plants by tanker trucks to storage containers at the customer's site which are owned and maintained by the Company.
- (ii) Packaged or cylinder gases - Customers requiring small volumes are supplied products in metal containers called cylinders, under medium to high pressure. Packaged gases include atmospheric gases, carbon dioxide, hydrogen, helium, acetylene and related products. The Company also produces and distributes in cylinders a wide range of specialty gases and mixtures. Cylinders may be delivered to the customer's site or picked up by the customer at a Company facility or distributor store.

Customer Engineering Services

The Company builds gas pipelines, primarily medical gas pipelines in hospitals. It also builds liquefied petroleum gas (LPG) pipelines.

For Hospitals, the Company has the competency to provide a complete gas solution encompassing supply of the medical gas in liquid or in cylinders, construction of the medical pipelines and installation of the equipment / consumables necessary to deliver the gas to the patient's bed side.

CHAIRMAN'S STATEMENT



**The Company
recorded a 26%
growth in revenue
primarily from
its medical gases
business.**



On behalf of the Directors', I am pleased to present to you the annual report and financial statements of the Company.

Proposed Shares Acquisition

As noted in our Annual Report and Financial Statements for the last three years, Carbacid Investments Plc and Aksaya Investments LLP published a Notice of Intention to acquire 100% of the Ordinary Shares of the Company on 26 November 2020. Arising therefrom the Directors of the Company commenced the process of facilitating the transaction in accordance applicable laws and regulations, not least the Capital Markets (Take-Overs and Mergers) Regulations 2002.

This matter remains pending before the Capital Markets Tribunal (CMT) following the lodging of an appeal at the Tribunal by a minority shareholder. Consequently the proposed transaction remains in abeyance awaiting completion of these legal matters.

In the meantime the Directors have remained committed to ensuring that the Board fulfils its mandate and responsibilities under applicable law and will keep shareholders informed when further information becomes available.

Business overview

During the year the Company recorded a 26% growth in revenue primarily from its medical gases business. This growth was led by medical gases infrastructure projects in Hospitals. Though these projects will not recur, the oxygen tanks installed, and medical pipelines constructed, will lead to a greater demand / availability of oxygen in the coming years.

These projects were financed from internally generated funds, hence the Board not declaring an interim dividend on the half year results in 2023. Payments from customers for these projects are now being

The Company's consolidated financial results for the year are discussed further in the Managing Director's report from page 13 to 15.

Outlook

Macro-economic conditions prevailing in 2023 were difficult thereby impacting cost of electricity, raw materials, products for resale, spare parts for machinery as well as general overheads.

Rising inflation and depreciation of the Kenya shilling against the United States dollar had an adverse impact both from a cost-base perspective as well as reduced demand for the Company's products especially from the highly competitive and price-sensitive industrial gases sector. Especially notable of the cost increases was a 60% increase on the electricity tariff for industrial customers from April 2024.

CHAIRMAN'S STATEMENT (continued)

The Board is hopeful that economic conditions will begin to improve in 2024, as the Company also focuses on cost containment to improve profitability.

Board of Directors

There have been no changes on the Board of Directors since our annual report for 2022.

Meanwhile, Marion Mwangi and Arthur Kamau retire from the Board at the upcoming Annual General Meeting on 28 June 2024 and will not be offering themselves for reelection. Marion served as the Company's Managing Director from July 2018 to December 2021, when she took up an appointment with a sister Company, African Oxygen Limited (South Africa), while remaining a non-executive Director of BOC Kenya. Arthur has served as the Finance Director of the Company since December 2010. On behalf of the Company and the Board I wish to thank both for their service to the Company over the years and wish them well for the years that lie ahead.

Appreciation

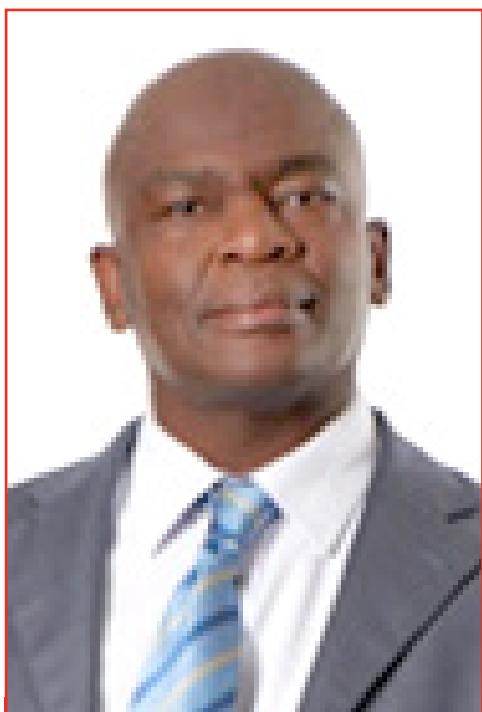
I wish to thank our customers across the various industries for trusting us to supply your requirements for gases, medical gases pipelines, welding products as well as gas accessories. Our aspiration remains to continue meeting your expectations with products that are of the highest quality and safety standards.

Finally, we recognize and acknowledge our employees, distributors and other partners who in all different ways contribute to the business and its success. We look forward to developing these partnerships further in the coming years as we seek to be of better service to our customers. Our shareholders can be assured of the Board's commitment to strengthen the business in the coming years.

Robert Mbugua
Chairman

29 April 2024

MANAGING DIRECTOR'S REPORT



During the year revenue increased 19.6% from prior year due to the implementation of various medical gases infrastructure projects



Revenue from industrial gases decreased marginally by 1% due to depressed demand in a high-cost environment.

Vision and Mission

BOC Kenya's vision is to be the best performing medical and industrial gases company in East Africa, where our people deliver innovative and sustainable solutions for our customers in a connected world.

In line with the Linde Group Mission, we seek to make our world more productive. This reflects our commitment to continually increase efficiency in our own operations while enabling our customers to become more successful by improving their financial and environmental performance.

Continuous Improvement

Since 2018, we have established our culture of Continual Improvement (CI) using various KAIZEN tools. KAIZEN which means change for better has led the way we manage Projects and the way we treat each other when going through tremendous change. In 2019, we implemented for new projects around Inventory Management, Planned Maintenance, Autonomous and Total Flow Management project in Customer Service. These projects will continue to impact our operations in a positive manner and will produce sustainable efficiencies and savings.

Key performance indicators

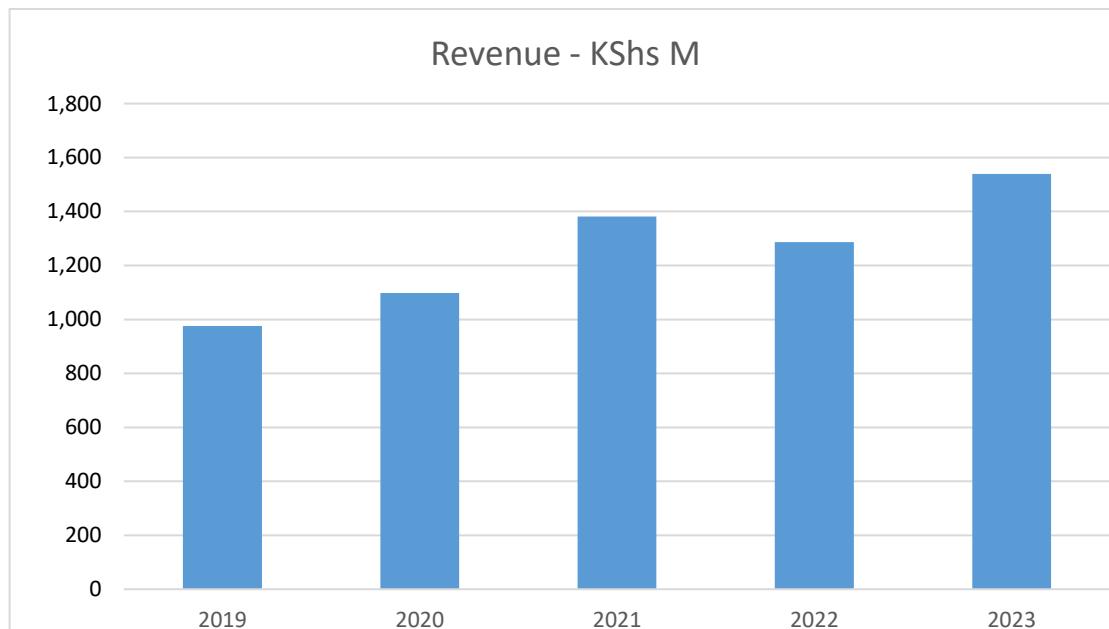
Revenue streams / Sales revenue

The Company's core products are oxygen (which has both medical and non-medical applications), nitrogen and dissolved acetylene (DA). Oxygen and nitrogen are supplied to customers either in liquid form or packaged (compressed) into high pressure cylinders. The Company also constructs pipelines for the gases that it supplies - especially medical gases pipelines in health care facilities - and procures and installs storage tanks for such gases.

Gas sales in liquid form comprise medical oxygen supplied to hospitals that have cryogenic storage that are either owned by the Company or by the customer. The oxygen is then delivered to the patient at the bedside through medical pipelines in their wards and other patient care areas. Liquid oxygen and liquid nitrogen is supplied to customers and is likewise piped to the point of use. Filler materials constitute welding products.

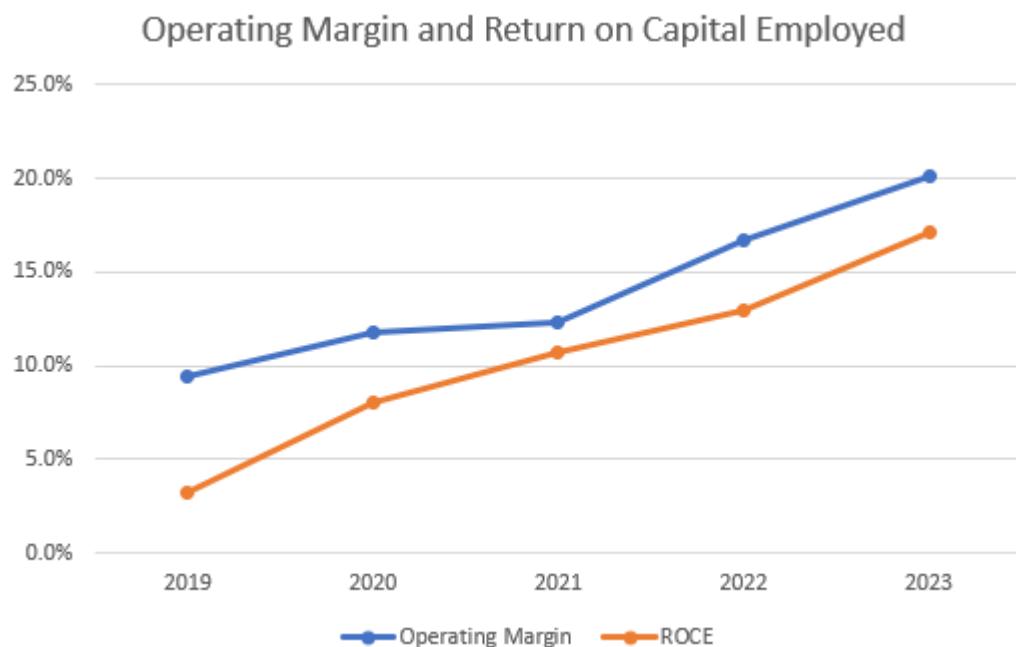
During the year revenue increased 19.6% from prior year due to the implementation of various medical gases infrastructure projects awarded to the Company, in addition to a 23% growth in sales of medical oxygen. The infrastructure projects comprised medical oxygen tanks and reticulation of medical gases in various hospitals. Revenue from industrial gases decreased marginally by 1% due to depressed demand in a high-cost environment.

MANAGING DIRECTOR'S REPORT (continued)



Profitability and Return on Capital Employed (ROCE)

Operating Profit increased by 45% primarily from the medical infrastructure projects and growth in medical oxygen sales volumes. Price increases were also implemented in the year to recover significant costs increases especially on electricity and distribution costs.



MANAGING DIRECTOR'S REPORT (continued)

Key performance indicators (continued)

Additional financial performance KPIs are presented on the table.

	2019	2020	2021	2022	2023
Revenue	975,863	1,098,104	1,381,768	1,287,250	1,539,342
Gross profit	44.0%	43.8%	40.5%	40.7%	49.1%
Distribution costs	95,268	102,374	105,122	130,709	158,626
Selling & Admin costs	298,008	266,890	204,781	329,571	328,056
Operating profit	91,626	128,878	170,003	214,483	310,079
Operating profit/sales	9.4%	11.7%	12.3%	16.7%	20.1%
Quick assets ²	497,436	560,541	585,794	277,118	632,182
Quick ratio	0.9	1.2	1.5	0.9	1.8
Liquidity ratio	2.0	2.5	2.9	3.9	3.9
Debt to equity ratio	0.38	0.30	0.3	0.2	0.2
Long term debt	Nil	Nil	Nil	Nil	Nil
Dividends	45,885	81,031	85,912	118,129	166,943
Dividend per share (KShs)	2.35	4.15	4.40	6.05	6.05
Capital expenditure	83,500	40,352	52,212	89,106	15,922
Return on total assets	4.6%	6.2%	8.5%	11.0%	14.4%

1. All figures in Kenya shilling thousands (KShs 000) unless indicated otherwise

2. Quick assets comprise bank balance and term deposits. Trade debt is excluded

Outlook

Continued improvements in oxygen infrastructure in the healthcare sector has led to increased demand for medical oxygen across the Country. During the last three years the Company has had opportunity to install a large portion of this infrastructure, primarily comprising of bulk oxygen storage tanks and the related gas pipelines. It is expected that this growth will continue in the coming years but at a slower rate.

The industrial gases sector, of which small and medium size businesses are a big proportion, continued to be challenging because of price sensitivity in a high inflation environment. The Company will continue to mitigate this with a focus on productivity while maintaining its competitive edge through high product and safety standards.

Appreciation

I would like to acknowledge and thank the customers, vendors and other stakeholders for their support in 2023. We look forward to a continuing working relationship with you in the coming years for our mutual benefit.

I would also like to thank members of our Board of Directors for their invaluable guidance and our shareholders who have placed their investment in our hands. We will continue to strive towards greater achievements in the years that lie ahead.

Joseph Ramashala
Managing Director (Acting)

29 April 2024

GRI SUSTAINABILITY REPORT

ABOUT THIS REPORT

BOC Kenya PLC is a company deeply dedicated to Sustainability in its operations and principles. Our commitment extends to upholding environmental preservation, fostering inclusivity and driving economic growth.

We continue to grow our interest in Sustainability by engaging our stakeholders, continuously tracking our progress and learning from our peers. This fifth Sustainability Report is a collective summation of our progress in the advancement of Sustainability in our business and through our value chains. It is prepared with reference to the Global Reporting Initiative (GRI) Standards. We report on our impacts concerning the material topics identified through an extensive stakeholder engagement process. These topics serve as the foundation for our strategic direction in 2023 and 2024.

OUR IMPACTS AND MATERIAL TOPICS

Economic/Governance

1. Economic performance
2. Governance & business conduct / ethics / transparency
3. Innovation capabilities & management

Environment

1. Climate change
2. Waste management & circular principles
3. Energy stewardship

Social

1. Employee safety, health & wellbeing
2. Diversity, inclusion & people development
3. Human rights
4. Local community development

Frameworks applied

1. GRI Standards
2. UN Global Compact
3. Sustainable Development Goals (SDGs)

Reporting principles for defining report content

- **Stakeholder inclusiveness** - BOC has successfully identified its stakeholders and facilitated meaningful interactions throughout the year to ascertain their rational expectations and concerns.
- **Sustainability context** - BOC has provided comprehensive coverage of the business's economic, environmental, and social dimensions in its reporting.
- **Materiality** - The contents of this report encompass various subjects and metrics that encapsulate BOC's noteworthy economic, environmental, and social ramifications, as well as factors that hold considerable sway over the evaluations and choices of stakeholders.
- **Completeness** - The report comprehensively covers the material topics and indicators, providing stakeholders with the necessary information to evaluate BOC's performance during the period of January 1, 2023, to December 31, 2023.

Reporting principles for defining report quality

- **Accuracy** - The disclosed data is both accurate and comprehensive enough for stakeholders to evaluate the operational effectiveness of BOC on the Sustainability front.
- **Balance** - The report provides an in-depth analysis of the organization's performance, outlining both the strengths and weaknesses across environmental, social, and economic dimensions to facilitate a comprehensive evaluation of overall effectiveness.

GRI SUSTAINABILITY REPORT (continued)

- Clarity - The data is presented in a format that is understandable to stakeholders, facilitating easy access to the report.
- Comparability – The disclosed data is structured to provide stakeholders with the tools necessary to assess the progress of BOC's performance across different time periods, enabling comprehensive comparative analysis with other entities.
- Reliability - The approaches employed in producing this report are designed to uphold the integrity of the data through meticulous collection, thorough documentation, comprehensive analysis, and facilitation of rigorous examination.
- Timeliness - Regular reporting is conducted by BOC Kenya PLC on an annual basis, ensuring that stakeholders have timely access to critical information for making well-informed decisions. Furthermore, this approach allows for a close alignment between the release of the report and the actual events detailed within it.

THE YEAR IN REVIEW

Remarks from leadership

The Board of Directors remains steadfast in its commitment to environmental, social, and governance (ESG) principles. We have consistently invested in access to healthcare, efficient manufacturing technologies, reducing our environmental footprint, and sustainable business practices.

The Board of Directors has made a significant decision to appoint a sustainability champion to lead our organization's sustainability efforts. This individual serves as a driving force in implementing sustainable practices and initiatives across all departments in the business. This appointment showcases our commitment to upholding environmental responsibility and promoting sustainable practices within our company.

AMREF Health Africa has contracted our company to supply and commission a total of fourteen (14) 3000-liter liquid oxygen tanks across 14 distinct counties. This has facilitated our ability to enhance access to oxygen nationwide. This year, we achieved a significant milestone by exceeding our goal of 90% waste diverted from landfills and surpassed it at 99.5%. This would not have been possible without the dedication of our employees and the trust of our stakeholders.

Looking ahead, we are committed to continuous improvement. We are currently exploring partnerships to enhance oxygen accessibility nationwide. Our current emphasis is on enhancing resource efficiency within our manufacturing operations. We are committed to implementing innovative strategies and technologies to reduce waste, conserve energy, and optimize our use of resources.

We believe that by remaining at the forefront of sustainable practices, we will not only protect our environment but also ensure the long-term success of our company and the communities we serve.

Robert Mbugua - Chairman of the Board

I proudly present this Sustainability report, showcasing resilience, innovation, and commitment to our core purpose: providing essential services.

2023 has been another year of significant achievements for BOC Kenya PLC. We have navigated a challenging economic landscape, ensuring the uninterrupted supply of oxygen – a vital resource for hospitals, industries, and countless individuals. This unwavering commitment to our stakeholders is at the heart of our success.

At BOC, we believe that strong financial performance is not just an end goal, but a means to a greater good. Our profits fuel investments in our communities, fostering economic growth and social well-being. We support local healthcare initiatives, promote complimentary training for healthcare professionals and actively collaborate with government bodies to ensure a resilient healthcare infrastructure. This synergistic approach allows us to contribute meaningfully to the nation's development, creating a ripple effect of positive change.

GRI SUSTAINABILITY REPORT (continued)

THE YEAR IN REVIEW (continued)

Remarks from leadership (continued)

Joseph Ramashala - Acting Managing Director

This past year has seen significant progress in our sustainability journey, thanks in large part to the unwavering dedication of our passionate Sustainability Champions across all departments and the support of our leadership. These champions play a pivotal role by gathering and providing crucial data on energy use, waste generation, and other sustainability metrics. Their efforts allow us to accurately report on our progress and identify areas for further improvement.

Furthermore, they offer a robust method for tracking our performance which is instrumental in ensuring accountability and driving results. By closely monitoring performance throughout the year, we can make real-time adjustments and implement targeted initiatives that directly address our Sustainability goals. This data-driven approach has been essential in achieving our ambitious targets, such as diverting 99.5% of our waste from landfills.

We are confident that by continuing to empower our champions, refine our KPI tracking system, and foster a culture of continuous improvement, we will solidify BOC as a leader in sustainable manufacturing.

Catherine Kamau – Human Resources Manager

- 2007 - Support for UN Global Compact pronounced
- 2010 - First Communication on Progress prepared for the UN Global Compact
- 2019 - BOC began the journey of integrating the Sustainable Development Goals (SDGs) and aligned 9 SDGs into its overall company strategy First Sustainability Review incorporated in the annual report
- 2020 - Comprehensive Sustainability training across the business for all staff members and members of the Board. Set up of Sustainability Champions to promote Sustainability adoption, Disseminate information and useful resources to staff, implement and report on progress made in Sustainability.
- 2021 - Joined the Target Gender Equality (TGE) initiative to focus on gender equality and support women's representation and leadership in business.
- 2022 - Preparation of the first Sustainability report in reference to the GRI Standards. Carried out Stakeholder engagement to establish material topics and identify high impact SDGs to focus on. Review of the Sustainability Policy and development of Donations and Sponsorships Policy as well as Climate Change Mitigation Policy. Awarded the Linde Zero Waste certificate for diverting 99.5% of our waste from landfills. Unconscious Bias Training to all senior staff members to sensitize management on biased attitudes and behaviors at work. Preparation of Personal Sustainability Plans for Sustainability Champions.
- 2023 – Appointment of a Sustainability Champion at Board level. Comprehensive Environment, Social and Governance (ESG) training given to all Sustainability Champions and Board members.

GRI SUSTAINABILITY REPORT (continued)

THE YEAR IN REVIEW (continued)

Stakeholder engagement

Having previously identified the stakeholders of the business, we have recognized the importance of their involvement and collaboration in achieving our goals. In the year 2023, our focus was on delivering on the material topics that had been identified. By prioritizing these material topics, we aim to not only meet the expectations of our stakeholders, but also contribute to the long-term success and growth of our business. We understand the significance of staying accountable to our stakeholders and are committed to delivering tangible results in these areas. Our stakeholders are as below:

 Our employees and their families	 Our regulators (including Industry Associations)	 Shareholders
 Our Competitors	 Our Community	 Our Partner Suppliers
 Our Environment	 Board members	 Our Customers
 Media	 The General public	 The General public

Disclosure 102 – 40, 102 – 44

GRI SUSTAINABILITY REPORT (continued)

LIST OF STAKEHOLDER GROUPS AND KEY TOPICS AND CONCERN RAISED

The table below provides a comprehensive overview of the different stakeholder engagement channels and the specific topics and issues that are of utmost importance to each stakeholder group. At BOC, as we strive to build positive relationships with our stakeholders, understanding their concerns and preferences for communication is crucial. The table highlights the diverse range of stakeholders, including customers, employees, investors, and community members, and their unique perspectives and priorities. By utilizing these valuable insights, we can effectively tailor our engagement strategies to effectively address the needs and expectations of our stakeholders. This not only fosters transparency and trust but also enables us to make informed decisions that align with the interests of our stakeholders.

Stakeholder	Why we engage	How we engage	Key topics & concerns discussed
Our Customers	We understand the importance of staying connected with our customers and constantly seeking their feedback. By actively engaging with them, we are able to anticipate their needs and stay ahead of upcoming market trends. This allows us to continuously improve our products and services, ensuring that we are providing the best possible solutions for our customers.	<ul style="list-style-type: none"> Key account manager relationships – ongoing dialogue. One on one engagement sessions through regular site visits. 	<ul style="list-style-type: none"> Product quality & safety and best use Innovation capabilities & management Environmental & social performance Ethics / transparency/ Governance & business conduct Climate change Human rights
Our Partner Suppliers	Together with our suppliers, we strive towards a successful partnership built on mutual growth and prosperity. Our suppliers uphold high ethical standards, demonstrating their respect for both people and the environment. We are committed to working together to achieve a brighter future for all. With a strong emphasis on ethical business practices, we are confident in our ability to create a positive impact in the world.	<ul style="list-style-type: none"> Direct engagement with supplier relationship manager Correspondence through invoices, LPOs and Memos Information briefings at onboarding 	<ul style="list-style-type: none"> Economic performance Climate change Human rights Innovation capabilities & management Ethics / transparency/ Governance & business conduct Raw material availability Responsible sourcing and traceability

GRI SUSTAINABILITY REPORT (continued)

LIST OF STAKEHOLDER GROUPS AND KEY TOPICS AND CONCERNS RAISED (continued)

Stakeholder	Why we engage	How we engage	Key topics & concerns discussed
Our Employees and their families	Our dedication lies in fostering a conducive and cooperative work environment, promoting open communication, conflict resolution, and the sharing of innovative concepts to propel our business towards success.	<ul style="list-style-type: none"> Employee engagement surveys Annual performance dialogue Talent management processes Continuous learning and development opportunities On-going dialogue with Sustainability Champions Internal platforms including E-mail, Face to-face interactions, Video conferencing, Phone calls, Messages, Management briefs and Collective Bargaining Agreements 	<ul style="list-style-type: none"> Climate change Diversity and inclusion People development Employee health, safety & wellness Ethics / transparency/ Governance & business conduct Human rights Economic performance Innovation capabilities & management
Our Shareholders and investors	Engaging in ongoing dialogue with our shareholders is integral to upholding transparency standards and driving enhancements in our reporting methodologies. Additionally, these interactions cultivate robust partnerships with investors and financial institutions, providing us with the essential capital needed to fuel our company's growth and expansion efforts.	<ul style="list-style-type: none"> Annual General Meeting Emails, reports, presentations and letters Information / notices 	<ul style="list-style-type: none"> Economic performance Climate change Diversity, inclusion & people development Environmental, Social & Governance Ethics / transparency/ Governance & business conduct Innovation capabilities & management
Our Community	Engaging in transparent dialogues fosters constructive relationships and provides a platform for collaboration with our communities and neighborhoods on various projects, initiatives, and causes that can yield beneficial outcomes within our local regions. By extending our assistance to residents and contributing to the greater good of the community, we can collectively enhance the quality of life in the area.	<ul style="list-style-type: none"> Community needs assessment Local annual community engagement (Bumbanani day) Ongoing dialogue with local community organizations Employees engaged in social activities within the communities in which we operate 	<ul style="list-style-type: none"> Local community development Climate change Diversity and Inclusion People Development Ethics / transparency/ Governance & business conduct Human rights Environmental & Social Performance

GRI SUSTAINABILITY REPORT (continued)

MATERIAL TOPICS

Disclosure 102 – 46 Defining report

Content and topic boundaries

Ensuring alignment with stakeholder needs and driving meaningful societal impact are key objectives. Employing a materiality assessment to pinpoint and rank critical issues, we aimed for a comprehensive, inclusive, and environmentally responsible approach in accordance with GRI Standards, positioning our organization for sustained success.

Materiality assessment

The materiality assessment, conducted in 2022, served as the foundation for our stakeholder engagement efforts during that same year. The objective was to utilize this data to ensure that our sustainability objectives and strategies are in accordance with the expectations of stakeholders, while also guaranteeing the relevance and significance of our reporting efforts. The comprehensive list of material topics that may be of interest to our stakeholders can be found below.

Disclosure 102 – 47 Defining report content and topic boundaries

KEY MATERIAL TOPICS

We align our list of material topics with the GRI Standards topics, the Principles of the United Nations Global Compact (UNGCG), and the Sustainable Development Goals (SDGs) to ensure adherence to widely recognized sustainability frameworks.

Materiality topic	Equivalent GRI topic	UNGCG Principles	SDGs mapping
Climate change	GRI 201–2: Financial implications and other risks and opportunities due to climate change GRI 301: Materials GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 306: Waste	Principle 7, 8 and 9	SDG 12 and 15
Diversity, inclusion & people development	GRI 102–8: Information on employees and other workers GRI 202: Market presence GRI 401: Employment GRI 404: Training and education GRI 405: Diversity and equal opportunity GRI 406: Non - discrimination	Principle 6	SDG 5, 8 and 17
Employee safety, health & wellbeing	GRI 403: Occupational health and safety		SDG 8 and 9
Ethics / transparency/ Governance & business conduct	GRI 102–11: Precautionary Principle or approach GRI 102–16: Values, principles, standards, and norms of behaviour GRI 102–17: Mechanisms for advice and concerns about ethics GRI 102–18: Governance structure GRI 205: Anticorruption	Principle 10	SDG 16

GRI SUSTAINABILITY REPORT (continued)

MATERIAL TOPICS (continued)

Disclosure 102 – 47 Defining report content and topic boundaries (continued)

KEY MATERIAL TOPICS (continued)

Materiality topic	Equivalent GRI topic	UNGC Principles	SDGs mapping
Human rights	GRI 102–41: Collective bargaining agreements GRI 402: Labour/management relations GRI 407: Freedom of association and collective bargaining GRI 408: Child labour GRI 409: Forced or compulsory labour GRI 412: Human rights assessment	Principle 1, 2, 3, 4 and 5	SDG 5, 8 and 16
Innovation capabilities & management		Principle 8 and 9	SDG 8 and 12
Local community development	GRI 203: Indirect economic impacts GRI 413: Local communities	Principle 1	SDG 8 and 17

Disclosure 102–50 Reporting period

- Ensuring alignment with stakeholder expectations and driving meaningful societal impact are core objectives. The reporting period will encompass the entirety of 2023, featuring comprehensive environmental metrics, workforce statistics, and safety indicators.

Disclosure 102–12 External initiatives

- By collaborating with prominent multi stakeholder organizations, BOC is engaging with experts and thought leaders across various sectors including industry, government, Non-Governmental Organizations, and academia to drive meaningful change on a global scale.

The United Nations Global Compact (UNGC)

UNGC is a prominent global initiative focused on promoting private sector involvement in sustainability endeavors. This movement encourages businesses to pledge their commitment to integrating the 10 universally recognized principles related to human rights, labor, environment, and anti-corruption into their operations and strategies. As proud signatories since August 2007, our organization, BOC, diligently evaluates our progress in sustainability against these principles. We actively engage with the UNGC Kenya Network, allowing us to partake in various initiatives, including Target Gender Equality, SGD Pioneers, training sessions, and knowledge-sharing opportunities with fellow members. In addition to our annual communication on progress, our Global Reporting Initiative (GRI) report will provide a comprehensive overview of the advancements made in upholding these principles and contributing to the SDGs at large.

<https://unglobalcompact.org/>

The Global Reporting Initiative (GRI)

GRI enables organizations to uphold transparency and responsibility for their impacts by establishing a universally acknowledged framework for reporting. Through informed discussions, decision-making processes are significantly improved. By adhering to GRI Standards, BOC can enhance transparency, comparability, and accountability. These standards align with esteemed guidelines such as the UN's Sustainable Development Goals, UNGC's Ten Principles, and the United Nations Guiding Principles on Business and Human Rights. Embracing these standards aids BOC in effectively reaching its sustainability objectives. The GRI framework has been embraced by BOC since 2010, as it is recognized as the leading global framework for sustainability reporting.

www.globalreporting.org

GRI SUSTAINABILITY REPORT (continued)

MATERIAL TOPICS (continued)

Disclosure 102-12 External initiatives (continued)

Kenya Association of Manufacturers (KAM)

KAM, as the leading organization representing the manufacturing sector in Kenya, serves as a crucial link between its members and government stakeholders. Through skillful advocacy on behalf of our esteemed members, we facilitate cooperation, dialogue, and understanding essential for the attainment of shared objectives.

ECONOMIC PERFORMANCE

Disclosure 103-1 Explanation of the material topic and its boundary

- The economic success of BOC is defined by our capacity to consistently generate profits and maintain the long-term viability of our business model. As a conscientious and enduring organization, we are committed to achieving this through making a positive impact on society and the environment, all while meeting the expectations of our stakeholders.
- Our short term and long term objectives are compatible with our financial objectives as well as our broader, long-term aspirations tied to our mission. We strive to partner with clients in developing innovative products that enhance well-being and vitality, while also striving towards our objective of being pioneers in innovation, safety, talent cultivation, and community involvement.

Disclosure 103-2, 103-3 Management approach

- At the forefront of our mission is the relentless pursuit of pioneering sustainable solutions tailored to meet the evolving needs of our clientele in an increasingly interconnected digital landscape. Our focus lies in optimizing operational efficiency to enhance customer financial well-being and minimize our ecological footprint.

Disclosure 201-1 Direct economic value generated and distributed

- The economic value attributed to our organization and its workforce is duly acknowledged for the wealth it generates. This value is distributed towards various stakeholders such as investors, regulatory bodies, employees in the form of compensation packages, and the wider network of suppliers. The allocation of these benefits is outlined in the following illustration.

	2023 (KES)	2022 (KES)	2021 (KES)
Revenue	1,536,425,905	1,376,116,580	1,281,248,920
Salaries and other benefits	178,695,041	267,648,240	239,833,016
Income Tax - Company	58,579,368	65,325,423	60,865,000
Value Added Tax (VAT)	19,236,404	81,863,665	54,421,320
Income Tax - PAYE	55,144,861	58,358,416	57,880,049

Disclosure 201-2 Financial implications and other risks and opportunities due to climate change

- The company prides itself on its commitment to sustainability and especially environmental responsibility. As part of this, we have initiated a comprehensive climate mitigation policy to minimize our carbon footprint and mitigate the effects of climate change. Our policy includes a range of measures such as energy efficiency initiatives, waste reduction strategies, and the use of renewable energy sources. We believe that it is our responsibility as a company to contribute towards a healthier and more sustainable future for the planet. Our climate mitigation policy reflects our dedication to this cause and we are constantly reviewing and updating it to ensure that we are meeting our goals and making a positive impact.

GRI SUSTAINABILITY REPORT (continued)

ECONOMIC PERFORMANCE (continued)

Disclosure 201-3 Defined benefit plan obligations and other retirement plans

- BOC Kenya prides itself on offering comprehensive retirement benefits to all employees through a well-structured pension plan. The company operates both a defined benefit and defined contribution plan, ensuring that employees have a stable and secure source of income after their retirement. These plans are funded through contributions from both employees and the employer, with a minimum of 5% each. The corresponding assets are carefully managed and held in separate trustee-administered funds, ensuring the safety and growth of the pension funds. This demonstrates our commitment to providing our employees with a stable and reliable retirement plan, further reinforcing our reputation as a responsible and employee-centric organization.

Disclosure 201-4 Financial assistance received from government

- During the fiscal year being assessed, the company did not receive any form of governmental assistance.

Market presence

Our market presence focuses on the economic impacts our company has within the geographical areas we operate. This includes aspects especially on job creation. This transparency allows stakeholders to understand our contribution to the economic health of the markets we serve.

Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

- At our company, we have made it a top priority to ensure that our entry-level employees are fairly compensated for their hard work and dedication. We believe that every employee deserves to be compensated fairly and equitably, which is why we have implemented a compensation policy that exceeds the minimum wage by 17%. This not only reflects our commitment to providing a competitive and attractive compensation package, but also our recognition of the importance of our entry-level employees in the success of our organization.

Disclosure 202-2 Proportion of senior management hired from the local community

- It is important to note that within our organization, the role of Acting MD is held by an expatriate, while the remaining staff members are all local employees. This decision is based on a variety of factors, including the diverse skill sets and experiences that an expatriate can bring to the table. Additionally, we believe in supporting and empowering local talent, as they possess a deep understanding of the culture and community in which we operate. This dynamic allows for a balance of perspectives and expertise, ultimately contributing to the success of our company.

Indirect economic impacts

Our sustainability report delves into the indirect economic impacts our operations have beyond our immediate sphere of influence. This includes aspects potentially impacting the development of skills and innovation within our industry.

Disclosure 203-1 Infrastructure investments and services supported

- In the fiscal year, there were no investments made towards infrastructure and no services were supported.

Disclosure 203-2 Significant indirect economic impacts

In 2023, 600 hospital staff including Biomedical Engineers, Nurses and Hospital Administrators have been trained on the maintenance and safe handling of oxygen systems. BOC continues to provide technical support and maintenance programs to support these healthcare facilities, ensuring proper care and maintenance of the medical equipment.

Procurement practices

At our organization, we take great pride in our commitment to economic sustainability. As such, we have developed comprehensive guidelines for procurement to ensure that all of our purchasing practices align with this fundamental principle. These guidelines are designed to promote responsible and ethical decision-making as well as to support local economies.

GRI SUSTAINABILITY REPORT (continued)

ECONOMIC PERFORMANCE (continued)

Disclosure 204-1 Proportion of spending on local suppliers

- Our total spend for the year 2023 on local suppliers was KES 668,093,539 out of a total spend of KES 1,006,981,973. This represents 66.7% of the total spend on suppliers.

Disclosure 103-1 Business conduct and Ethics

In today's competitive business landscape, maintaining a strong ethical code has become more crucial than ever. Prioritizing ethics not only reflects our company's values and principles, but it also has a direct impact on our reputation and brand image. A commitment to ethical practices creates a positive corporate culture that attracts top talent and promotes innovation. It also helps us to cultivate strong relationships with key stakeholders, including customers, suppliers, and employees. Ultimately, prioritizing ethics is not only the right thing to do, but it also contributes to our long-term success and sustainability.

Our engagement in ethics is driven by these core principles:

- **Integrity:** We act with honesty and transparency in all our business dealings.
- **Accountability:** We take responsibility for our actions and decisions, ensuring compliance with laws and regulations.
- **Fairness:** We treat all stakeholders with respect and fairness, avoiding any form of discrimination.
- **Sustainability:** We integrate environmental and social responsibility into our decision-making processes.

Further we have a governance structure that supports ethical behaviour throughout the business. The Board of Directors is diverse and independent and provides oversight of the company's strategy, risk management, and ethical conduct. Regular board meetings ensure effective decision-making and accountability. Our Management Team comprising of senior leadership champions ethical behavior and ensures compliance with company policies. Additionally we have a whistleblower policy and a confidential whistleblowing hotline that allows employees to report unethical behavior without fear of retaliation.

BOC has recently implemented a comprehensive compliance guide to be utilized in all trilateral relationships. This guide aims to assist in identifying and mitigating potential risks of violating anti-corruption laws. BOC understands the importance of maintaining ethical standards and avoiding any illegal activities within its organization and partnerships. Through the adoption of this guide, BOC is committed to promoting a culture of compliance and transparency. By regularly assessing and addressing potential risks, BOC is dedicated to upholding the highest levels of integrity and ensuring compliance with all anti-corruption laws. This proactive approach demonstrates BOC's commitment to ethical business practices and responsible corporate citizenship.

Disclosure 102-11 Precautionary principle or approach

- BOC prioritizes preventative action in situations where there's scientific uncertainty about potential environmental or health risks associated with our operations. This means we don't wait for conclusive proof of harm before taking steps to mitigate potential threats. We actively identify areas where our activities could pose risks, even if the likelihood or severity of those risks is not fully established. By implementing this principle, we aim to minimize our environmental footprint and safeguard public health, even in the face of incomplete scientific knowledge.

Disclosure 102-17 Mechanisms for advice and concerns about ethics

- At BOC, we strongly believe in maintaining open lines of communication for all staff members to raise any concerns, queries, or recommendations. Our employees are encouraged to approach their line supervisor or manager for any questions, advice, or to report any issues or violations of company policies. In addition, we have a comprehensive Compliance Helpline that is available company-wide. This helpline provides our personnel with the opportunity to report any potential or actual misconduct, as well as any breaches of our company's regulations, in a confidential and anonymous manner without fear of repercussions. The helpline is managed by an independent third-party provider and offers both phone and web-based reporting options.

GRI SUSTAINABILITY REPORT (continued)

ECONOMIC PERFORMANCE (continued)

Disclosure 205-2 Communication and training about anti-corruption policies and procedures

- Annually, all staff members are required to undergo training on the company's code of business ethics, which encompasses an anti-corruption clause.

Disclosure 205-3 Confirmed incidents of corruption and actions taken

- Adhering to the code of conduct is essential for maintaining a professional and ethical workplace environment. However, there are instances where employees may fail to comply with the established guidelines, leading to serious consequences. Non-compliance of the code of conduct can range from minor infractions to more severe violations, such as harassment or fraud. In this case, it was a serious matter that resulted in immediate dismissal of one employee from the company.

Disclosure 207-1 Approach to tax

- BOC, as a responsible and law-abiding organization, has consistently met its tax obligations in a timely manner. Our commitment to fulfilling these obligations demonstrates our dedication to upholding ethical and legal standards in all aspects of our business. We understand the importance of paying taxes on time not only as a legal requirement, but also as a contribution to the development of the community and the country as a whole.

Disclosure 207-2 Tax governance, control, and risk management

- Tax filing is a crucial aspect of adhering to the laws and regulations set forth by our government. As a responsible and compliant organization, we ensure that all tax filings are completed accurately and in a timely manner. This includes timely submission of all necessary documents and payments of any taxes owed. To further mitigate any potential risks, we have implemented control mechanisms and processes to oversee and manage our tax processes. These measures not only demonstrate our commitment to upholding legal and ethical standards, but they also serve as a safeguard against any potential consequences. We take great pride in our diligent approach to tax compliance and remain dedicated to maintaining the highest level of integrity in all financial matters.

Disclosure 207-3 Stakeholder engagement and management of concerns related to tax

- We actively seek input and feedback from our stakeholders, including shareholders, employees, and regulatory bodies, to ensure that our tax policies and procedures align with industry standards and best practices. We understand the importance of addressing any concerns or issues regarding tax matters promptly and effectively, and we strive to maintain open communication channels with all stakeholders. Our goal is to uphold the highest level of integrity and accountability in our tax practices, for the benefit of both our company and the community.

ENVIRONMENT

Materials

183,480 kilograms of carbide was used in DA production in 2023 compared to 270,702 kilograms in 2022. This reduced demand for the raw material is attributed to the reduction in demand for the end product.

Disclosure 301-3 Reclaimed products and their packaging materials

- Carbide drums and LPG cylinders that cannot be reused were collected by a licensed metal scrap dealer and a total of 11,139kgs of metallic drums and 0 cylinders were disposed.

Energy Efficiency

Energy efficiency is a key factor in the sustainability and success of any business, and this is especially true for BOC. As a leading company in the industry, it is essential for BOC to remain economically viable while also reducing their carbon footprint. By implementing energy efficient practices, BOC not only decreases their operational costs, but also contributes to the global effort in reducing greenhouse gas emissions.

GRI SUSTAINABILITY REPORT (continued)

ENVIRONMENT (continued)

Disclosure 302-1 Energy consumption within the organization

- In 2023, power consumption amounted to 8,794,464 kWh, representing a 19.89% increase from the previous consumption of 7,335,157 kWh.

Disclosure 302-4 Reduction of energy consumption

- Power consumption increased due to increased production run hours in 2023. Despite the rise in numbers, we upheld efficiency in operating our equipment.

Water and effluents

Water is an essential resource for the smooth and efficient operation of our company. As a limited and precious resource, we recognize the importance of managing it wisely and sharing it proportionally within our business. Our operations rely heavily on water for various purposes such as production, cleaning, and sanitation. We are committed to utilizing this resource responsibly and have implemented measures to conserve it, such as investing in efficient water systems and promoting awareness among our employees.

Disclosure 303-2 Management of water discharge-related impacts

- By implementing continuous maintenance practices, we ensure minimal or no loss of water at any given time. This not only helps to conserve one of our most valuable resources but also promotes sustainable water management. As a key component of our operations, we strive to identify and address any potential issues in the water reticulation system promptly to prevent any loss of water. Our goal is to maintain a reliable and efficient water supply while minimizing any negative impact on the environment.

Disclosure 303-4 Water discharge

- Proper treatment of waste water is essential in maintaining the health and safety of our environment. That is why we have implemented a strict protocol at our premises to ensure that all waste water is treated before being discharged. Our commitment to responsible waste management includes monthly monitoring by an independent service provider to guarantee compliance with all guidelines and regulations. This not only protects the environment, but also ensures the well-being of our community. We take our responsibility to protect natural resources seriously and are dedicated to continuously improving our waste water treatment processes. By adhering to these standards, we are able to contribute to a cleaner and more sustainable future for all.

Disclosure 303-5 Water consumption

- In 2023, water consumption reached a total of 5532.83m³, showing a slight increase of 8.2% compared to the previous year's consumption of 5112.6m³. This data highlights the importance of monitoring and managing water usage, especially in the face of growing global concerns about water scarcity. As this increase may seem small, it is crucial to recognize that even small changes in water consumption can have a significant impact on our environment and resources. Water management practices, such as utilizing recycled water in the processes, were consistently upheld throughout the year.

Waste

Fostering a zero-waste culture is crucial in today's society, and effective management of all waste streams is essential in achieving this goal. BOC has adopted a comprehensive approach that encompasses the entire product life cycle.

Disclosure 306-1 Waste generation and significant waste-related impacts

- In the year under review, a significant amount of 624,120 kilograms of sludge waste and 400 kilograms of waste oil were generated.

GRI SUSTAINABILITY REPORT (continued)

ENVIRONMENT (continued)

Disclosure 306-2 Management of significant waste-related impacts

- In collaboration with Choka Supplies Limited, we are proud to announce the successful recycling of 624,120 kilograms of sludge waste. In addition, Maxxis Energy, one of our key partners, has also collected 400 kilograms of waste oil for proper disposal. This achievement is a result of our strong partnership and commitment to sustainable waste management practices. Through our efforts, we have been able to contribute to a cleaner environment and reduce the negative impact of waste on our planet.

Disclosure 306-4 Waste diverted from disposal

- 99.5% of our waste has been diverted from landfills. This accomplishment is a testament to our commitment to reducing our environmental impact and promoting a circular economy. Through innovative waste management strategies and partnerships with local recycling facilities, we have been able to significantly decrease the amount of waste that ends up in landfills. This milestone not only reflects our dedication to sustainability, but also serves as a reminder of the importance of responsible waste management in today's world. We will continue to strive for even higher levels of waste diversion in the future, as we believe it is our responsibility to protect and preserve the planet for generations to come.

Supplier environmental assessment

Supplier environmental assessment is a vital aspect of any business operation, as it ensures that our suppliers are adhering to environmentally responsible practices. By conducting thorough assessments, we can determine if our suppliers are meeting regulatory standards and implementing sustainable practices.

Disclosure 308-1 New suppliers that were screened using environmental criteria

- No new suppliers were screened using environmental criteria, despite the growing concern for sustainability in today's business landscape. This oversight can have significant consequences, not only for the environment but also for the reputation and bottom line of our organization. As a responsible and socially conscious company, we will prioritize the use of environmentally responsible suppliers. By neglecting to screen potential suppliers based on their environmental practices, we risk supporting unsustainable practices and contributing to the global environmental crisis. In the coming 2 years we will take proactive measures to ensure all our suppliers align with our commitment to sustainability, as it is not only our responsibility but also a crucial factor in maintaining a competitive advantage.

Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken

- As a company, we understand the importance of environmental sustainability and take responsibility for our supply chain's impact on the environment. However, we are currently unable to ascertain whether there are any negative environmental impacts in our supply chain and the actions taken to mitigate them.

SOCIAL

Human rights

At BOC, we understand the importance of upholding and promoting human rights in all aspects of our business operations. As a responsible corporate citizen, we strive to ensure that our actions are guided by our commitment to the 10 principles of the UN Global Compact, the UN Guiding Principles for Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Disclosure 103-1 Explanation of the material topic

- BOC Kenya is deeply committed to the belief that every individual is entitled to basic human rights. We firmly believe that it is our responsibility to not only uphold these rights, but also to promote and protect them whenever possible. Our strong commitment to respecting human rights is evident in our efforts to prevent any potential abuses. We are determined to conduct our business in a manner that avoids causing harm to the fundamental rights of any individual. Furthermore, in the event that any human rights abuses do occur, we are dedicated to

GRI SUSTAINABILITY REPORT (continued)

SOCIAL (continued)

promptly addressing and rectifying the situation. This unwavering dedication to human rights enables us to not only operate a successful business, but also to contribute to the sustainable development of our society.

Disclosure 103-2, 103-3 Management approach

- At BOC, we understand the significant role that human rights play in creating a fair and just society. As a responsible and ethical company, we are committed to upholding and protecting human rights in all aspects of our operations. We believe in eradicating any form of inequality and unfair labor practices, and strive to create a positive impact in the communities where we operate. Through various initiatives, such as providing employment opportunities, offering training and development, and engaging in community development projects, we aim to improve the lives of individuals in these areas. Furthermore, we promote diversity and inclusion within our workplace, ensuring that everyone is treated with respect and free from discrimination. This commitment to human rights and community involvement is deeply ingrained in our company culture, and we take great pride in making a positive difference.

Employment

Employment is a crucial element of any successful business. It is the driving force behind the operations and growth of our company. The employees are the backbone of our organization, and their skills, dedication, and hard work are what propel our business towards success.

Disclosure 401-1 New employee hires and employee turnover

- Throughout the year, our organization has experienced a high turnover rate among staff members. This has been largely attributed to the declaration of four redundancies, which inevitably caused a sense of uncertainty and instability among our employees. In addition, three resignations were also recorded, further contributing to the turnover trend. As a company, we recognize the impact that turnover can have on our operations and are committed to addressing the underlying issues. We are actively working on improving our communication and addressing any concerns that may have led to these departures.

Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

- At our company, we pride ourselves on our commitment to providing top-notch service and maintaining a high level of professionalism. This is why we only hire full-time employees who are dedicated to their roles and have a long-term investment in the success of our organization. We believe that having a team of full-time employees allows for better continuity, communication, and overall satisfaction for both our clients and our staff. We are able to provide consistent and reliable service, ensuring that each project is completed with the utmost care and attention to detail.

Disclosure 401-3 Parental leave

- As a leading company in our industry, we understand the importance of work-life balance for our employees. That is why we offer 14 working days of paternal leave and 3 months maternal leave to all eligible employees. This policy allows new parents to take time off to care for and bond with their newborn or newly adopted child. We strive to support our employees in every aspect, and we are proud to offer this benefit as part of our comprehensive employee benefits package.

Labor/management relations

We are dedicated to fostering constructive relationships with our workforce. BOC has in place practices for open communication and consultation with employees and their representatives, including mechanisms for raising concerns and negotiating changes. This transparency allows stakeholders to assess the effectiveness of our labor relations framework in promoting a positive and collaborative work environment.

GRI SUSTAINABILITY REPORT (continued)

SOCIAL (continued)

Disclosure 402-1 Minimum notice periods regarding operational changes

- According to the Management of Change (MOC) guideline, it is necessary to give a minimum of 2 weeks' notice before implementing any minor changes and a minimum of 1 month for major changes. This guideline is in place to ensure that all stakeholders are informed and have adequate time to prepare for and adapt to the proposed changes. By providing sufficient notice, potential risks and impacts can be identified and mitigated, minimizing any disruptions to operations. It also allows for thorough evaluation and review of the proposed changes, ensuring that they align with the organization's goals and objectives.

Occupational health and safety

Occupational health and safety is of paramount importance to our business. As an organization, we recognize the crucial role it plays in maintaining a safe and productive work environment for our employees. We are committed to ensuring that all of our employees have a safe workplace, free from potential hazards and risks.

Disclosure 403-1 Occupational health and safety management system

- The business has successfully maintained its ISO 45000 certification through dedicated efforts and a strong commitment to occupational health and safety. Throughout the year, the OHS Committee has held regular, fruitful meetings to ensure the continued effectiveness of our safety protocols. Our Linde Principles, which prioritize the well-being of our employees and the environment, are fully ingrained in our operations and are seen as a responsibility of every member of our line management team. We recognize that a safe and healthy workplace is crucial for the success of our business and we are continuously striving to improve and maintain our high standards in this area.

Disclosure 403-2 Hazard identification, risk assessment, and incident investigation

Our Linde Safety Principles are built on the belief that all accidents and injuries are preventable. As such, we recognize the importance of reporting any and all health, safety, and environment incidents that may occur. This enables us to conduct thorough investigations to determine the root cause of the incident and take necessary action to prevent it from happening again. We believe that all relevant learnings must be shared across our organization in a timely manner so that we can continuously improve and ensure the safety of our employees and the communities we operate in.

Disclosure 403-3 Occupational health services

- The company places a strong emphasis on the health and well-being of its staff, carrying out annual medical surveillance for all employees. This ensures that our employees are fit and able to continue performing their roles to the best of their abilities. The results of these surveillances are shared with individuals, and any necessary follow-ups are made to ensure their ongoing health and safety. A contracted vendor is responsible for presenting the surveillance findings to employees, providing a thorough explanation of the report, and reminding them of the best health practices. This proactive approach to employee health is a testament to our commitment to creating a safe and healthy work environment for all.

Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety

- The company takes great pride in its commitment to Occupational Health and Safety. We have a well-organized and trained committee that meets regularly to address any potential safety concerns. The committee consists of equal representation from both management and the union, with three members from each group as per the guidelines outlined in the Factory Act of 2004. Our committee members are encouraged to raise any issues that may affect our employees, and all relevant information is disseminated throughout the organization. This proactive approach ensures that the safety and well-being of our employees is always a top priority, creating a safe and productive work environment for everyone.

GRI SUSTAINABILITY REPORT (continued)

SOCIAL (continued)

Occupational health and safety (continued)

Disclosure 403-5 Worker training on occupational health and safety

- The OHS Committee is an integral part of our organization's commitment to ensuring the safety and well-being of all employees. As mandated by the Directorate of Occupational Health and Safety (DoHSS), all appointed members have undergone rigorous training by St. John Ambulance and are fully equipped with the necessary skills and knowledge to fulfill their roles effectively. This includes staying up to date with the ever-evolving requirements and regulations set by the DoHSS. By investing in the training of our OHS Committee members, we are confident in their ability to proactively identify potential hazards and implement necessary protocols to maintain a safe working environment for all.

Disclosure 403-6 Promotion of worker health

- We strongly believe that creating an open and supportive environment where everyone feels comfortable speaking up and sharing their thoughts on health matters is crucial. To further promote this, our HR department has organized various educational health talks throughout the year, led by subject experts. These talks cover a wide range of topics, from physical health to mental wellness, and are designed to not only educate but also empower our employees to take charge of their own health. We encourage all staff members to actively participate in these talks and utilize the knowledge gained to make positive changes in their lives.

Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

- We have taken proactive measures to ensure the well-being of our employees by conducting detailed Occupational Risk Exposure Profiles (OREPs) for all jobs and tasks within our business. Through this process, we have identified potential occupational hazards and risks, allowing us to implement necessary mitigations to minimize any potential harm. Furthermore, the information gathered from the OREPs has informed the type of annual surveillance that each employee must undergo. This surveillance aids in early detection and resolution of any issues that may arise, ensuring the health and safety of our workforce. We take great pride in our commitment to providing a safe and secure working environment for all our employees.

Disclosure 403-8 Workers covered by an occupational health and safety management system

- As an organization, we prioritize the safety and well-being of our employees. Therefore, it is mandatory for all members of staff to comply with the requirements of the Occupational Health and Safety Act (OHS Act).

Disclosure 403-9 Work-related injuries

- Only one work-related first aid case was documented during the reviewed year. Subsequently, an investigation was conducted, and valuable insights were gleaned from this particular incident.

Disclosure 403-10 Work-related ill health

- During the past year, our organization has meticulously monitored and tracked the health of our employees, and we are pleased to report that there has been no recorded work related ill health.

Training and education

At our company, we understand the importance of investing in our employees and their professional development. That is why we make it a priority to ensure that our employees receive continuous training. Whether it is through workshops, seminars, or online courses, we offer a variety of learning opportunities to enhance their skills and knowledge.

Disclosure 404-1 Average hours of training per year per employee

- We prioritize the continuous development and growth of our employees. This is why we ensure that each of our employees undergoes an average of 40 hours of training per year.

GRI SUSTAINABILITY REPORT (continued)

SOCIAL (continued)

Training and education (continued)

Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs

- Our employees use Elevate, our comprehensive training platform, for regular training sessions. This cutting-edge tool allows us to provide our employees with the necessary skills and knowledge to excel in their roles. Elevate offers a diverse range of training modules, covering various topics such as communication, time management, and leadership. With Elevate, our employees are able to stay up-to-date with the latest industry trends and best practices, ensuring their continued success within the company.

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

- As part of our commitment to nurturing our employees, all members of our management team undergo regular performance and career development reviews. These reviews serve as a platform for open and constructive discussions about their progress, strengths, and areas for improvement. Through these regular reviews, we aim to provide our management staff with the necessary support and guidance to help them excel in their roles and advance in their careers.

Diversity and equal opportunity

Diversity among staff and on the board is crucial for any organization to thrive in today's globalized and interconnected world. By having a diverse team, we can bring a variety of perspectives, experiences, and ideas to the table, leading to more innovative and effective solutions. It also creates a more inclusive and welcoming work environment, where individuals from different backgrounds feel valued and supported.

Disclosure 405-1 Diversity of governance bodies and employees

- We maintained a gender-balanced ratio of men to women on the Board of Directors. 30% of our employees are female. This statistic highlights our commitment to diversity and inclusivity within our workforce. We strive to create a workplace environment that values and respects the contributions of all individuals, regardless of their gender. With a significant representation of female employees, we are proud to have a diverse range of perspectives and experiences within our team. We recognize the importance of promoting equal opportunities for all employees, and we continue to work towards creating a workplace that is inclusive and supportive for everyone.

Disclosure 405-2 Ratio of basic salary and remuneration of women to men

- In line with our commitment to fair and equitable treatment for all employees, we are proud to report that we uphold the principle of equal pay for equal work. This means individuals performing the same job with comparable experience, skills, and performance receive equal compensation, regardless of gender, race, ethnicity, or any other protected characteristic. We believe this practice fosters a culture of respect and empowers a diverse and talented workforce. We will continue to monitor our compensation practices to ensure this principle remains a cornerstone of our company culture.

Non-discrimination

We are committed to equal opportunity and treatment for all employees, regardless of race, ethnicity, gender, religion, age, disability, or any other protected characteristic. This commitment extends throughout the entire employment lifecycle, from recruitment and promotion to compensation and benefits.

Disclosure 406-1 Incidents of discrimination and corrective actions taken

- Throughout the past year, our organization has remained committed to fostering a culture of diversity and inclusion. We are proud to report that there were no incidents of discrimination reported within our workplace. Our company values and policies promote equality and respect for all individuals, regardless of their race, gender, religion, or any other characteristic. As such, no corrective actions were necessary as our employees consistently uphold our values and treat each other with dignity and respect. We will continue to prioritize diversity and inclusion within our organization and strive towards a discrimination-free workplace.

GRI SUSTAINABILITY REPORT (continued)

SOCIAL (continued)

Freedom of association and collective bargaining

Recognizing the importance of workers' rights throughout our supply chain, BOC supports the principles of freedom of association and collective bargaining.

Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

- None of our suppliers are at risk of violating the principles of freedom of association and collective bargaining.

Child labor

We at BOC have zero tolerance for child labor within our supply chain. We are committed to upholding the highest ethical standards and ensuring the well-being of all workers involved in our operations.

Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor

- As a company, we take great pride in our commitment to ethical and responsible business practices. We want to assure our stakeholders that none of our operations or suppliers are at risk of violating child labour laws.

Forced or compulsory labor

BOC stands firmly against forced labor in any form. We are committed to ensuring ethical and humane working conditions throughout our entire supply chain and operations. We maintain a zero-tolerance policy for forced labor and have clear procedures for reporting any suspected violations.

Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

- It is our utmost priority to ensure that none of our operations or suppliers are at risk of violating forced labour laws and as such we continuously strive to maintain the highest level of compliance with all applicable laws and regulations.

Local communities

We believe in being a positive neighbor in the communities where we operate. BOC actively engages with local stakeholders through open communication channels and collaborative initiatives. This can involve participating in community development projects, supporting local businesses through procurement practices, or supporting vulnerable children.

Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs

- Demonstrating our commitment to being a responsible corporate citizen, BOC prioritizes operations that integrate with local communities. We achieve this through a three-pronged approach. First, we engage in open dialogue with local stakeholders to understand their needs and concerns. This includes the Kitui Road Association among other groups. Second, we conduct thorough social and environmental impact assessments to identify potential risks and opportunities associated with our operations. Finally, we develop and implement targeted development programs that address identified needs and create shared value. This comprehensive approach fosters positive relationships with local communities, minimizes negative impacts, and contributes to the sustainable development of the regions where we operate.

Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities

In the past reporting year, our company is proud to announce that none of our Operations had significant actual and potential negative impacts on local communities. We have worked closely with local communities to ensure that our operations do not cause any harm or disruption, and have taken proactive measures to mitigate any potential negative impacts.

GRI SUSTAINABILITY REPORT (continued)

SOCIAL (continued)

Supplier social assessment

To ensure responsible practices extend beyond a business' own operations, companies should implement a robust supplier social assessment program. This program evaluates potential and existing suppliers against stringent social criteria. These criteria encompass labor practices like fair wages, working hours, and adherence to anti-discrimination policies.

Disclosure 414-1 New suppliers that were screened using social criteria

- In order to maintain our commitment to social responsibility, our company has implemented a rigorous screening process for all potential suppliers. However, it is important to note that during the latest supplier selection cycle, no new suppliers were screened using social criteria.

Disclosure 414-2 Negative social impacts in the supply chain and actions taken

- In the year under review, we can report that there were no negative social impacts in our supply chain.

Public policy

At BOC, we actively engage with public policy to advocate for a regulatory environment that fosters innovation and economic growth within our industry. We do so through our member associations namely KAM and UNGC.

Disclosure 415-1 Political contributions

- As a responsible and ethical corporate entity, it is our utmost priority to adhere to all legal and regulatory guidelines. In line with this principle, we are proud to announce that our company has made no political contributions in the previous year. Our decision to abstain from such contributions demonstrates our commitment to maintaining transparency and impartiality in all our business operations.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

BOC Kenya PLC is firmly committed to advancing and championing 9 out of the 17 SDGs established by the United Nations. Our unwavering dedication to these pivotal goals has positioned us as a catalyst for sustainable development, playing a pivotal role in fostering positive change. Throughout the past year, we have made remarkable strides, tirelessly working to bolster the attainment of these SDGs. Our endeavors have yielded tangible results, cultivating a heightened sense of awareness among our esteemed staff regarding the significance of the SDGs. Consequently, this has facilitated the seamless integration of robust monitoring systems, optimizing our overall success. We remain resolute in our endeavors to drive transformative impact, actively contributing to a more sustainable and prosperous future for all. Listed below are the 9 goals we actively pursue:



GRI SUSTAINABILITY REPORT (continued)

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) (continued)

SDG 3: Good health and Well being

Over the past year, our company's main focus has been on SDG3 - ensuring good health and promoting well-being for all. This does not mean that we have neglected the other SDGs, but rather, we recognize the crucial role that SDG 3 plays in our business. As a result, we have implemented a three-pronged approach to advance SDG 3. This includes:

- Adopting Preventive healthcare
- Universal Health Coverage
- Building a Resilient health care system

Adopting Preventive healthcare

Preventive healthcare is essential for the overall well-being and productivity of any organization. In today's fast-paced and highly competitive business world, we have recognized the importance of investing in the health and wellness of our employees. By adopting preventive healthcare measures, not only can we improve the physical and mental health of our workforce, but also reduce healthcare costs and increase productivity.

We have adopted numerous approaches to incorporating proactive healthcare measures within our organization.

1. Regular health and nutrition knowledge - Health discussions were conducted during department meetings, medical test presentations, and OHS audit report reviews. Furthermore, health information was disseminated regularly through safety bulletins, notice boards, and email communications.
2. Provision of regular health checkups on site - Annual health check-ups are an integral part of our company's commitment to the well-being of our employees. Regular check-ups can help identify any potential health issues before they become more serious. As such, all staff members are required to undergo a comprehensive health assessment on a yearly basis. For new employees, this check-up is conducted during the onboarding process to ensure that they are in good health and can perform their duties effectively.
3. Preparation of healthy and nutritious meals at the cafeteria - Our team of skilled chefs carefully select fresh and high-quality ingredients to create delicious and balanced meals that cater to a variety of dietary needs and preferences. Our commitment to promoting a healthy lifestyle extends to every aspect of our cafeteria, from sourcing ingredients to cooking techniques, to ensure that our staff can enjoy a satisfying and wholesome dining experience.
4. Well-equipped nursing room for lactating mothers - We understand the importance of providing a comfortable and private space for mothers who are breastfeeding. Our nursing room is designed to meet the needs of both the mother and the baby, with comfortable seating, a sink for washing hands, and a refrigerator for storing breast milk. Our nursing room is regularly maintained and sanitized to ensure the highest level of hygiene. We are committed to supporting and accommodating all mothers in their breastfeeding journey.
5. Improve road safety - By prioritizing road safety, we can reduce the number of preventable accidents and injuries. It is our responsibility to prioritize the safety of ourselves and others on the road for the betterment of our overall health. BOC has prioritized this by:
 - a) We adhere to the regulations set forth by both the Kenyan Vehicle Standards Authority and the Linde Vehicle Standards, ensuring full compliance with their respective guidelines.
 - b) Our fleet vehicles are equipped with state-of-the-art camera and Geotab systems, purposefully installed to meticulously monitor various driver performance metrics. These comprehensive systems meticulously track speed, harsh braking incidents, driver conduct assessments, lane adherence, and other vital safety indicators. By effectively scrutinizing and managing driver behaviors whilst on the road, these integrated solutions play a crucial role in ensuring optimal safety standards and promoting responsible driving practices.
 - c) Comprehensive operating manuals have been made readily accessible for ease of reference. Our esteemed drivers are provided with their personal copies of these essential guides.
 - d) All drivers and transporters have undergone comprehensive assessments to ensure they are fully capable of performing their duties. Furthermore, we verify the validity of their driving licenses. Our commitment to top-notch quality is exemplified by our rigorous daily inspections of each vehicle before and after every delivery, guaranteeing optimal safety and performance. Prior to the transportation of any products, we conduct a

GRI SUSTAINABILITY REPORT (continued)

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) (continued)

thorough assessment of our transporters' trucks or vehicles, documenting our findings in a comprehensive report.

- e) BOC Kenya is committed to conducting thorough route risk assessments for each newly established route. Over the past year, our diligent team has diligently carried out route risk assessments for Narumoru, Kevian, and GENPLUS Eldoret due to the installation of new VIE tanks.
- f) Ongoing instruction in secure driving protocols is diligently provided to every driver, along with regular reinforcement during the weekly Monday meetings. All requisite training remains in full compliance with established standards.
- g) Safety of our stakeholders - Regular safety awareness sessions are conducted for suppliers and distributors, encompassing esteemed entities such as Jcall, Bidco Africa Limited, Del Monte Kenya Limited, as well as Clinton Health Access Initiative. Notably, this ongoing endeavor occurs consistently throughout the year, exemplifying our unwavering commitment to fostering a safe and secure environment.
- h) Preparedness plans - Staff members received comprehensive instruction in emergency first aid and advanced rescue technologies.
- i) Ongoing mental health awareness support - Psycho-social support is accessible 24 hours a day to all members of staff through a toll-free hotline.
- j) Shifting consumer behaviour - Our company diligently organized informative initiatives to raise consumer awareness regarding the responsible and safe use of our products. In 2023 we trained 496 Jua Kali (informal) users in Machakos, Kitui, Embu, Thika and Mombasa Counties. We have successfully provided comprehensive training to a total of 379 welders employed in the maintenance department of various esteemed organizations. The training encompassed a wide range of essential areas, including Product Knowledge, Safety Products, Cost Saving Strategies, Cylinder Handling Techniques, and Basic Welding Training. These organizations include Bamburi Cement – Nairobi and Mombasa, Kenya Vehicle Manufacturers, Del Monte Kenya Limited, Davis & Shirtliff Group, Kenya Nut Company Limited, Transmara Sugar Company Limited, Chemilil Sugar Company Limited and Nzoia Sugar Company Ltd.

Universal Health Coverage

Universal Health Coverage (UHC) is a crucial aspect of a well-functioning healthcare system, ensuring that every individual has access to essential health services without facing financial hardship. BOC plays a significant role in supporting UHC by:

- 1) Making National Hospital Insurance Fund (NHIF) contributions for all staff. During the fiscal year 2023, a total of KES 1,033,100.00 was allocated to the fund, representing a decrease from the previous year's contribution of KES 1,382,200.00 in 2022. This decline can be attributed to the impact of redundancies and resignations that occurred within the organization during the year under review.
- 2) Offering Supplementary insurance cover. BOC has invested in additional insurance for our employees. This entails going above and beyond the standard insurance plans and offering our team members an extra layer of protection. This summed up to KES 12,844,981.25 spent on taking care of our employees and their families.
- 3) Supporting local hospitals. In the year, 14 hospitals, including Makindu County Referral Hospital, took a significant step towards improving healthcare services by installing 3000 liter oxygen tanks. This development has greatly benefitted patients as there has been a consistent and reliable supply of medical oxygen. Last year, our company proudly provided a total of 2,722,593 kilograms of essential medical gases to hospitals and healthcare facilities. These included oxygen, nitrous oxide, and medical carbon dioxide, all crucial in supporting and saving lives. Our team worked diligently to ensure that these gases were delivered safely and on time to meet the demands of the ever-growing medical industry. We understand the critical role these gases play in various medical procedures and treatments, and we are committed to providing high-quality and reliable products to our clients. We take great pride in contributing to the improvement of healthcare services and will continue to do so in the future.
- 4) Sharing expertise with Governments to help them strengthen health systems. BOC was honored to attend the highly regarded Association of Medical Engineers Kenya conference in Mombasa. As a member of this esteemed event, we were given the opportunity to present a paper on Oxygen Sustainability, highlighting the importance

GRI SUSTAINABILITY REPORT (continued)

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) (continued)

of this critical element in the medical field. Our stand was visited by the Cabinet Secretary of Health, who graced the occasion and further validated the significance of our contribution to the healthcare industry.

Resilient health care system

BOC is dedicated to building capacity in areas where knowledge and resources are limited in the field of healthcare. In the past year, our team has carried out numerous trainings to equip individuals and organizations with the necessary skills and knowledge to promote a resilient healthcare system. These trainings aim to equip healthcare professionals with the necessary skills and knowledge to ensure the proper functioning and safe use of oxygen systems, which are vital in providing essential medical care.

Sustainability focus in 2024

In conclusion, the 2023 Sustainability report highlights the progress and efforts made by our company towards achieving our sustainability goals. We are committed to making a positive impact on the environment, society, and economy and will continue to implement sustainable practices in all aspects of our operations. As we move forward, we will strive to meet and exceed our targets and contribute towards a more sustainable future for all.

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Disclosure 102–1 Name of the organization	BOC Kenya PLC		
Disclosure 102–2 Activities, brands, products, and services	Annual Report		
Disclosure 102–3 Location of headquarters	Nairobi, Kenya		
Disclosure 102–4 Location of operations	Nairobi, Mombasa and Kisumu (Kenya)		
Disclosure 102–6 Markets served	Annual Report		
Disclosure 102–7 Scale of the organization	2022 Annual Report Total number of sites: 3; Total number of employees: 62; 2023 sales: KES 1.53 billion; Total assets: KES 2,196,704,000; Equity ratio: 82%; Products sold per year: 4,777,750		
Disclosure 102–8 Information on employees and other workers	Annual Report	6	SDG 8
Disclosure 102–11 Precautionary Principle or approach		1	
Disclosure 102–12 External initiatives			

GRI SUSTAINABILITY REPORT (continued)

Sustainability focus in 2024 (continued)

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Ethics and Integrity			
Disclosure 102–17 Mechanisms for advice and concerns about ethics		10	SDG 16
Governance			
Disclosure 102–18 Governance structure	Annual Report		
Stakeholder Engagement			
Disclosure 102–44 Key topics and concerns raised			
Reporting Practice			
Disclosure 102–45 Entities included in the consolidated financial statements	This report covers the whole scope of BOC Kenya PLC.		
Disclosure 102–46 Defining report content and topic boundaries			
Disclosure 102–47 List of material topics			
Disclosure 102–50 Reporting period			
Disclosure 102–51 Date of most recent report	January 2022		
Disclosure 102–52 Reporting cycle	Annually		
Disclosure 102–53 Contact point for questions regarding the report	Catherine.Kamau@boc.com		
Disclosure 102–54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in reference to the GRI Standards.		
Disclosure 102–55 GRI content index			
Topic-Specific Disclosures Economic Performance			
Disclosure 103–1 Explanation of the material topic and its boundary			
Disclosure 103–2 The management approach and its components			
GRI 201: Economic performance Disclosure 201–1 Direct economic value generated and distributed			
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Disclosure 201–3 Defined benefit plan obligations and other retirement plans			
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GRI SUSTAINABILITY REPORT (continued)

Sustainability focus in 2024 (continued)

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GRI 103: Management Approach Disclosure 103–1 Explanation of the material topic and its boundary			
GRI 205: Anti-corruption 2016 Disclosure 205–2 Communication and training about anti-corruption policies and procedure			
The management approach and its components Disclosure 103–3 Evaluation of the management approach			
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GRI 402: Labor/Management Relations Disclosure 402–1 Minimum notice periods regarding operational changes			
407: Freedom of Association and Collective Bargaining			
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GRI 401: Employment Disclosure 401–1 New employee hires and employee turnover Disclosure 401–3 Parental leave			
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GRI SUSTAINABILITY REPORT (continued)

Sustainability focus in 2024 (continued)

GRI content index (continued)

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GRI SUSTAINABILITY REPORT (continued)

Sustainability focus in 2024 (continued)

GRI content index (continued)

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GRI 306: Waste Disclosure 306-1 Waste generation and significant waste-related impacts		7, 8, 9	SDG 12
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BOARD OF DIRECTORS

BOARD OF DIRECTORS AND DIRECTORS' PROFILES

BOC understands the importance of having a Board containing the right balance of skills, experience and diversity and the composition of the Board is regularly reviewed by the Board Nominations and Corporate Governance Committee. The skills and experience of the current Directors and the value they bring to the BOC Board is described below.



**MR. ROBERT N.
MBUGUA (age 56)**

*Non-Executive Chairman
KENYAN*

Position: Chairman since June 2018; Non-Executive Director since May 2012.

Skills and experience: Mr. Mbugua was the Co-Founder and Chief Executive of Co-op Bank Fleet Africa Leasing Ltd. This is the East Africa subsidiary of JSE Listed Super Group. He has a rich accounting background having spent 14 years with PricewaterhouseCoopers both in Kenya and in South Africa where he was admitted as a Partner. He left PricewaterhouseCoopers South Africa and joined Standard Bank South Africa's Africa business where he served for 8 years. During his tenure with Standard Bank he held various senior roles including Regional Managing Director with responsibility for its operations in a number of African countries. He is a Certified Public Accountant and holder of a Master of Business Administration degree from Bond University (Australia/South Africa).

Key Appointments: He holds directorships in Old Mutual Malawi and Old Mutual Holdings Limited (East Africa).



**MR. JOSEPH
RAMASHALA (age 56)**

*Non-Executive Director
and Acting Managing
Director
SOUTH AFRICAN*

Position: Appointed to the Board in September 2021. He is a Member of the Audit & Risk Committee and the Nominations and Corporate Governance Committee.

Skills and experience: Mr. Ramashala is based at African Oxygen Limited, BOC's sister Company in South Africa, and is the Director responsible for Emerging Africa with regional responsibility for general management, profitability, and new business development across a number of countries in Sub-Saharan Africa. He brings to the Board a wealth of experience gained over twenty seven years in the industrial gas industry and Food and Beverage industries. He holds a Bachelor of Commerce Degree (Law) from the University of Durban-Westville and a Bachelor of Commerce Degree (Business Management) from the University of South Africa.

Key Appointments: Mr. Ramashala holds directorships in BOC Zimbabwe Limited and Les Gaz Industriels Limited in Mauritius.

NOTE: Mr. J. Ramashala was appointed as Acting Managing Director pending recruitment of a substantial Managing Director on 7 July 2023.

BOARD OF DIRECTORS (continued)**BOARD OF DIRECTORS AND DIRECTORS' PROFILES (continued)**

**MRS. MARION
GATHOGA-MWANGI
(age 52)**

*Non-Executive Director
KENYAN*

Position: Non-Executive Director since 1 January 2022.

Skills and experience: Mrs. Gathoga-Mwangi is an accomplished Senior Executive with over 21 years of local and international experience in Commercial and General Management predominantly in the manufacturing sector. She returned to Kenya in 2017 after a successful tour of duty with Groupe Lactalis – Parmalat Botswana (Pty) where she served as Country Head. Other key roles that Ms. Gathoga-Mwangi has previously held include Country Director of Cadbury Kenya and East Africa Limited and General Manager at Unga Limited (Sea board Corporation). Ms. Gathoga-Mwangi also had a long and distinguished career with Bayer East Africa. She joined BOC Kenya Plc as Managing Director in July 2018 and held the position until 31 December 2021 when she took up an executive role with another Linde company namely Africa Oxygen Limited as Director Healthcare Business and most recently Business Unit Director of the Bulk and Onsite Business. She has remained on the Board as a Non-Executive Director.

Ms. Gathoga-Mwangi holds a Bachelor of Science (Honours) Degree in International Business Administration from the United States International University (USIU) Kenya. She is a full member of Women Corporate Directors (Kenya Chapter), Women on Boards Network and Institute of Directors of South Africa (IODOSA)

Key Appointments: She holds directorship in British American Tobacco Kenya Plc.



**MR. ARTHUR.
KAMAU (age 58)**

*Finance Director
KENYAN*

Position: Appointed Finance Director in December 2010.

Skills and experience: Mr. Kamau has extensive experience in financial management and served in various senior management roles over the last eleven years in the manufacturing industry including Finance Director for Diversey Eastern and Central Africa Limited. Arthur is a graduate of Economics and Business studies from Kenyatta University. He trained as an accountant with KPMG.

Key Appointments: Mr. Kamau does not hold any other directorships. He is a member of the Instituted of Certified Public Accountants of Kenya.

BOARD OF DIRECTORS (continued)

BOARD OF DIRECTORS AND DIRECTORS' PROFILES (continued)



MRS. COSIMA WETENDE (age 49)
Independent Non-Executive Director KENYAN

Position: Appointed to the Board in March 2016. She is Chairman of the Nominations and Corporate Governance Committee and a Member of the Audit & Risk Committee.

Skills and experience: : Mrs. Wetende is an Advocate of the High Court of Kenya practising as a Corporate/Commercial dispute resolution advocate, mediator and arbitrator and is a Partner in the firm of Kaplan & Stratton Advocates.

She holds Bachelor of Laws and Master of Law degrees from the University of Nairobi in addition to a Bachelor of Arts (Hons) Degree in Social Sciences. She is a Member of the Law Society of Kenya, the International Bar Association and a Fellow of the Chartered Institute of Arbitrators (Kenya Branch). She is ranked as a leading lawyer and dispute resolution practitioner in Kenya.

Key Appointments: Mrs. Wetende does not hold any other directorships.



MR. STEPHEN MAINA (age 54)
Independent Non-Executive Director KENYAN

Position: Appointed to the Board in June 2018. He is the Chairman of the Audit and Risk Committee.

Skills and experience: Mr. Maina is currently the Finance Director of Haco Industries Limited. Prior to this, he was the Managing Director and Principal Officer of AfroCentric Health Solutions Limited which provides health care and health insurance related consultancy services from 2015 to 2017. Between 2000 and 2013 he served in various Executive roles within the AAR Group including as Finance Director, MD Kenya Business and Group Head of Strategy. Mr. Maina is a Certified Public Accountant and in addition holds a Bachelor of Commerce (Accounting) Degree from the University of Nairobi and an MBA from United States International University (USIU).

Key Appointments: Mr. Maina does not hold any other directorships. He is a member of the Institute of Certified Public Accountants of Kenya.



MS. R. T. NGOBI (age 63)
Company Secretary KENYAN

Position: Company Secretary since August 2014.

Skills and experience: Ms. Ngobi was educated in both Kenya and the UK. She holds a Bachelor of Laws Degree from the University of Kent, a Master of Laws Degree from the University of Cambridge and is a Certified Public Secretary and an accredited Governance Auditor. She is also an Advocate of the High Court of Kenya of 37 years standing with 24 years' experience as in-house Legal Counsel and Company Secretary of large global corporations with offices and agencies throughout Sub-Saharan Africa such as Unilever Kenya Limited and British American Tobacco Kenya Limited. In 2010 she founded Cosec Solutions Limited which provides company secretarial services and corporate governance solutions to various companies.

Key Appointments: She was a Non-Executive Director on the Board of Kenya Industrial Estates Limited.

BOARD OF DIRECTORS (continued)

DIVERSITY OF SKILLS, QUALIFICATIONS AND EXPERIENCE

The Board as currently constituted offers a diverse range of skills and experience in relevant areas.

Skills and Competences for BOC Board	Mbugua	Mwangi	Maina	Ramashala	Wetende	Kamau
Gas Industry Knowledge		✓		✓		✓
Listed Company Board Experience	✓	✓	✓		✓	✓
Governance Leadership/Corporate Management	✓	✓	✓	✓	✓	✓
Trade Block Experience	✓	✓		✓		✓
Audit/Finance	✓		✓			
Risk Management	✓	✓	✓	✓	✓	✓
Local Regulation/Public Policy/Govt. relations	✓	✓	✓		✓	
Legal						✓
Marketing/Sales/Distribution		✓	✓	✓		
People/Organizational Development/Remuneration	✓	✓	✓	✓	✓	✓
Information Technology						
Manufacturing Industry experience		✓	✓	✓		✓
Public Health Experience		✓		✓		

BOARD MEMBERSHIP CRITERIA, REFRESHMENT AND SUCCESSION PLANNING

The selection of qualified Directors is fundamental to the Board's successful oversight of BOC's strategy and enterprise risks. As a result, ensuring that the Board is composed of Directors who bring diverse viewpoints and perspectives, exhibit a variety of skills, professional experiences and backgrounds, and effectively represent the long-term interests of shareholders is critical to the Board and the Nominations and Corporate Governance Committee.

The priorities for recruiting new Directors are continually evolving based on the Company's strategic needs and the skills composition of the Board at any particular time. These dynamic priorities ensure the Board remains a strategic asset capable of addressing the risks, trends, and opportunities that BOC will face in the future. In evaluating potential Director candidates, the Nominations and Corporate Governance Committee considers, among other factors, the criteria shown above in the skills and qualifications matrix for current Directors and any additional characteristics that it believes one or more Directors should possess based on an assessment of the needs of the Board at that time.

In every case, Director candidates must be able to contribute significantly to Board discussion and decision-making on the broad array of complex issues facing BOC.

BOARD OF DIRECTORS (continued)

BOARD DIVERSITY

The Nominations and Corporate Governance Committee considers individuals with a broad range of business experience and varied backgrounds and strives to identify candidates with diverse backgrounds in line with the BOC Board Diversity Policy and the Policy on Appointments to the Board. The Committee and Board recognise the value of overall diversity and considers members' and candidates' opinions, perspectives, personal and professional experiences, and backgrounds, including gender, race, age and country of origin. The Board believes that the judgement and perspectives offered by a diverse Board of Directors improves the quality of decision making and enhances the Company's business performance. The Board believes that such diversity assists the Board to respond more effectively to the needs of customers, shareholders, employees, suppliers, and other stakeholders.

The BOC Board Diversity Policy and the Policy on Appointments to the Board are posted on the Company's website www.boc.co.ke.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of BOC Kenya PLC (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2023.

1 Principal activities

The principal activity of the Group is the manufacture and sale of industrial gases, medical gases, gas mixtures, sale of welding products and the installation of pipelines and storage tanks for the gases that it trades in.

2 Results and Dividend

The net profit for the year of KShs 198,058,000 (2022: KShs 147,992,000) has been added to retained earnings.

During the year the Company did not pay an interim dividend (2022: KShs 1.60 per share amounting to 31,240,714).

The Directors recommend approval at the next Annual General Meeting of a final dividend of KShs 6.05 per ordinary share amounting to a total of KShs 118,128,499, payable, net of Withholding Tax, on or about the 21 July 2024, to Shareholders on the Register at the close of business on 31 May 2024 (2022: 4.45 per share amounting to KShs. 86,888,235).

3 Board of Directors

The Directors who held office during the year and to the date of this Report are set out on page 6.

No changes have taken place in the Board of Directors since the last Annual General Meeting.

Mr. Arthur Kamau and Mrs. Marion Gathoga-Mwangi retire as Finance Director and Non-Executive Director respectively and will not offer themselves for re-election at the Annual General Meeting.

4 Business overview and outlook

During the year revenue increased 19.6% from prior year due to the implementation of various medical gases infrastructure projects awarded to the Company, in addition to a 23% growth in sales of medical oxygen. The infrastructure projects comprised medical oxygen tanks and reticulation of medical gases in various hospitals. Revenue from industrial gases decreased marginally by 1% due to depressed demand in a high-cost environment.

Operating Profit increased by 45% primarily from the medical infrastructure projects and growth in medical oxygen sales volumes. Significant price increases were also implemented in the year to recover significant costs increases especially on electricity and distribution costs.

Continued improvements in oxygen infrastructure in the healthcare sector has led to increased demand for medical oxygen across the Country. During the last three years the Company has had opportunity to install a large portion of this infrastructure, primarily comprising of bulk oxygen storage tanks and the related gas pipelines. It is expected that this growth will continue in the coming years but at a slower rate.

The industrial gases sector, of which small and medium size businesses are a big proportion, continued to be challenging because of price sensitivity in a high inflation environment. The Company will continue to mitigate this with a focus on productivity while maintaining its competitive edge through high product and safety standards.

DIRECTORS' REPORT (continued)

5 Terms of appointment of the auditor

PricewaterhouseCoopers LLP, having expressed their willingness, will be in office in accordance with the provisions of section 721 of the Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

6 Statement as to disclosure to the Group's auditor

The Directors in office at the date of this report confirm that:

- a) There is no relevant audit information of which the Company's auditor is unaware; and
- b) Each Director has taken all the steps that he or she ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

7 Approval of the Financial Statements

The financial statements set out on pages 76 to 131 were approved and authorised for issue by the Directors on 29 April 2024.

By order of the Board

R.T. Ngobi (Ms.)
Company Secretary

29 April 2024

GOVERNANCE REPORT

LEADERSHIP AND RESPONSIBILITIES

Overview

BOC Kenya PLC (BOC) is committed to the highest standards of corporate governance and has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organization. Throughout the year ended 31 December 2023 and to the date of this Annual Report, the Company endeavored to comply with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the CMA Code). The Company however believes that the most potent form of corporate governance comes from within, with external guides and codes being overlays to the standards that we, as a Group, set ourselves. Those standards are codified in our own Code of Business Integrity (formerly referred to as Code of Ethics) which every company within the Linde Group and every employee is expected to live up to.

The Role of the Board

The Board's principal collective duty is to create and deliver sustainable shareholder value through setting the Company's strategy and overseeing its implementation. In so doing, due regard is paid to matters that will affect the future of BOC, such as the effect the Board's decisions may have on employees, the environment, surrounding communities and relationships with customers and suppliers.

The Board ensures that Management achieves the right balance between promoting long-term growth and delivering short-term objectives. The existing corporate governance framework embeds the right culture, values and behaviours throughout BOC and supports the Board's role in determining strategic objectives and policies.

In addition to setting strategy and overseeing its implementation, the Board is also responsible for ensuring that Management maintains an effective system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

The key responsibilities of the Board include:

- To provide overall strategic direction and major corporate actions to be taken by the Company;
- Approval and adoption of the strategic and annual business plans, the setting of objectives and review of key risk and performance areas;
- Approval of commitments outside the authority delegated to the executive management, committees and individual directors;
- To review, at regular Board meetings, Management's performance against annual business plans and set objectives;
- To review periodic financial reports and approve the Annual Report;
- Declaring an interim dividend and recommending final dividends;
- Reviewing risk management, internal controls and business continuity plans;
- Reviewing the going concern ability of the Company;
- To establish appropriate systems of corporate governance in the Company;
- Ensuring work place policies and practices align with values and support sustainable success;
- Effective engagement, as appropriate, with shareholders, staff and under stakeholders;
- Establishing and monitoring compliance with the CMA Code, Company's Code of Business Integrity, other Group Policies, programs and procedures for safety, health and environment and laws and regulations; and
- Reviewing and agreeing Board succession plans and those of Senior Management Staff.

Board Governance framework

The Board has developed a Board Charter in order to document its corporate governance practices and principles, in recognition of the role of good governance in corporate performance, maximisation of shareholder value and protection of investors' rights, and also to promote the Company's standards of self-regulation. The objective of the Charter is to also ensure that all Board members are aware of their duties and responsibilities and that they act in the best interest of the Company and its stakeholders. The Board Charter was last reviewed by the Board on 29 April 2024 and is published on the Company's website (www.boc.co.ke).

GOVERNANCE REPORT (continued)

LEADERSHIP AND RESPONSIBILITIES (continued)

Board Governance framework (continued)

The Board has established two principal Board Committees namely, the Audit and Risk Committee and the Nominations and Corporate Governance Committee. Under the authority of the Company's Articles of Association, each Board Committee has specific responsibilities delegated to it by the Board. Each Committee has its own Terms of Reference which are reviewed annually and updated as appropriate. The roles, membership and activities of these Committees are described in more detail later in this Report.

Responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Managing Director and the Executive team.

Division of Responsibilities

The roles and responsibilities of the Chairman and the Managing Director are separate with each having clearly defined duties and responsibilities.

The Chairman is responsible for leadership of the Board, for ensuring its effectiveness and for facilitating the productive contribution of both Executive and Non-Executive Directors. He sets the agenda for Board meetings in consultation with the Managing Director and the Company Secretary. He is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them. The Chairman is accountable to the Board for leading the direction of the Company's corporate and financial strategy and for overall supervision of the policies governing the conduct of the business.

The Managing Director is responsible for the day-to-day management of the Company and is also responsible for the performance of the Group and is supported in this role by the Executive team. The Managing Director provides leadership to enable successful planning and execution of the objectives and strategies agreed by the Board. The Managing Director is also responsible for stewardship of the Company's assets and, jointly with the Chairman, for representation of the Company externally.

Non-Executive Directors

The Board had five (5) Non-Executive Directors as at 31 December 2023 and as at the date of this Report. The role of the Non-Executive Director is to help develop strategy, review management proposals, and scrutinize performance of Management, to bring an external perspective to the Board, monitor reporting of performance and to be available to meet with shareholders and key stakeholders as appropriate.

The Company Secretary

The Company Secretary is a member in good standing with the Institute of Certified Secretaries. The Company Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance and compliance with the regulators. The roles and responsibilities of the Company Secretary are more specifically delineated in the Board Charter published on the Company's website (www.boc.co.ke).

The Executive Team

The Executive team, led by the Managing Director*, is responsible for overseeing the implementation of the strategy and policies set by the Board, and for creating the framework for their successful day-to-day operation.

Principle Executive Team roles includes:

- Developing strategy for approval by the Board;
- Developing guidelines for the Company's functions;
- Ensuring functional strategies are effective and aligned;
- Managing functions;

GOVERNANCE REPORT (continued)

LEADERSHIP AND RESPONSIBILITIES (continued)

Board Governance framework (continued)

- Reviewing functional budgets;
- Monitoring Company operating performance; and
- Overseeing the management and development of talent.

**Mr. J. Ramashala was appointed Acting Managing Director in 2023 pending recruitment of a substantial Managing Director.*

BOARD EFFECTIVENESS

Overview of the Board

Composition of the Board of Directors

In line with the requirements of the CMA Code a majority of the Board are Non-Executive Directors with Independent Non-Executive Directors making up a third of the total number of Directors.

The Board comprises of the Chairman, who is a Non-Executive Director, two (2) Executive Directors, and three (3) Non-Executive Directors. As at the date of this Annual Report the composition of the Board is as set out on pages 43 to 45 of the Report and includes the declaration that the Mr. J. Ramashala is currently the Acting Managing Director.

The Board Nominations and Corporate Governance Committee also considers Board succession planning and regularly reviews the composition of the Board and the Board Committees to ensure that there is an appropriate balance and diversity of skills, experience, independence and knowledge. The size of the Board is not fixed and may be revised from time to time to reflect the changing needs of the business.

The Directors biographies containing their relevant skills and experience, Board Committee membership and other principal appointments can be found on pages 43 to 45. The service contracts for the Executive Directors and the letters of appointment for the Chairman and Non-Executive Directors are available for inspection, upon Notice, at the Company's registered office.

Independence of Directors

The Independence of the Non-Executive Directors is considered annually by the Board Nominations and Corporate Governance Committee (NCG Committee) using the independence criteria set out in the Code. In 2023 the NCG Committee assessed and confirmed to the Board the independence of Board Directors as follows:

• Mr. R. Mbugua	-	Non-Executive Director
• Mr. A. Kamau	-	Executive Director
• Mrs. C. Wetende*	-	Independent Non-Executive Director
• Mr. S. Maina*	-	Independent Non-Executive Director
• Mr. J. Ramashala*	-	Non-Executive Director
• Mrs. M. Gathoga-Mwangi	-	Non- Executive Director

**Mrs. C. Wetende is the Chairman of the NCG Committee in compliance with the Code.*

**Mr. S. Maina is the Chairman of the Audit & Risk Committee in compliance with the Code.*

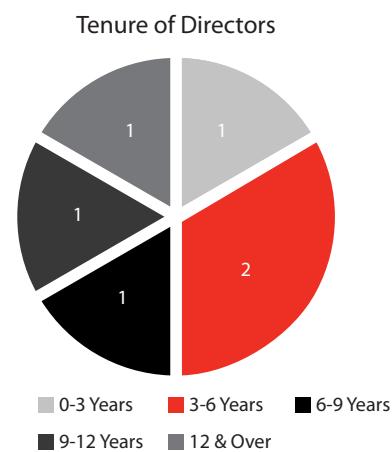
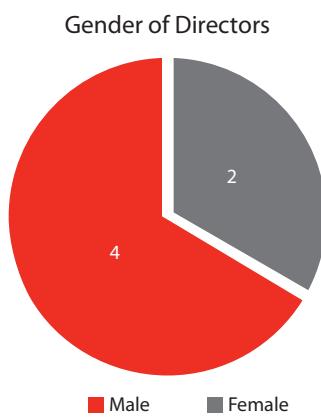
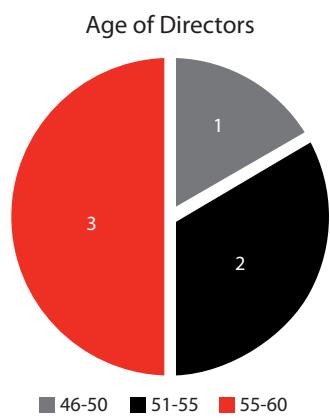
**Mr. J. Ramashala is currently a Non-Executive Director and Acting Managing Director pending recruitment of a Managing Director.*

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Board Diversity

The Board appreciates the benefits of diversity in all its forms, within its own membership and at all levels of the Company. The Board promotes diversity and also encourages initiatives to improve gender diversity in Senior Management roles. The Board Nominations and Corporate Governance Committee considers the balance of skills and experience of current Directors when considering a proposed appointment. The Board's Diversity Policy and Policy on Appointments to the Board can both be read on the Company's website (www.boc.co.ke).



Re-election

The Non-Executive Directors do not have service contracts with the Company but instead have Letters of Appointment for three years; subsequent reappointment is subject to endorsement by the Board.

In accordance with the Articles of Association of the Company, all Directors offer themselves for re-election at regular intervals. At this year's AGM, on 28 June 2024, Mr. A. Kamau and Mrs. M. Gathoga-Mwangi will retire but not seek re-election.

Board Work Plan

The Board's Work Plan for the ensuing year is approved by the Board typically at the last meeting of the year. The Work Plan is designed to enable the Board to drive the strategic agenda forward across all the elements of the Company's business model. The key Board activities in 2023 are set out on page 58. The 2024 Board Work Plan was approved by the Board on 23 November 2023.

Board Information

The Board receives high-quality, up to date information for review in good time ahead of each meeting. The Company Secretary ensures timely information dissemination within the Board and its Committees and between the Non-Executive Directors and Senior Management as appropriate. Intermittent updates from Management on the business are consistently disseminated to the Board in-between scheduled Board meetings.

Attendance at Board and Annual General Meetings

Members of the Board are expected to devote such of their time, attention and abilities as may be necessary to fulfill the duties of their appointments. This includes attendance at Board meetings which are held at least quarterly, the Annual General Meeting and other Board and General Meetings if called in addition to Board Committee meetings as appropriate.

In 2023 Members attended Board meetings held in April, June, August and November in addition to the Annual General Meeting held in June 2023 as disclosed in the table below.

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Attendance at Board and Annual General Meetings (continued)

Attendance at Board and Annual General Meetings in 2023

Name	Meetings Attended	Meetings Eligible to Attend
Mr. R. Mbugua (Chairman)	5	5
Mr. A. Kamau (Finance Director)	5	5
Mr. J. Ramashala*	5	5
Mrs. C. Wetende	5	5
Mr. S. Maina	5	5
Mrs. M. Gathoga-Mwangi	5	5

*Mr. J. Ramashala was appointed Acting Managing Director in 2023 pending recruitment of a Managing Director.

Board Induction

On appointment to the Board all Directors ordinarily receive induction which is tailored to the new Director's individual requirements. The induction schedule is designed to quickly provide the new Director with an understanding of how the BOC Group works and the key issues that it faces. The induction typically consists of a full programme of briefings on all areas of the business including but not limited to the following:

- Introduction to the Board;
- Introductions to Senior Management;
- Business Overview Presentations;
- Sessions with the Board Chairman, Board Committee Chairmen, the Company Secretary and the External Auditors as appropriate; and
- A Factory Tour.

Upon completion of the induction programme the Director should have sufficient knowledge and understanding of his or her roles and responsibilities as a Director to the Board, the nature of the business, and the opportunities and challenges facing BOC to enable them to effectively contribute to strategic discussions and oversight of the Group.

There were no appointments to the Board during the course of 2023.

Training and development

In order to continue to contribute effectively to Board and Board Committee meetings, Directors are encouraged to continually update their skills and knowledge of the business. The Directors are also provided with the opportunity to take part in training and development. As part of the annual one-on-one performance review with the Chairman, any particular development needs that can be met are discussed.

The Company Secretary organizes a training schedule for the year which includes both formal training and functional presentations or topic specific briefings, which training schedule is approved by the Board.

During 2023, the majority of Directors were able to secure more than twelve hours training from the Company and other credible sources as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015. The trainings included areas of governance in addition to trainings to enhance understanding of the operations of the Company and relevant emerging trends in the operating environment.

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Training and development (continued)

Trainings received by individual Directors from the Company and other credible sources during 2023 included but were not limited to the following topics:

Employment law post 2010	January 2023
Cybersecurity eLearning – Safe and Secure	March 2023
ESG risk concerns and opportunities for the 21st Century Director	July 2023
Industry developments and Pension & Provident Fund Scheme Performance in the market	November 2023
Economic Overview Seminar	November 2023

Access to independent advice

The Board recognises that there may be occasions when one or more Directors consider it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense. This is provided for in the Board Charter and the Terms of Reference of each Board Committee.

Board Evaluation

The Board conducts a critical evaluation of its effectiveness and that of its Committees, the Executive and Non-Executive Directors, Chairman, the Managing Director and the Company Secretary. The evaluation is conducted by each Director completing a Board Effectiveness Evaluation Form. This information is thereafter collated by the Company Secretary and presented to the full Board with a view to acknowledging the Boards strengths and most importantly identifying and recommending areas for improvement which, if thought fit are approved.

The evaluation for 2023 was conducted by the Board during the month of April 2024. The full Board joined the Nominations and Corporate Governance Committee in evaluating the results. The Board recognized the outstanding effort of the Acting Managing Director and the Executive Team throughout a very challenging year. Directors appreciated the regularity of updates to the Board in between scheduled meetings.

During 2023, additional time was reserved on the Board Agenda for deep dives on strategic objectives and review of major initiatives. Further emphasis is planned in the Board Agenda on market analysis, competitor performance and emerging issues.

The Board's monitoring of key risks and oversight of compliance during 2023 was considered to be effective.

The Board and Committee meetings were considered to be chaired effectively, with Company Secretariat support well regarded. Although the fully virtual meeting format adopted in 2020 worked well for the Board that year a hybrid format was employed during 2023 and will be adopted going forward.

The evaluation for 2023 identified opportunities for improvement with recommendations together with fresh action points identified for implementation and tracking throughout the course of 2024.

All Directors were considered to have performed well and each was considered to be making an effective contribution to the Board. Individual feedback was given to all Board members by the Chairman. Feedback on the performance of the Chairman, the Acting Managing Director and Company Secretary during 2023 was given to them by the Nominations and Corporate Governance Committee.

The need to recruit a substantial Managing Director was acknowledged and efforts are underway to fill the role.

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Time Commitment

It is expected that in order to discharge their responsibilities effectively all Directors allocate sufficient time to their roles on the Board. Before appointing prospective Directors, the Board takes into account their other commitments and significant time commitments are established and disclosed prior to appointment.

Directors are expected to attend, and to be well prepared for, all Board and Board Committee meetings, as well as making time to understand the business, meet with executives and regulators as appropriate, and complete ongoing training. The Chairman and other Non-Executive Directors endeavor to ensure that they have adequate time to discharge their responsibilities to the Board effectively. The Letters of Appointment issued to the Chairman and Non-Executive Directors set out the expectation that additional external appointments following appointment to the Board require prior notification to the Board (in the case of the Chairman) and the Chairman in the case of other Non-Executive Directors.

During 2023 the Chairman and the Board was not notified of any new significant external appointments for consideration and approval.

Conflict of Interest

The Board has formal procedures for managing conflict of interest in accordance with the Board Charter, the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

Any conflict of interest or apparent conflict of interest between the Company and its Directors is avoided. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the BOC Group. Any circumstances which may give rise to actual or potential conflicts of interest are disclosed to the Board upon appointment and subsequent changes highlighted as they arise. A Conflict of Interest Register is maintained for that purpose. Directors are also given the opportunity, at the start of every Board meeting, to declare any actual or potential conflict of interest with their role as Directors. During the course of 2023 no conflict of interest was declared by any Director. The Board Conflict of Interest Policy can be read on the Company's website (www.boc.co.ke). A Conflict of Interest Policy is also maintained for all employees of the Company.

Financial and Business Reporting

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position through the Annual Report. It is appropriate to treat this business as a going concern as there is sufficient existing financing available to meet expected requirements in the foreseeable future. The Audit & Risk Committee is assigned to review financial, audit and internal control issues and risks in supporting the Board of Directors which is responsible for the financial statements and all information in the Annual Report.

Risk Management and Internal Control

The Board is responsible for determining the nature and extent of the significant risks that the Company is willing to take to achieve its strategic objectives and for maintaining sound risk management and internal control systems. With the support of the Audit & Risk Committee, the Board carries out a review of the effectiveness of its risk management and internal control systems covering all material controls including financial, operational and compliance controls and risk management systems.

The Directors have also defined procedures and financial controls to ensure that the Group's system of internal controls provide reasonable assurance that the assets are safeguarded, transactions are authorized and recorded properly, and that material errors and irregularities are either prevented or detected within a reasonable period of time. There is a clearly defined organizational structure within which individual responsibilities are identified in relation to internal controls. The structure is complemented by defined procedures, financial controls and information system controls.

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Risk Management and Internal Control (continued)

The Group's internal audit department performs various activities in the evaluation of the risk management, control and governance process. Significant business risks and weaknesses in the systems of operating and financial controls are highlighted and brought to the attention of the Audit & Risk Committee, Senior Management and External Auditors. Areas accorded high-risk profiles are given urgent attention by Management. At every Board meeting the status of mitigations against identified business risks is reviewed to ensure timely implementation of corrective actions.

The Board, with advice from its Audit & Risk Committee, completed its annual review of the effectiveness of the system of risk management and internal control for the financial period ending 31 December 2023. No significant failings or weaknesses were identified and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken and that progress is monitored.

Remuneration

The Board assumes responsibility for the consideration and recommendation of the remuneration arrangements of the Chairman, Executive Directors, Non-Executive Directors, other senior executives and certain Group employees. The Board as a whole considers recommendations on the fees to be paid to Non-Executive Directors. No adjustments were made to the remuneration of Non-Executive Directors in 2023. The Directors Remuneration Report is on page 67 of this Report.

Communication with Shareholders and Stakeholders

The Board is committed to promoting effective and open communication with all shareholders and stakeholders, ensuring consistency and clarity of disclosures at all times. The Company aims to engage with its shareholders and stakeholders transparently in order to facilitate a mutual understanding of their respective objectives.

Financial reporting: - The Board strives to ensure that shareholders (including institutional investors), regulators, other key stakeholders and the financial markets are provided with full and timely information about its performance. The Company aims to deliver all financial and strategic communications in a consistent and open way and to ensure that such disclosures are easily intelligible and present a balanced and understandable assessment of the Company's position and prospects. During 2023 the half-year and annual results were released in the local press, the Company's website and through distribution of the 2022 Annual Report.

Annual General Meeting (AGM) participation: - The Board and the Executive Team continue to consider the AGM as a key date in the diary. The AGM provides a useful opportunity to the Board to engage with shareholders on key issues facing the Group and any questions they may have. The 2023 AGM was conducted virtually on 22 June 2023. The Chairman, all Directors and Executive Team **members attended the AGM. 414 Shareholders together holding 17,778,157 shares representing 91.05% of total shareholding registered for the AGM. All resolutions which were proposed at the 2023 AGM were passed unanimously. Questions and or concerns raised by shareholders during question time were further considered and discussed by the Board at its subsequent meeting held in August 2023.**

The 2024 AGM will be held physically on 28 June 2024. The Notice of the AGM is on page 2 of this Report.

Institutional investors: - The Company is committed to managing relationships with institutional investors.

Public policy engagement: - The Company intermittently engages in dialogue on issues where it has a legitimate interest, i.e. where public policy directly affects its business and customers. Any communication undertaken is honest, comprehensive and accurate and underpinned by the Company's Principles Governing Shareholder and Stakeholder Communication which can be read on the Company's website (www.boc.co.ke).

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Directors Loans

There were no loans made to Directors at any time during the year.

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the Board appointed Ms. Catherine Musakali, of Dorion Associates LLP, to conduct the Company's 2021 Governance Audit. The 2021 Report of the Independent Governance Auditor was disclosed in the 2021 Annual Report. An unqualified opinion was issued which opinion was presented to the shareholders at the 2022 Annual General Meeting. The Report is also availed on the Company's website (www.boc.co.ke). Implementation of recommendations made by the Governance Auditor are tracked by the Nominations and Corporate Governance Committee on behalf of the Board. By arrangement with the Capital Market's Authority, the next Governance Audit will be conducted for the year ended 31 December 2024 and declared in the 2024 Annual Report.

Legal and Compliance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and the Company's Legal and Compliance Policy, the Board appointed Munyao, Muthama & Kashindi Advocates to conduct the Legal & Compliance Audit for the year ended 31 December 2021. In the Legal Compliance Auditor's opinion the Board has established internal procedures and monitoring systems to promote compliance with the existing legal and regulatory framework and in line with international best practices in risk management for the interest of stakeholders and shareholders. That fact notwithstanding, the audit revealed weaknesses and gaps for the Company to address. The Audit therefore recommended appropriate action for every specific finding. Implementation of the recommendations are tracked by the Audit & Risk Committee behalf of the Board.

The overall Executive Summary emanating from the 2021 Legal and Compliance Audit Report was published on the Company's website www.boc.co.ke. The Legal and Compliance Policy is also published on the Company's website. By arrangement with the Capital Market's Authority, the next Legal and Compliance Policy will be conducted for the year ended 31 December 2024 and declared in the 2024 Annual Report.

Strategic Board activities conducted in 2023 include the following:

- Reviewing and agreeing a re-articulation of the Company's strategy;
- Approval of Budget and oversight of resource allocation activities to support strategy execution;
- Endorsing the direction and activities proposed by Management to achieve the strategy and ensuring that Management was on track to deliver the Company's strategy;
- Discussing and improving the Board's understanding of key risks facing the Company and considering the potential impact on the business of specific risk factors in consultation with the Board Audit and Risk Committee;
- Keeping the Company's trading and performance against the 2023 Budget and the previous year under review and monitoring operational key performance indicators;
- Reviewing half-year results, trading updates, year-end results and the Annual Report;
- Keeping the competitive landscape under review;
- Reviewing the Company's Business Continuity Management process and Business Continuity Plans as well as the implementation of the improvement areas;
- Monitoring Safety, Health, Environment and Quality (SHEQ) incidents;
- Exploring savings and productivity opportunities;
- Monitoring the status of the Company's litigation proceedings;
- Monitoring compliance with the Companies Act 2015 and the CMA Code;
- Monitoring compliance with the Company's Code of Business Integrity;
- Reviewing the talent pipeline and succession planning for key roles in the organization;
- Reviewing strategies for securing safe on-site environments, effective connectivity for remote working (as appropriate) and for supporting Staff wellbeing;
- Reviewing succession planning at Board Level including Executive Directors and the Executive Team;

GOVERNANCE REPORT (continued)

BOARD EFFECTIVENESS (continued)

Legal and Compliance Audit (continued)

- Determining the independence of Non-Executive Directors and proposing Directors for re-appointment at the Company's 2022 AGM;
- Reviewing shareholder concerns raised at the AGM held on 22 June 2023;
- Reviewing the outcomes of the evaluation of the effectiveness of the Board and its Committees in 2022;
- Reviewing and approving submission to the Capital Markets Authority (CMA) on 31 April 2023, of the Company's CMA Reporting Template.

BOARD COMMITTEES

The Board has established and maintains two principal Board Committees, to which it has delegated some of its responsibilities namely, the Audit & Risk Committee and the Nominations and Corporate Governance Committee.

Audit and Risk Committee

Current Members

- Mr. S. Maina (Chairman)
- Mr. J. Ramashala Member of Committee
- Mrs. C. Wetende
- Ms. R.T. Ngobi (Secretary)

In 2023 Members attended Committee meetings held during the months of March, August, July and November as disclosed in the table below.

Attendance at meetings in 2023

Name	Meetings Attended	Meetings Eligible to Attend
Mr. S. Maina	4	4
Mr. J. Ramashala	4	4
Mrs. C. Wetende	4	4
Mrs. M. Gathoga-Mwangi*	3	4
Mr. A. Kamau*	4	4
Ms. N. Nakana*	3	3

**Mrs. M. Gathoga-Mwangi (Non-Executive Director), Mr. A. Kamau (Finance Director), Ms. N. Nakana (Group Internal Audit Manager) attended as Permanent Invitees.*

Mandate and Role of the Audit and Risk Committee

The Board Audit and Risk Committee assists' the Board of Directors in carrying out its responsibilities with respect to the management of business risks and internal controls and the conduct of business in accordance with the Code of Business Integrity.

The Board Audit and Risk Committee is comprised of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman of the Committee, Mr. S. Maina, is an Independent Non-Executive Director. The Committee met four times during 2023. Attendance included internal and external auditors, as well as Permanent Invitees.

The Audit and Risk Committee is responsible for monitoring the integrity of the financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them before submission to the Board. The Committee keeps under review the consistency of the accounting policies

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

Mandate and Role of the Audit and Risk Committee (continued)

applied by the Company, reviews the effectiveness of the accounting, internal control and business risk systems of the Company and, when appropriate, makes recommendations to the Board on business risks, internal controls and compliance.

The Committee is also responsible for monitoring compliance with the Company's Code of Business Integrity, the CMA Code, laws and regulations, monitoring and reviewing the effectiveness of the Company's internal controls; and monitoring and reviewing the performance of the Company's external auditors by keeping under review their independence and objectivity, making recommendations as to their reappointment (or, where appropriate, making recommendations for change), and approving their terms of engagement and the level of audit fees payable to them.

The Board has an obligation to establish formal and transparent arrangements for considering how it should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the external auditors, which is delivered through the Audit & Risk Committee.

The Audit and Risk Committee is also responsible for monitoring and reviewing the effectiveness of the internal audit arrangements. The Group Internal Audit Manager is a permanent invitee to the Committee. The Group Internal Audit Manager presents a report to the Committee on the audit plan for the year as well as updates on ongoing and completed audits in addition to findings therefrom.

The Committee Chairman, Members of the Committee and the Company Secretary endeavor to meet with the external auditors at the end of at least one meeting year without Management, to discuss relevant issues as well as the progress of the audit.

Key Audit and Risk Committee activities in 2023

The Board Audit & Risk Committee's agenda in 2023 continued to include its responsibilities for overseeing the performance and effectiveness of internal and external audit. The Committee also continued to exercise its responsibilities for ensuring the integrity of BOC's published financial information by debating and challenging the judgements made by Management and the assumptions upon which they are based.

Standing items of business considered by the Committee during 2023:

- Progress on the 2023 Internal Audit Plan;
- Periodic reports from the Group Internal Audit Manager on both local and regional process audits, the Management responses and action plans being put in place to address any concerns raised;
- Updates on key risks facing the business and mitigating steps put in place with deep dives into specific risk topics;
- The Company's 2022 results, 2023 half-year results, the External Auditors' reports for these, and interim management statements;
- The steps taken to validate the 'Going Concern' assessment at half year and year-end;
- A report from the Finance Director on the information flows, and drafting and approval processes for the preparation of the Annual Report, facilitating the Committee's advice to the Board that the 2022 Annual Report was fair, balanced and understandable.
- Quarterly reports on internal controls and compliance;
- Monitoring and tracking of implementation of findings from the Legal & Compliance Audit;
- Quarterly reports on security risks, frauds and losses;
- Updates on significant legal cases, Safety, Health, Environment and Quality issues;
- Reports on compliance with the Company's Code of Business Integrity;
- Fraud and or security incidents;
- 2024 External Auditor's Audit plan and fees for recommendation to the Board; and
- Annual review of External Auditors' independence.

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

External Auditors Effectiveness

The Audit and Risk Committee, on behalf of the Board, is responsible for the relationship with the External Auditors. The Committee carries out an annual evaluation of the External Auditors, covering qualification, expertise and resources and objectivity and independence, as well as the effectiveness of the audit process. The evaluation takes into account the Committee's interactions with the External Auditors in addition to the following:

- experience and expertise of the External Auditors in their direct communication with, and support to the Committee;
- their professional skepticism;
- their effectiveness in completing the agreed external audit plan;
- content, quality and robustness of the external auditors' reports; and
- their provision of non-audit services and any other matters that may impact independence.

No material issues were identified from the evaluation of the External Auditors for the year 2023. The Committee remains satisfied with the effectiveness of the External Auditors including qualification, experience, resources, objectivity and independence. The Committee recommended and the Board approved the proposed re-appointment of PricewaterhouseCoopers at the 2024 AGM.

External Auditor Independence

The Committee has an established policy aimed at safeguarding and supporting the independence and objectivity of the Company's External Auditors, which is regularly reviewed and updated. The basic principle of the policy is that the Company's External Auditors may be engaged to provide additional services only in cases where those services do not impair their independence and objectivity.

The External Auditors may not be engaged to provide services if the provision of such services would result in the External Auditors:

- Having a mutual or conflicting interest with any Group company;
- Being placed in the position of auditing their own work;
- Acting as a manager or employee of any Group company; or
- Being placed in the position of advocate for any Group company.

Subject to the above, the External Auditors may provide certain tax services. The Committee recognizes that using the External Auditors to provide such services is often of benefit due to their detailed knowledge of the business.

The policy also requires the submission to the Committee, typically prior to the year end, of a Work Plan identifying the total fees for all audit-related services and tax services which it is expected will be undertaken by the External Auditors in the following year. In this way, the Committee has full visibility of spend on audit-related services and tax services enabling it to discharge its responsibility for keeping such fees under review and ensuring that neither their level, nor their nature, risk impairing the external auditors' independence and objectivity.

PwC reconfirmed its independence in 2023 and is expected to do so on an annual basis.

Nominations and Corporate Governance Committee

Current Members

- Mrs. C. Wetende (Chairman)
- Mr. R. Mbugua
- Mr. J. Ramashala
- Mrs. Gathoga-Mwangi
- Ms. R. T. Ngobi (Secretary)

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

Nominations and Corporate Governance Committee (continued)

In 2023 Members attended the Committee meetings held during the months of March and November 2023.

Attendance at meetings in 2023

Name	Meetings Attended	Meetings Eligible to Attend
Mrs. C. Wetende	2	2
Mr. R. Mbugua	2	2
Mrs. J. Ramashala	2	2
Mrs. M. Gathoga-Mwangi	1	2

Mandate and Role of the Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee is responsible for identifying candidates to fill vacancies on the Board and has oversight on the adherence and compliance by the Company to its Code of Business Integrity and to the principles and requirements of good corporate governance as espoused by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (CMA Code)

The process of identification of candidates to fill vacancies to the Board is guided by the Board's Policy on Appointments to the Board and includes reviewing the structure, size and composition of the Board to ensure it has an appropriate balance of skills, expertise, knowledge and independence prior to recruitment.

For Non-Executive Director vacancies to be filled, the selection process will generally involve interviews of suitable prospective candidates by the Committee and its Chairman and thereafter recommendation to the Board for appointment.

The services of specialist external search firms are used for identification and shortlisting of appropriate candidates to take up Executive Director roles.

No Executive or Non-Executive appointments were made in 2023.

The Nominations and Corporate Governance Committee is also charged with the responsibility of assessing the Independence of Non-Executive Directors on an annual basis and evaluating the effectiveness of the Board and the effectiveness of the Directors in the discharge of their responsibilities.

The Committee also evaluates and makes recommendations with regard to the composition of all Board Committees. Following the introduction, by the CMA, of annual Governance Audits and compliance reporting the Committee provides oversight of implementation of the CMA Code and Compliance Reporting.

The Committee, on behalf of the Board, monitored implementation of recommendations that emanated from the last Governance Audit Report and the recommendations from the CMA to the Company's Compliance Report submitted on 30 April 2022 and 30 April 2023. The Compliance Report is available on the Company's website (www.boc.co.ke).

Key Nominations and Corporate Governance Committee activities in 2023

- Reviewing succession planning for the Board Executive Directors and Non-Executive Directors;
- Reviewing the effectiveness of the Board following the Board Evaluation exercise and making recommendations to the Board on actions to be adopted towards improvement;
- Monitoring implementation of the recommendations adopted by the Board following the Board Evaluation exercise;
- Reviewing the Committee's effectiveness in 2023, following the Committee evaluation process;
- Reviewing and recommending approval, by the Board, of submission of the CMA Compliance Report as completed by the Company;

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

No Executive or Non-Executive appointments were made in 2023 (continued)

- Monitoring implementation of the recommendations from the Governance Audit Report;
- Monitoring implementation of recommendations made by the CMA from the CMA Compliance Report submitted by the Company;
- Reviewing the Independence of Directors against the criteria set under the CMA Code;
- Making recommendations to the Board in relation to Directors' annual appointment and re-election at the AGM;
- Reviewing the Corporate Governance Statement for the 2022 Annual Report;
- Reviewing the Composition of the Board's Committees;
- Review of the Boards' Diversity Policy and the Nominations Committee's Terms of Reference

Retirement and Remuneration

The Board determines (upon recommendation of Management), the remuneration policies of the Company, and the terms and conditions of employment of the Executive Directors and Senior Management. The Board ensures that compensation for all employees is performance-driven and appropriately benchmarked against other companies in Kenya.

The Board is responsible for setting executive remuneration covering salary and benefits, performance related bonus arrangements, pensions and terms of service, evaluating and monitoring major changes to the policy on employee benefit structures for the Company.

Remuneration of Non-Executive Directors is also reviewed by the Board to ensure that the levels of remuneration and compensation are appropriate. Information on the aggregate amounts of emoluments and fees paid to Directors is disclosed in Note 29(f) of the financial statements. The Directors Remuneration Report is on page 67 of this Report.

Key Retirement and Remuneration activities in 2023

- Reviewing the application and continuing impact of the Remuneration Policy during 2023;
- Reviewing succession planning of Executive Directors and the Executive Team and the talent pipeline;
- Reviewing the development of leaders in the Company and in particular activities to embed a high-performance leadership culture;
- Approval of annual salary increments;
- Approval of Non-Executive remuneration;
- Reviewing Staff Training and development plans for 2023;
- Review and monitoring of the performance of the Company's two retirement funds; and
- Review and approval of HR related policies.

Employment Equity

The Group is committed to the creation of an organization that supports the equality of all employees and is committed to the elimination of any form of discrimination in the work place. Our policy covers recruitment, staff development, retention and cultural diversity.

Our succession planning process identifies ability and talent, and monitors, on a regular basis, the performance of high-fliers. Individual development plans are agreed upon in collaboration with managers of the respective employees.

The Group manages the development of functional skills through the "License-to-Work" approach. This approach ensures that all employees are competent to perform their specific duties within a given time frame.

The Board also ensures that manpower plans are implemented timeously.

GOVERNANCE REPORT (continued)

GOVERNANCE POLICIES

Board Charter and Committee Terms of Reference

The Board is governed by a Board Charter which stipulates the roles and responsibilities of the Board and its members, the composition of the Board and its Committees and respective Terms of Reference. The Board Charter and Committee Terms of Reference are periodically reviewed to ensure that they remain current and were most recently reviewed in April 2024. The Board Charter and Committee Terms of Reference are published on the Company's website (www.boc.co.ke).

Code of Business Integrity

Inextricably linked to good corporate governance is the Company's Code of Business Integrity. The Linde Group has always espoused the highest ethical standards of business conduct and full compliance with applicable laws, regulations and industry standards.

The Company believes in open and honest communication, fair treatment and equal opportunities and supports the fundamental principles of human rights.

While common sense, good judgement and conscience apply in managing a difficult or uncertain situation, the Code of Business Integrity assists in detailing the standards and priorities within The Linde Group, as well as specific rules covering human rights, safety at work and environmental and supply management. Guiding principles or core values within the Code define our responsibilities towards and what we expect from Directors, employees, local communities and the public, customers, suppliers and markets and Shareholders.

Allegiance to the Code of Business Integrity is the starting point from which employees draw inspiration and guidance for behaviour within a group, society or the organization. An integrity line has been established to enable employees to report contraventions of the Code of Business Integrity.

Whistle Blowing and Staff Helpline

The Company has a Whistleblowing Policy which enables staff, in confidence, to raise concerns and to report incidents they consider to be against our established code of conduct without fear of reprisal. This facility is managed by an independent third party organization to further protect confidentiality. The Committee receives periodic reports on whistleblowing incidents, if any. The Audit & Risk Committee remains satisfied that the Company's policy and procedures enable proportionate and independent investigation of matters raised and ensures that appropriate follow-up action is taken. No whistleblowing incidents were reported during 2023.

The Whistleblowing Policy is published on the Company's website (www.boc.co.ke).

Procurement Policy

BOC Kenya PLC maintains a Procurement Policy that governs the procurement of goods and services. The policy and the related procedures are addressed particularly to those persons who deal directly with suppliers, ordering parties/contractors, and other business partners. The policy establishes principles for business conduct and for avoiding conflicts of interest that must be adhered to by each employee. It ensures that the most appropriate and effective controls are applied in the purchase of goods and services for the Company's needs.

In addition to the Code of Conduct for Suppliers, the Company's business partners are encouraged to commit themselves to these principles.

The Procurement Policy and the Code of Conduct for Suppliers to BOC Kenya PLC are published on the Company's website (www.boc.co.ke).

GOVERNANCE REPORT (continued)

GOVERNANCE POLICIES (continued)

Statement on Insider Dealing

The Company is obligated by law and by its Code of Business Integrity to ensure that Directors and certain other employees, with insider information, do not abuse or place themselves under suspicion of abusing insider information that they may have or thought to have. This is especially key in periods leading up to an announcement of financial results. To this end, the Company has a Share Trading Policy which sets out the requirements for BOC insiders, in dealing in shares of the Company.

In compliance with the Companies Act, 2015, the Company communicates 'open' and 'closed' periods for trading in its shares to the Directors and its employees at key periods during the year. To the best of the Company's knowledge, there were no insider dealings during the 2023 financial year.

The Company's Share Trading Policy is published on the Company's website (www.boc.co.ke).

Board Related Party Transactions Policy

The Board Related Party Transaction Policy enables the Board of BOC Kenya PLC to consider the approval and reporting of transactions between the Company and any of its Directors, Executive Officers or Significant Shareholders or certain entities or persons related to them. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in its Annual Report certain transactions between the Company and Related Parties as well as its policies concerning transactions with Related Parties. In addition, the Board reviews any Related Party Transactions involving Non-Executive Directors as part of the annual determination of their independence.

The Board Related Party Transactions Policy is published on the Company's website www.boc.co.ke.

During 2023 there were no reports of transactions between the Company and any of its Directors, Executive Directors and other Staff. Transactions between the Company and its parent company and associated companies are disclosed under Note 29 to the Financial Statements on Page 130.

Safety Health and Environment Policy

Our principles:

- Health, safety and care for the environment (HSE) are foundational principles of our businesses.
- The health and safety of our colleagues, customers, business partners and communities in which we do business is our number one priority.
- Personal ownership for HSE through visible, demonstrated leadership and accountability at all levels throughout Group.

HSE principles shall be reflected in 100% of our behaviour, 100% of the time.

Our vision:

- Zero incidents.
- Safe, secure and healthy working conditions for all who work with and for us.
- High quality, safe and environmentally responsible products and services that meet or exceed the expectations of our customers.
- Responsible use of natural resources.
- Economic and environmental sustainability in everything we do.

Our commitment:

- Comply with applicable legal, regulatory, industry and corporate requirements.
- Design, construct and operate our facilities in a safe, secure, efficient and environmentally responsible way.

GOVERNANCE REPORT (continued)

GOVERNANCE POLICIES (continued)

Safety Health and Environment Policy (continued)

- Personal accountability to continuously improve our HSE performance through tracking against our goals and targets.
- Proactive management of risk in our business.
- Work with our business partners and our relevant industries to actively promote and enforce compliance with this policy.
- Promote open communication and learning with all stakeholders and sharing of HSE knowledge.
- Provide resources, training, equipment and other support to enable fulfilment of this policy.

The Board is committed to the implementation of this HSE policy.

Corporate Social Responsibility and Investment Policy

The Company's Corporate Social Responsibility and Investment Policy focuses on activities that are of material importance to the business and are of interest to our stakeholders and shareholders.

The Company combines long-term business success with environmental and social responsibility and considers sustainability to be an important part of its Corporate Strategy. It is aware of the potential adverse impacts of its business to on people, especially on safety and ensures that its operations and products meet the highest safety standards and that employees, contractors, business partners and customers receive continuous training.

The Company seeks to enhance the safety awareness of customers through product knowledge training with the objective of ensuring that they do not come to harm whilst using its products which include gases at cryogenic temperatures (below minus 150 degrees C), flammable gases and high-pressure cylinders and other gas containers. The Corporate Social Responsibility and Investment Policy is published on the Company's website (www.boc.co.ke).

Information Technology Policy

BOC Kenya PLC's information technology (IT) systems are covered under an IT Policy. The policy aims to protect the Company's investment in information technology infrastructure, IT equipment and mobile facilities, data/telecommunications networks and software, maintain the highest standards of cyber security, while protecting the Company's confidential and sensitive information. The IT Policy is published on the Company's website (www.boc.co.ke).

Operational Policies

There are other broad operation policies that guide Management in executing of the Company's operations in an efficient and socially responsible manner. The policies cover various operational functions across the Company including human resources, risk management, financial management, sustainability, environment, safety and health.

DIRECTORS' REMUNERATION REPORT 2023

Information not subject to audit

The Directors Remuneration Policy and Remuneration Report for the Executive and Non-Executive Directors applicable in 2023 were approved by the Shareholders at the 2023 Annual General Meeting held on 22 June 2023. The Report has been prepared in accordance with the relevant provisions of both the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code) on Directors remuneration and the Kenyan Companies Act, 2015.

Principles of remuneration policy 2023

The Board considers the remuneration policy annually to ensure that it remains aligned to business needs and is appropriately positioned relative to the market. Its overriding objective is to reward the delivery of the Company's strategy in a manner that is simple, straightforward and understandable.

Executive Directors

The Executive Directors remuneration package comprises core fixed elements (basic salary, retirement and other benefits) designed to recognise the skills and experience of the Executive Directors and to ensure current and future market competitiveness in attracting talent.

Executive Directors are eligible to participate in the Company's Short-Term Incentive Plan which is anchored on achievement of key business performance indicators.

The table below outlines the key components of the Executive Directors remuneration packages as compensation for their role as key senior management within the BOC Group.

The Company has a Directors and Officers insurance covering all Directors and Officers for the aggregate sum of Kenya Shillings 50 million.

DIRECTORS' REMUNERATION REPORT 2023 (continued)

Information not subject to audit (continued)

Reward	Purpose and link to strategy	Mechanics of Reward	Performance metrics
Basic Salary	Attract and retain high calibre individuals to deliver the Company's strategic plans by offering market competitive remuneration to reflect an individual's skills and experience.	<ul style="list-style-type: none"> - Paid in 12 equal monthly instalments during the year and is pensionable. - Reviewed annually with salary changes effective from April depending on performance. 	Individual and business performance
Pension	Provide competitive post-retirement benefit arrangements so as to attract and retain high calibre talent to drive delivery of strategy.	Annual contribution up to the 10% of basic salary. v	None
Other benefits	Provide market competitive benefits which: <ul style="list-style-type: none"> - facilitate the attraction and retention of high calibre talent to deliver the Group's strategic plans; and - recognise that such talent is global in source and that the availability of certain benefits are key enablers for attraction and retention. 	Range of benefits include: <ul style="list-style-type: none"> - Housing allowance - Transport allowance - Medical insurance - Personal life and accident insurance 	None
Short term Incentives Plan	Incentivise the attainment of corporate targets aligned to the strategic objectives of the Group on an annual basis.	<ul style="list-style-type: none"> - Payout is done annually in April after measurements and approval of results. - 100% of the bonus is paid in cash. - Payout is 25% of annual Salary for Managing Director and 15% for Finance Director 	Targets are set annually based on the group and company business plans.

Service contracts – Executive Directors

Duration of current contracts	The Managing Director and the Finance Director are on permanent and pensionable contracts of employment.
Notice Period	Three months
Provision for early termination of contracts	On early termination of contracts, the executive directors are eligible for redundancy packages as follows: <ul style="list-style-type: none"> - Salary in lieu of notice (if notice is not given) - Redundancy payment as per Kenya's labour laws <p>In the event that the contract is terminated for cause (such as gross misconduct), the Company may terminate the contract with immediate effect and no compensation would be payable.</p>

DIRECTORS' REMUNERATION REPORT 2023 (continued)

Audited information

Executive Directors' remuneration and compensation for the year ended 31 December 2023

The following table shows a summary of remuneration for the Executive Directors in respect of qualifying services as directors and compensation as key management for the year ended 31 December 2022 together with comparative figures for 2021:

Name	Basic salary		Housing & Other allowances		Retirement benefits		Bonus		Grand total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Arthur Kamau	9,654	9,654	5,142	5,574	1,431	1,428	2,520	3,017	18,747	19,673
Marion Mwangi	-	-	-	-	-	-	-	4,292	-	4,292
Total	9,654	9,654	5,142	5,574	1,431	1,428	2,520	7,309	18,747	23,965

All figures in KShs' 000

The Chairman and Non-Executive Directors

The Company looks to recruit, as Non-Executive Directors, those who have a wide range of strategic and operational experience gained from other businesses or organizations. A Non-Executive Director is required, as a minimum, to make an annual time commitment of about 20 days and is expected to attend all Board and Committee meetings, and AGM, a strategic budgeting session as well as maintaining an appropriate level of knowledge about the business and its operations.

As a Listed Company, the quantum and structure of Non-Executive Directors' remuneration will primarily be assessed against the same remuneration comparator group of companies used for setting the remuneration for Executive Directors.

The remuneration components for Non-Executive Directors' are as follows:

Reward	Purpose and link to strategy	Mechanics of Reward	Performance metrics
Fees	Fees for Non-Executive Directors need to be sufficient to attract, motivate and retain individuals with skills and senior-level experience to drive the Company's strategy forward	<ul style="list-style-type: none"> Fixed monthly retainer Sitting allowance for every committee or board meeting. Reviewed annually and adjusted as required 	As per Annual Board Evaluation.

Other terms: Non-Executive Directors

Shareholding requirements	There are no formal requirements for the Non-Executive Directors to hold shares in the Company. However, Non-Executive Directors are encouraged to acquire a small interest during the initial years after their date of appointment. The Non-Executive Directors do not participate in the Company's Short-Term Incentive Plan and are not members of any its provident fund.
Terms of appointment	The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment, which are available for inspection at the Company's registered office upon notice.
Terms of termination	On termination, at any time, a Non-Executive Director is entitled to any accrued but unpaid Director's fees but not to any other compensation.

DIRECTORS' REMUNERATION REPORT 2023 (continued)

Audited information (continued)

The table below outlines the key components of the Non-Executive Directors remuneration packages during the year.

Name	Category	2023			2022		
		Fees KShs 000	Sitting allowance KShs 000	Total KShs 000	Fees KShs 000	Sitting allowance KShs 000	Total KShs 000
Robert Mbugua	Chairman Non-Executive	2,280	490	2,770	2,280	560	2,840
Cosima Wetende	Non-Executive	1,680	700	2,380	1,680	865	2,545
Steve Maina	Non-Executive	1,680	560	2,240	1,680	775	2,455
Marion Mwangi	Non-Executive	1,540	490	2,030	2,170	280	2,450
Joseph Ramashala*	Non-Executive	-	-	-	-	-	-
Totals		7,180	2,240	9,420	7,810	2,480	10,290

- Joseph Ramashala is a director nominated by the Company's Majority Shareholder, BOC Holdings (UK), and did not earn any personal remuneration for being on the Board. Joseph is a senior member of management at African Oxygen Limited, South Africa (Afrox), a sister company of BOC Kenya Plc.

By order of the Board

R.T. Ngobi (Ms.)
Company Secretary

29 April 2024

SHAREHOLDING STRUCTURE AT 31 MARCH 2024

Major shareholders

Shareholder Name	Total Shares	Percentage Shareholding
BOC Holdings (UK)	12,765,582	65.4%
Kiuna Ngugi	2,192,926	11.2%
Standard Chartered Kenya Nominees Ltd A/C Ke002670	1,046,600	5.4%
Standard Chartered Kenya Nominees Ltd A/C Ke004630	417,400	2.1%
Allied Storage Limited	127,479	0.7%
Standard Chartered Kenya Nominees Ltd A/C Ke004667	121,056	0.6%
Mrs Carolyn Anne Gray Rosso	110,143	0.6%
Ngugi, Margaret Wambui	100,281	0.5%
Ogango, John Okuna	87,500	0.4%
Shah, Minesh Mulchand	80,108	0.4%
Total for Top Ten	17,049,075	87.3%
Other Shareholders	2,476,371	12.7%
Total Shares Issued	19,525,446	100.0%

Domicile analysis

Domicile	Shares	%	Number of Shareholders
Foreign Companies	14,350,738	73.5%	5
Foreign Individuals	273,665	1.4%	25
Local Companies	424,413	2.2%	73
Local Individuals	4,476,630	22.9%	882
Total	19,525,446	100.0%	985

Analysis by number of shares

Number of shares	Shares	%	Number of Shareholders
1 - 500	89,393	0.5%	544
501 – 5,000	608,612	3.1%	341
5,001 – 10,000	262,337	1.3%	37
10,001 – 100,000	1,683,637	8.6%	55
100,001 – 1,000,000	876,359	4.5%	5
>1,000,000	16,005,108	82.0%	3
Totals	19,525,446	100.0%	985

Directors' shareholding

None of the directors holds shares in the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Group and Company maintain proper accounting records that are sufficient to show and explain the transactions of the Group and of the Company and disclose, with reasonable accuracy, their financial position. The directors are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act. They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having assessed the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 29 April 2024 and signed on its behalf by:

Robert Mbugua
Chairman

Joseph Ramashala
Managing Director (Acting)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of BOC Kenya Plc (the Company) and its subsidiaries (together, the Group) set out on pages 76 to 131, which comprise the consolidated statement of financial position at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2023, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The other information comprises Notice of Annual General Meeting, Corporate information, About us, Chairman's statement, Managing Director's report, Sustainability, Board of directors report, Directors' report, Governance report, Directors' renumeration report, Shareholding structure and Form of Proxy which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (CONTINUED)

the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on pages 48 and 49 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 67 to 70 has been properly prepared in accordance with the Companies Act, 2015.

CPA Brian Ngunjiri, Practicing Certificate Number 2451
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

29 April 2024

GROUP AND COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Revenue	6	1,539,342	1,287,250	1,536,907	1,281,249
Cost of sales	7	(782,945)	(763,096)	(782,946)	(761,088)
Gross profit		756,397	524,154	753,961	520,161
Distribution costs	7	(158,626)	(130,709)	(158,626)	(124,363)
Selling and administrative expenses	7	(300,468)	(204,781)	(295,092)	(243,596)
Impairment provision charge	4(a)	(27,588)	(12,156)	(36,235)	(20,604)
Other income	8(a)	40,364	37,975	34,376	37,976
Operating profit		310,079	214,483	298,384	169,574
Finance costs	8(b)	(998)	(1,057)	(998)	(1,057)
Profit before income tax		309,081	213,426	297,386	168,517
Income tax expense	9	(111,023)	(65,434)	(112,321)	(50,141)
Profit for the year		198,058	147,992	185,065	118,376
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Translation differences arising from foreign operations		(9,852)	(2,161)	-	-
Change in fair value of investments held at FVOCI (Note 15)		44,550	14,850	44,550	14,850
Total other comprehensive income for the year net of tax		34,698	12,689	44,550	14,850
Total comprehensive income for the year		232,756	160,681	229,615	133,226
Earnings per share (KShs per share)	10	10.14	7.58	9.48	6.06
Basic and diluted					

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	GROUP		COMPANY		
		2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000	
ASSETS						
Non-current assets						
Property, plant and equipment	12	479,751	569,630	490,508	580,387	
Right-of-use asset	13	9,918	10,308	9,918	10,308	
Investments in subsidiaries	14	-	-	60	60	
Equity investment - FVOCI	15	222,750	178,200	222,750	178,200	
Deferred income tax	16	54,056	47,260	54,056	47,260	
Total non-current assets		<u>766,475</u>	<u>805,398</u>	<u>777,292</u>	<u>816,215</u>	
Current assets						
Inventories	17	187,623	202,687	187,623	202,687	
Trade and other receivables	18	570,269	657,220	570,269	647,193	
Current income tax	19	-	8,458	-	8,458	
Cash and cash equivalents	20	633,449	277,118	633,449	277,048	
Total current assets		<u>1,391,341</u>	<u>1,145,483</u>	<u>1,391,341</u>	<u>1,135,386</u>	
TOTAL ASSETS		<u>2,157,816</u>	<u>1,950,881</u>	<u>2,168,633</u>	<u>1,951,601</u>	
EQUITY AND LIABILITIES						
Equity						
Share capital	21	97,627	97,627	97,627	97,627	
Share premium	21	2,554	2,554	2,554	2,554	
Other reserves	22	135,504	100,805	173,023	128,473	
Retained earnings		<u>1,571,812</u>	<u>1,460,642</u>	<u>1,523,217</u>	<u>1,425,040</u>	
Total equity		<u>1,807,497</u>	<u>1,661,628</u>	<u>1,796,421</u>	<u>1,653,694</u>	
Non-current liability						
Lease liabilities	23	7,624	7,678	7,624	7,678	
Current liabilities						
Lease liabilities	23	1,052	1,052	1,052	1,052	
Current income tax	19	60,112	1,149	60,112	-	
Trade and other payables	24	281,531	279,374	303,424	289,177	
Total current liabilities		<u>342,695</u>	<u>281,575</u>	<u>364,588</u>	<u>290,229</u>	
TOTAL EQUITY AND LIABILITIES		<u>2,157,816</u>	<u>1,950,881</u>	<u>2,168,633</u>	<u>1,951,601</u>	

The financial statements on pages 76 to 131 were approved and authorised for issue by the Board of Directors' on 29 April 2024.

Robert Mbugua
Chairman

Joseph Ramashala
Managing Director (Acting)

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital KShs'000	Share premium KShs'000	Other reserves KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2023					
At start of year	97,627	2,554	100,805	1,460,642	1,661,628
Profit for the year	-	-	-	198,058	198,058
Other comprehensive income, net of tax					
Foreign currency translation differences	-	-	-	-	(9,851)
Change in fair value of investments at FVOCI	-	-	9,851	-	44,550
Total other comprehensive income	-	-	34,699	-	34,699
Total comprehensive income for the year			34,699	198,058	232,757
Transactions with owners					
Dividends to equity holders	-	-	-	-	(86,888)
- Final dividend paid for 2022	-	-	-	-	(86,888)
Total transactions with owners					(86,888)
At end of year	97,627	2,554	135,504	1,571,812	1,807,497

GROUP STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital KShs'000	Share premium KShs'000	Other reserves KShs'000	Retained earnings KShs'000	Total KShs'000
Year ended 31 December 2022					
At start of year	97,627	2,554	88,116	1,400,515	1,588,812
Profit for the year	-	-	-	147,992	147,992
Other comprehensive income, net of tax					
Foreign currency translation differences	-	-	-	(2,161)	(2,161)
Change in fair value of investments at FVOCI	-	-	-	14,850	14,850
Total other comprehensive income	-	-	-	14,850	14,850
Total comprehensive income for the year				147,992	160,681
Transactions with owners					
Dividends to equity holders	-	-	-	-	(56,624)
- Final dividend paid for 2021	-	-	-	-	(31,241)
- Interim dividend paid for 2022	-	-	-	-	(87,865)
Total transactions with owners					(87,865)
At end of year	97,627	2,554	100,805	1,460,642	1,661,628

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2023					
At start of year	97,627	2,554	128,473	1,425,040	1,653,694
Profit for the year	-	-	-	185,065	185,065
Other comprehensive income, net of tax					
Change in fair value of investments at FVOCI	-	-	44,550	-	44,550
Total comprehensive income for the year					
Transactions with owners					
Dividends to equity holders					
- Final for 2022 paid	-	-	-	(86,888)	(86,888)
Total transactions with owners					
At end of year	<u>97,627</u>	<u>2,554</u>	<u>173,023</u>	<u>1,523,217</u>	<u>1,796,421</u>

COMPANY STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2022					
At start of year	97,627	2,554	113,623	1,394,529	1,608,333
Profit for the year	-	-	-	118,376	118,376
Other comprehensive income, net of tax					
Change in fair value of investments at FVOCI	-	-	14,850	-	14,850
Total comprehensive income for the year					
					133,226
Transactions with owners					
Dividends to equity holders	-	-	-	-	(56,624)
- Final for 2021 paid	-	-	-	-	(31,241)
- Interim for 2022 paid	-	-	-	-	(87,865)
Total transactions with owners					1,425,040
At end of year	97,627	2,554	128,473	1,425,040	<u><u>1,653,694</u></u>

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

	Note	GROUP		COMPANY	
		2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Cash flows from operating activities:					
Cash generated from operating activities	25	474,212	(99,736)	474,282	(79,618)
Tax paid	19	(50,547)	(66,104)	(50,547)	(66,104)
Net cash flows from operating activities		<u>423,665</u>	<u>(165,840)</u>	<u>423,735</u>	<u>(145,722)</u>
Cash flows from investing activities:					
Purchase of property, plant and equipment	12	(15,922)	(89,106)	(15,922)	(89,106)
Proceeds from disposal of equipment		9,007	1,619	9,007	1,080
Interest received		2,276	11,651	2,276	11,651
Dividends received		<u>25,245</u>	<u>25,245</u>	<u>25,245</u>	<u>25,245</u>
Cash flows from/ (used in) investing activities:		<u>20,606</u>	<u>(50,591)</u>	<u>20,606</u>	<u>(51,130)</u>
Cash flows from financing activities					
Payment of lease liabilities	23(d)	(1,052)	(1,052)	(1,052)	(1,052)
Dividends paid		<u>(86,888)</u>	<u>(87,865)</u>	<u>(86,888)</u>	<u>(87,865)</u>
Cash flows used in financing activities		<u>(87,940)</u>	<u>(88,917)</u>	<u>(87,940)</u>	<u>(88,917)</u>
Increase /(Decrease) in cash and cash equivalents		356,331	(305,348)	356,401	(285,769)
Cash and cash equivalents at start of year		277,118	585,794	277,048	562,817
Effects of exchange rate changes on foreign cash and cash equivalents		<u>-</u>	<u>(3,328)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	20	<u>633,449</u>	<u>277,118</u>	<u>633,449</u>	<u>277,048</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Reporting entity

The Company is incorporated as a limited liability company under the Kenyan Companies Act, 2015 and is domiciled in Kenya. Its registered address is at Kitui Road, PO Box 18010 – 00500 Nairobi Industrial Area. The consolidated financial statements of the Group comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the manufacture and sale of industrial and medical gases and welding products.

The Company’s shares are listed on the Nairobi Securities Exchange (NSE).

The ultimate holding company of BOC Kenya Plc is Linde Plc, which is an Irish-domiciled multinational chemical company formed by the merger of Linde AG of Germany (founded in 1879) and Praxair (founded in 1907 as Linde Air Products Company) of the United States.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated and separate financial statements (the ‘financial statements’) have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations and in the manner required by the Companies Act, 2015. The measurement basis applied is the historical cost basis, except for fair value through other comprehensive income investments which have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors’ best knowledge of current events, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 3 – *Critical accounting estimates and judgements*.

These financial statements are presented in Kenya Shillings, which is the Company’s functional currency. Except where otherwise indicated, financial information presented in Kenya Shillings has been rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policies

(i) *Relevant new standards and amendments to published standards effective for the year ended 31 December 2023*

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Annual periods beginning on or after 1 January 2023. (Published May 2021)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

Annual periods beginning on or after 1 January 2023.(Published February 2021)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 12 International Tax Reform—Pillar Two Model Rules

The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023.(Published May 2023).

These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

The above is considered to have no material impact on the Group.

(ii) *Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2023*

Amendments to IAS 1 - Non-current liabilities with covenants

Annual periods beginning on or after 1 January 2024(Published January 2020 and November 2022)

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policies (continued)

Amendment to IFRS 16 – Leases on sale and leaseback

Annual periods beginning on or after 1 January 2024

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)

Annual periods beginning on or after 1 January 2024

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)

Annual periods beginning on or after 1 January 2025

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

IFRS S1, General requirement disclosures of sustainability – related financial information

Annual periods beginning on or after 1 January 2024

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2, 'Climate- related disclosure

Annual periods beginning on or after 1 January 2024

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

The Group is still assessing the impact of the above standards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(b) Business Combination

The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is an entity controlled by BOC Kenya Plc. Control is the power to direct the relevant activities of the subsidiary that significantly affects the subsidiary's return so as to have rights to the variable return from its activities.

Where the Group has the ability to exercise joint control over an entity but has rights to specified assets and obligations for liabilities of that entity, the entity is consolidated on the basis of the Group's rights over those assets and liabilities.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investments in subsidiaries are accounted for at cost in the Company's financial statements.

ii) Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

iii) Balances and transactions eliminated at consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iv) Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates is accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(c) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings, which is the Company's Functional and Presentation currency.

(i) Transactions and balances in Group entities

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured on historical cost basis in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are generally

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

recognised in profit or loss. However, foreign currency differences arising from retranslation of equity investments are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Group entity are translated at the closing rate at the reporting date; and
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When a foreign operation is sold, exchange differences recognised in other comprehensive income are reclassified to profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Revenue

The Group recognises revenue from the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue at a point in time or over time as and when it satisfies a performance obligation by transferring control of a product or service to a customer.

The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as value-added tax (VAT), returns and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

- i. Sale of medical and industrial gases, equipment, accessories and welding products are recognised in the period in which the Group delivers products to the customer, the customer accepts the products and collectability of the related receivables is reasonably assured.
- ii. Revenue from container rentals, installation of gas tanks and the services are recognized overtime.
- iii. The Company follows the 5-step model of IFRS 15 (Revenue from contracts with customers) to determine how much revenue and at what time, or over which period of time, it will recognize revenue in respect of Customer Engineering Services (CES).

(e) Other income and finance costs

Other income comprises interest income on funds invested (including fair value through other comprehensive income), dividend income, gains on the disposal of fair value through other comprehensive income financial assets, dividends. Dividends are received from financial assets measured at fairvalue through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on overdraft and unwinding of the discount on lease liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Interest expense on lease liabilities must also be presented as a component of finance cost in the statement of profit or loss and other comprehensive income. Costs which may also be classified as finance cost include other costs associated with the entity's management of cash, cash equivalents and debt.

Foreign currency gains and losses are reported on a gross basis as either finance income or finance cost.

(f) Income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(g) Property, plant and equipment

All items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset to residual values over their estimated useful life as follows:

Buildings	40 years
Plant and machinery	5 - 20 years
Cylinders	15 - 25 years
Motor vehicles	5 - 10 years
Furniture, fixtures and equipment	3 - 10 years
Right of use assets	Over the remaining period of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress represents assets that are under construction or that are not immediately available for use and is not depreciated but is reviewed for impairment.

Gains or losses on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

(h) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised to their residual values over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised to their residual values over their estimated useful lives (not exceeding three years).

Intangible assets are derecognised when it is disposed of or when no future economic benefits are expected from its use or disposal.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other related direct costs and production overheads (based on normal operating activities), but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. If the purchase or production cost is higher than the net realisable value, inventories are written down to the net realisable value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and for the purposes of the statement of cash flows, bank overdrafts.

(k) Financial instruments

Financial instruments include balances with banks, term deposits, equity and debt investments, trade and other receivables, trade and other liabilities, lease liabilities and inter-company balances.

(i) Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group and Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group and Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not have any financial assets measured at FVTPL.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group measures recognises trade receivables, cash, deposits, amounts due from related parties, certain investment securities, and other receivables at amortised cost.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Group classifies its equity investments at FVOCI.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group classifies all its financial liabilities as subsequently measured at amortised cost.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Impairment

After initial recognition, a financial asset is measured in accordance with its category - at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

Default

The standard also sets out a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company has adopted the default standard definition of 120 days past due.

Subsequent measurement of receivables

Receivables are generally subsequently measured at amortized cost. Therefore, in accordance, the Company recognizes loss allowances for expected credit losses on its receivables. No loss allowance is recognized for secured parts of a receivable.

Subsequent measurement of other assets and other receivables

A loss allowance for other assets and other receivables is recognized in accordance with the general impairment approach.

Individual loss allowance

In addition to the loss allowances for expected credit losses, all receivables which are considered as being material are assessed individually with regard to the probability of degree of recoverability.

The individual loss allowance for a credit-impaired receivable is the amount which will most probably be unrecoverable. If a range of equally probable alternative amounts exists, an unbiased and probability-weighted amount that is determined by evaluating the existing range of possible outcomes shall be considered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

The individual loss allowance is the full carrying amount when there is a high probability that the amount outstanding can no longer be recovered. If applicable, contractually secured parts for the outstanding amount or collaterals such as credit insurances are considered.

Expected Credit Loss for Trade Receivables and Contract Assets

The loss allowance for trade receivables and contract assets at initial recognition is measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are weighted average credit losses with the respective risks of default occurring as the weights that result from all possible default events over the expected life of a financial instrument.

The lifetime expected credit loss rates, that are used to impair the respective assets, are determined by using historical loss rates adjusted – if necessary – for forward looking information.

Historical Loss Rates

The historical loss rates for each entity within the Group is based on an aging analysis over the expected life of the trade receivables.

They are calculated as ratio between uncollected receivables outstanding (generated in the reference period) and the total historical population of trade receivables in the reference period. This historical population of receivables is defined as the total population of trade receivables generated in two annual periods t-1 and t-2 (reference period) before the fiscal year of the respective balance sheet date.

The assessment is made once a year at the year-end and is reviewed quarterly.

Expected Credit Loss Rates

Historical loss rates are adjusted for changes in the economic environment of the respective financial asset in order to make a determination of the Expected Credit Loss rates (ECL rates). The following parameters are considered:

- Changes in GDP level
- Changes in government policies
- Changes in economic sectors.

However, these changes are immaterial.

Recognition of loss allowances

The determined and adjusted - for forward looking information - loss rates are applied on the current population of trade receivable by each Entity as Expected Credit Loss (ECL) rates. Secured parts of trade receivables as well as VAT (if easily recoverable) are not considered for the determination of the loss allowances.

The recognition of the loss allowances is as follows:

Reversal of an impairment

Recoveries of receivables from impairments are reversed by adjusting the respective loss allowance account i.e. the profit or loss. However, the reversal should not result in a carrying amount that exceeds the original invoice

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

amount respectively what amortized cost would have been (at the date of the reversal) had the impairment not been recognized.

Write-off Policy

The Company will directly reduce the gross carrying amount of a financial asset when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off, e.g. in the following cases:

- liquidation / bankruptcy proceedings for customer are finalized;
- (further) enforcement activities have been stopped without reasonable expectation of recovery of the amounts subject to the write-off

If the criteria for a write-off are fulfilled, the respective amounts subject to the write-off are derecognized from the balance sheet.

The derecognition of receivables is as follows:

- In advance of a write-off the respective receivable was - in general - subject to an impairment of 100% of its carrying amount due to the significant increase of credit loss which lead to a credit-impaired receivable or the passage of time.
- The actual write-off of the receivable is recognized by reducing the allowance against the receivable so that the amount of the write-off does not exceed the gross carrying amount of the receivable.

Write-offs do not have an impact on profit or loss, because the amounts written off are reflected in the loss allowance.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and Company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(m) Provisions

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

(n) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution scheme for all its employees. Contributions to the defined contribution plan are recognised in profit or loss as incurred and presented as an employee benefit expense. Any difference between the amount recognised in profit or loss and the contributions payable is recorded in the statement of financial position under other receivables or other payables.

(ii) Other Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(p) Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the period in which they are declared.

(q) Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and Group or related companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

i) Group as a lessee

The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the group is a lessee, it has elected to separate lease and non-lease components and instead accounted for them as separate component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

iii) Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before income tax expense), which reflects a constant periodic rate of return. Payments received under operating lease are charged to profit or loss on a straight-line basis over the period of the lease.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes operational decisions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of significant accounting policies (continued)

(s) Segment reporting (continued)

Segment profitability is presented in respect of the Group's distinguishable business segments at gross profit level. Segment distribution and selling expenses as well as segment assets and liabilities are not presented as doing so would necessitate apportionment or allocation with the resultant financial information not being meaningful. The Group has considered the Company to be the reportable segment as whole. The group was previously segmented by location however the subsidiaries in Uganda and Tanzania have since become dormant hence the group viewing the Company as a reportable segment.

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities.

4 Financial risk management

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks which mainly comprise effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing the financial risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Board Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Board Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of expected credit losses. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a good credit rating. Given the good credit ratings, management does not expect any counterparty to fail to meet its obligations.

Write-off policy

Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment allowance has been raised, then that amount will be written off. The determination is reached after considering information such as the occurrence of significant changes in the customer's position such that the customer can no longer pay the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Receivables (Note 18):				
Third party trade receivables	544,082	638,859	544,082	632,127
Related party trade receivables	15,512	4,511	15,512	4,511
Other receivables	489	9,859	489	6,563
Deposit and bank balances (Note 20)	633,449	277,118	633,449	277,048
Total	1,193,523	930,347	1,178,020	920,249

No collateral is held on any of the above assets. None of the above assets was impaired except for the following:

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
<i>Trade receivables</i>				
Third party:				
Not past due	267,735	43,052	267,735	50,992
Past due 0-30 days	91,857	62,317	91,857	60,892
Past due 31-90 days	66,606	296,994	66,606	308,725
More than 90 days	202,928	365,948	202,928	331,175
	629,126	768,311	629,126	751,784
Add Related Parties:	15,512	4,511	34,504	31,945
Total receivables	644,638	772,822	663,630	783,729
Expected credit losses (Note 18):				
Third Parties	(85,044)	(129,452)	(85,044)	(119,657)
Related Parties	-	-	(18,992)	(27,434)
	(85,044)	(129,452)	104,036	147,091
Net trade receivables	559,594	643,370	559,5943	636,638

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

Analysis of impairment provision

Group - 2023

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2023	280,735	382,895	663,630
Loss rate	20%	7%	13%
Loss allowance	<u>57,182</u>	<u>27,862</u>	<u>85,044</u>

Group - 2022

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2022	111,212	661,610	772,822
Loss rate	37%	13%	17%
Loss allowance	<u>40,642</u>	<u>88,810</u>	<u>129,452</u>

Company - 2023

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2023	280,735	363,903	644,638
Loss rate	20%	13%	16%
Loss allowance	<u>57,182</u>	<u>46,854</u>	<u>104,036</u>

Company - 2022

	Government KShs'000	Non- government KShs'000	Total KShs'000
Year ended 2022	138,647	645,082	783,729
Loss rate	49%	12%	19%
Loss allowance	<u>68,076</u>	<u>79,015</u>	<u>147,091</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

The movement in expected credit losses in the year is as follows:

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
At start of year	129,452	116,681	147,091	126,487
Reversed on debt write offs	(71,996)	-	(79,290)	-
Addition impairment charge in the year	27,588	16,447	36,235	21,104
Exchange loss	-	(615)	-	-
Bad debts recovered	-	(4,291)	-	(500)
At end of year	<u>85,044</u>	<u>129,452</u>	<u>104,036</u>	<u>147,091</u>
Comprising:				
Allowance on third party receivables	85,044	129,452	85,044	119,657
Allowance on related party receivables	-	-	18,992	27,434
Total	<u>85,044</u>	<u>129,452</u>	<u>104,036</u>	<u>147,091</u>

Cash balances held by financial institutions

The Company recognises loss allowances on cash balances at an amount equal to 12-month expected credit losses. The expected credit losses on cash balances are assessed by reference to external credit ratings such as Standard & Poor's Credit Rating Agency if available or historical information about counterparty default rates. The ECL was not material to the financial statements.

	Credit rating or classification	2023		2022	
		Shs'000	Shs'000	Shs'000	Shs'000
Bank balances with financial institutions					
Citi Bank	BB	284,117		35,420	
Standard Chartered Bank	BB	16,219		25,474	
KCB Bank Kenya Limited	BB	2,890		4,702	
Total		<u>303,226</u>		<u>65,596</u>	

Intercompany receivables

Management assesses whether the individual intercompany debtors are in significant financial difficulty based on the net asset value of each entity. The net liquid position was therefore measured against the outstanding receivable and impairment losses booked as appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses liabilities into relevant maturity groupings based on the remaining period at 31 December 2023 and 2022 to the contractual maturity date.

All figures are in thousands of Kenya shillings (KShs '000)

Group	Less than 1 year	1-5 years	Over 5 years	Total
At 31 December 2023				
Lease liabilities	1,052	4,208	4,208	26,814
Trade and other payables	281,531	-	-	281,531
Total – on balance sheet	282,583	4,208	21,554	308,345
Off balance sheet	480,577	-	-	480,577
At 31 December 2022				
Lease liabilities	1,052	4,208	22,606	27,866
Trade and other payables	279,374	-	-	279,374
Total	280,426	4,208	22,606	307,240
Off balance sheet	398,030	-	-	398,030

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(b) Liquidity risk (continued)

Company

	Less than 1 year	1-5 years	Over 5 years	Total
At 31 December 2023				
Lease liabilities	1,052	4,208	21,554	26,814
Trade and other payables	303,424	-	-	303,424
Total	304,476	4,208	21,554	330,238
Off balance sheet	480,677	-	-	480,677
At 31 December 2022				
Lease liabilities	1,052	4,208	22,606	27,866
Trade and other payables	289,177	-	-	289,177
Total	290,229	4,208	22,606	317,043
Off balance sheet	398,030	-	-	398,030

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are South African Rand (ZAR), US Dollars (USD) and Great Britain Pound (GBP), Uganda Shillings (UShs) and Tanzania Shillings (TShs).

A 10 percent strengthening of the Kenyan Shilling against the following currencies at 31 December would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis has been performed on the same basis as in 2023 and 2022.

Group and Company

The Group and the Company did not have any foreign currency denominated assets or liabilities as of 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

Group and company

	USD Shs'000	GDP Shs'000	Euro Shs'000	Rand Shs'000	Total Shs'000
As at 31 December 2022					
Cash and cash equivalent	139	-	-	-	139
Total assets	139	-	-	-	139
Liabilities					
Trade and other payables	66	1,205	1,262	10,755	13,288
Net impact	73	(1,205)	(1,262)	(10,755)	(13,149)

Group and Company:

	Profit or loss / equity	
	2023 KShs '000	2022 KShs '000
As at 31 December		
US Dollar	-	(6)
GBP	-	(121)
Euro	-	(126)
Rand	-	(1,076)
Net impact	-	(1,329)

A 10 percent weakening of the Shilling against the above currencies at 31 December 2022 (prior year) would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates

Group

	Effective interest rate %	Less than a year KShs'000	Due between 1 and 5 years KShs'000	Over 5 years KShs'000	Non- interest bearing KShs'000	Total KShs'000
As at 31 December 2023						
ASSETS						
Equity investment - FVOCI	-	-	-	-	222,750	222,750
Trade and other receivables	-	-	-	-	570,269	570,269
Cash and cash equivalents	10.3%	302,005	-	-	331,444	633,449
		<u>302,005</u>	<u>-</u>	<u>-</u>	<u>1,124,463</u>	<u>1,426,468</u>
LIABILITIES						
Lease liabilities	13%	54	296	8,326	-	8,676
Trade and other payables	-	-	-	-	281,531	281,531
		<u>54</u>	<u>296</u>	<u>8,380</u>	<u>-</u>	<u>290,207</u>
As at 31 December 2022						
ASSETS						
Equity investment - FVOCI	-	-	-	-	178,200	178,200
Trade and other receivables	-	-	-	-	657,220	657,220
Cash and cash equivalents	3.25%	202,201	-	-	74,917	277,118
		<u>202,201</u>	<u>-</u>	<u>-</u>	<u>910,337</u>	<u>1,112,538</u>
Lease liabilities	13.0%	54	296	8,380	-	8,730
Trade and other payables	-	-	-	-	279,374	279,374
		<u>54</u>	<u>296</u>	<u>8,380</u>	<u>279,374</u>	<u>288,104</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Company

	Effective interest rate %	Less than 1 year KShs'000	Due between 1 and 5 years KShs'000	Over 5 years KShs'000	Non- interest bearing KShs'000	Total KShs'000
As at 31 December 2023						
ASSETS						
Equity investment - FVOCI	-	-	-	-	222,750	222,750
Trade and other receivables	-	-	-	-	570,269	570,269
Cash and cash equivalents	10.3%	302,005	-	-	331,444	633,449
		<u>302,005</u>	<u>-</u>	<u>-</u>	<u>1,124,463</u>	<u>1,426,468</u>
LIABILITIES						
Lease liabilities	13.0%	54	296	8,326	-	8,676
Trade and other payables	-	-	-	-	303,424	303,424
		<u>54</u>	<u>296</u>	<u>8,380</u>	<u>303,424</u>	<u>312,100</u>
As at 31 December 2022						
ASSETS						
Equity investment - FVOCI	-	-	-	-	178,200	178,200
Trade and other receivables	-	-	-	-	647,193	647,193
Cash and cash equivalents	3.25%	202,201	-	-	74,847	277,048
		<u>202,201</u>	<u>-</u>	<u>-</u>	<u>900,240</u>	<u>1,102,441</u>
LIABILITIES						
Lease liabilities	13.0%	54	296	8,380	-	8,730
Trade and other payables	-	-	-	-	289,177	289,177
		<u>54</u>	<u>296</u>	<u>8,380</u>	<u>289,177</u>	<u>297,907</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

An increase of one percentage point in interest rates at the reporting date would have increased/ (decreased) profit or loss and equity by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2023.

Effect in Kenyan Shillings thousands

	Profit or loss/equity			
	Group		Company	
	2023 KShs	2022 KShs	2023 KShs	2022 KShs
Interest bearing assets	3,020 =	2,022 =	3,020 =	2,022 =

A decrease of one percentage point in interest rates at the reporting date would have had an equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

(iii) Equity price risk

The Group is exposed to fluctuation in the market price on its equity investment. The fair value of the investment at 31 December 2023 and 31 December 2022 is as follows:

Group and Company	2023 KShs	2022 KShs
Equity investment - FVOCI (Note 15)	222,750 =	178,200 =

Sensitivity analysis on equity prices

A decrease of 10% in the share prices would have the following effect on the other comprehensive income as follows:

Group and company	Other reserves	
	2023 KShs	2022 KShs
Equity investment - FVOCI	(22,275) =	(17,820) =

An increase of 10% in the share price would have had an equal but opposite effect on the reserves, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(d) Fair value of financial assets and financial liabilities

The fair values of other financial assets and financial liabilities is the same as the carrying amounts as shown in the statement of financial position due to their short-term nature.

Group	Financial assets at amortised cost KShs '000	Financial assets at FVOCI KShs '000	Other amortised cost KShs '000	Total carrying value KShs '000	Fair value KShs '000
2023					
Financial assets					
Equity investment -FVOCI	-	222,750	-	222,750	222,750
Trade and other receivables	570,269	-	-	570,269	570,269
Cash and cash equivalents	<u>633,449</u>	<u>-</u>	<u>-</u>	<u>633,449</u>	<u>633,449</u>
Total	<u>1,203,718</u>	<u>222,750</u>	<u>-</u>	<u>1,426,468</u>	<u>1,426,468</u>
Financial liabilities					
Trade and other payables	-	-	281,531	281,531	281,531
Lease liabilities	-	-	<u>8,676</u>	<u>8,676</u>	<u>8,676</u>
Total	<u>-</u>	<u>-</u>	<u>290,207</u>	<u>290,207</u>	<u>290,207</u>
2022					
Financial assets					
Equity investment - FVOCI	-	178,200	-	178,200	178,200
Trade and other receivables	657,220	-	-	657,220	657,220
Cash and cash equivalents	<u>277,118</u>	<u>-</u>	<u>-</u>	<u>277,118</u>	<u>277,118</u>
Total	<u>934,338</u>	<u>178,200</u>	<u>-</u>	<u>1,112,538</u>	<u>1,112,538</u>
Financial liabilities					
Trade and other payables	-	-	279,374	279,374	279,374
Lease liabilities	-	-	<u>8,730</u>	<u>8,730</u>	<u>8,730</u>
Total	<u>-</u>	<u>-</u>	<u>288,104</u>	<u>288,104</u>	<u>288,104</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(d) Fair value of financial assets and financial liabilities (continued)

Company	Financial assets at amortised cost KShs '000	Financial assets at FVOCI KShs '000	Other amortised cost KShs '000	Total carrying value KShs '000	Fair value KShs '000
2023					
Financial assets					
Equity investment - FVOCI	-	222,750	-	222,750	222,750
Trade and other receivables	657,220	-	-	657,220	657,220
Cash and cash equivalent	633,449	-	-	633,449	633,449
	<u>1,290,669</u>	<u>222,750</u>	<u>-</u>	<u>1,513,419</u>	<u>1,513,419</u>
Financial liabilities					
Trade and other payables	-	-	303,424	303,424	303,424
Lease liabilities	-	-	8,676	8,676	8,676
	<u>-</u>	<u>-</u>	<u>312,100</u>	<u>312,100</u>	<u>312,100</u>
2022					
Financial assets					
Equity investment - FVOCI	-	178,200	-	178,200	178,200
Trade and other receivables	647,193	-	-	647,193	647,193
Cash and cash equivalent	277,048	-	-	277,048	277,048
	<u>924,241</u>	<u>178,200</u>	<u>-</u>	<u>1,102,441</u>	<u>1,102,441</u>
Financial liabilities					
Trade and other payables	-	-	289,177	289,177	289,177
Lease liabilities	-	-	8,730	8,730	8,730
	<u>-</u>	<u>-</u>	<u>297,907</u>	<u>297,907</u>	<u>297,907</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4 Financial risk management (continued)

(d) Fair value of financial assets and financial liabilities (continued)

Fair value hierarchy

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Types of financial assets:	Listed equities	None	None
Types of financial liabilities:	None	None	None

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy set out below as at 31 December:

Group and Company

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2023:				
Financial assets at FVOCI				
Equity investment	222,750	—	—	222,750
Total assets	222,750	—	—	222,750
31 December 2022:				
Financial assets at FVOCI				
Equity investment	178,200	—	—	178,200
Total assets	178,200	—	—	178,200

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. Capital comprises all components of equity (i.e. share capital, retained earnings, and other reserves).

There is no externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

5 Segment information

The Management and the Board is the Group's chief operating decision-maker. The chief operating decision-maker considers the business from a customer-sector perspective. Performance is measured based on each segment's gross profit percentage relative to budget and prior years.

Previously the entity considered the countries as operating segments. However, the Group has ceased operations that in Tanzania and Uganda in 2021, and therefore, the only operating segment remains Kenya/the Company.

6 Revenue

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Sale of medical and industrial gases	931,771	846,571	931,771	841,939
Installations of gas tanks and services	515,108	333,462	512,673	333,789
Equipment, accessories & welding products	58,915	67,611	58,915	65,915
Container rentals	33,548	39,606	33,548	39,606
	<u>1,539,342</u>	<u>1,287,250</u>	<u>1,536,907</u>	<u>1,281,249</u>
<i>Recognised at a point in time</i>	990,686	920,782	990,686	914,781
<i>Recognised over time</i>	548,656	366,468	546,221	366,468
	<u>1,539,342</u>	<u>1,287,250</u>	<u>1,536,907</u>	<u>1,281,249</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

7 Other operating income and expenses

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
(a) Expenses by function comprise				
Cost of sales	782,945	763,096	782,946	761,088
Distribution costs	158,626	130,709	158,626	124,363
Selling and administrative expenses	300,468	204,781	295,092	243,596
	<u>1,242,039</u>	<u>1,098,586</u>	<u>1,236,664</u>	<u>1,129,047</u>
(b) Expenses by nature comprise:				
Product costs	464,516	481,172	464,516	479,270
Employee benefits and other staff costs	244,868	239,755	244,868	239,833
Electricity costs	188,166	118,778	188,166	118,778
Depreciation on property, plant and equipment (Note 12)	85,194	92,552	85,194	86,100
Fleet costs	59,357	58,629	59,357	58,629
Repairs & maintenance	38,519	29,132	38,519	29,132
Security and cleaning services	16,979	16,073	16,979	16,072
Travel and accommodation	12,339	14,505	12,339	14,505
Legal and professional fees	29,429	3,575	29,429	11,509
Directors' fees	9,420	10,584	9,420	10,584
Foreign currency exchange losses	(5,102)	6,711	(8,528)	3,644
Insurance	7,698	6,582	7,698	6,582
Management fee	30,725	5,668	30,725	5,669
Auditor's remuneration	8,374	5,533	8,374	4,640
Staff Canteen	3,709	3,952	3,709	3,952
Software licences	4,953	1,412	4,953	1,412
Cylinder holding adjustments	22,787	(32,501)	22,787	(1,244)
Other expenses	19,718	36,312	17,769	39,590
Depreciation on right of use asset	390	390	390	390
Impairment: Other financial assets	-	(228)	-	-
	<u>1,242,039</u>	<u>1,098,586</u>	<u>1,236,664</u>	<u>1,129,047</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

7 Other operating income and expense (continued)

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
(c) Employee benefit expense				
The following items are included within staff costs:				
Salaries and other staff cost	231,278	225,371	231,278	225,449
Social security benefits	730	164	730	164
Retirement benefits costs:				
- defined contribution scheme	<u>12,860</u>	<u>14,220</u>	<u>12,860</u>	<u>14,220</u>

The average number of employees at Company and Group in 2023 was 60 (68 in 2022).

8 Other income and finance costs

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
(a) Other income				
Dividend income	25,245	25,245	25,245	25,245
Interest income	2,277	11,651	2,277	11,651
Profit on disposal of property, plant and equipment	<u>12,842</u>	<u>1,079</u>	<u>6,854</u>	<u>1,080</u>
Total	<u>40,364</u>	<u>37,975</u>	<u>34,376</u>	<u>37,976</u>
(b) Finance costs				
Interest on lease liabilities (Note 23(a))	998	1,004	998	1,004
Interest on overdraft	-	53	-	53
Total	<u>998</u>	<u>1,057</u>	<u>998</u>	<u>1,057</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

9 Income tax expense

	Note	Group		Company	
		2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Current tax expense:					
Current income tax charge	19	117,819	69,650	119,117	54,357
Deferred income tax credit	16	(6,796)	(4,216)	(6,796)	(4,216)
Income tax expense		111,023	65,434	112,321	50,141

The tax on the Group and Company profit before income tax differs from the theoretical amount that would arise using the basic tax rate as follows:

		Group		Company	
		2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Profit before income tax					
		309,081	213,426	297,386	168,517
Tax calculated at 30% and Alternative minimum tax 5%					
		92,724	61,368	89,215	50,554
Tax effect of:					
Dividend income taxed at 5%		(6,311)	(6,311)	(6,311)	(6,311)
Expenses not deductible for tax		28,674	5,904	28,674	5,898
Impairment of tax recoverable*		-	15,285	-	-
Income not subject to tax		(2,533)	-	-	-
Prior year under provision		(1,531)	-	743	-
Deferred tax income asset not recognised		-	(10,812)	-	-
Income tax expense		111,023	65,434	112,321	50,141

* The impairment relates to withholding tax from BOC Uganda which have been considered irrecoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders with the weighted average number of ordinary shares outstanding during the year.

There were no potentially dilutive shares outstanding at 31 December 2023 or 31 December 2022. Therefore, the dilutive earnings per share and the calculation thereof equals the basic earnings per share

	Group		Company	
	2023 '000	2022 '000	2023 '000	2022 '000
Net profit attributable to shareholders	208,856	147,992	195,862	118,376
Weighted average number of ordinary shares in issue (Number)	19,525	19,525	19,525	19,525
Basic and dilutive earnings per share (KShs)	10.14	7.58	9.48	6.06

11 Dividends per share

At the next Annual General Meeting a final dividend in respect of the year ended 31 December 2023 of KShs. 6.05 per share amounting to a total of KShs 118,128,948 is to be proposed.

The Company did not declare an Interim dividend in respect of the year 2023. An Interim Dividend of KShs 1.60 per share amounting to KShs 31,240,714 was paid in 2022.

Payment of dividends is subject to withholding tax at a rate of either 5% for resident shareholders or 10% in for non-resident shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Property, plant and equipment

(a) Group		Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Work in progress KShs' 000	Total KShs' 000
	2023							
Cost:								
At 1 January 2023	104,938	746,002	187,053	554,159	46,180	6,072	1,644,404	
Additions	-	-	-	-	-	15,922	15,922	
Transfers	-	-	15,528	5,750	140	(21,418)	-	
Impairment	(4,083)	(13,726)	-	(48,738)	-	-	(66,547)	
Disposals	-	-	(31,378)	-	-	-	(31,378)	
At 31 December 2023	100,855	732,276	171,203	511,171	46,320	576	1,562,401	
Depreciation:								
At 1 January 2023	(72,862)	(544,886)	(150,416)	(262,240)	(44,370)	-	(1,074,774)	
Charge for the year	(2,686)	(27,568)	(19,937)	(33,738)	(1,266)	-	(85,195)	
Impairment	1,873	13,562	-	32,708	-	-	48,143	
Disposals	-	-	29,176	-	-	-	29,176	
At 31 December 2023	(73,675)	(558,892)	(141,177)	(263,270)	(45,636)	-	(1,082,650)	
Carrying value:								
At 31 December 2023	27,180	173,384	30,026	247,901	684	576	479,751	

During the year, the Group received KShs 9,006,908 (2022 – KShs 1,619,308) from third parties for lost cylinders and disposal of trucks. The net book value of the disposed assets was KShs 2,151,848 (2022 - Kshs. 603,477).

Work in progress comprises costs incurred on assets under construction. Such costs are capitalised when the asset has been completed and brought into use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Property, plant and equipment (continued)

(a) Group (continued)

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Work in progress KShs' 000	Total KShs' 000
2022							
Cost:							
At 1 January 2022	102,884	718,883	187,053	682,556	46,947	21,584	1,759,907
Currency translation	-	756	-	1,548	92	-	2,396
Additions	-	-	-	-	-	89,106	89,106
Transfers	2,054	47,603	-	54,124	837	(104,618)	-
Impairment	-	(12,591)	-	(182,130)	(1,696)	-	(196,417)
Disposals	-	(8,649)	-	(1,939)	-	-	(10,588)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	104,938	746,002	187,053	554,159	46,180	6,072	1,644,404
Depreciation:							
At 1 January 2022	(70,117)	(534,262)	(132,510)	(354,876)	(43,585)	-	(1,135,350)
Currency translation	-	(216)	-	(287)	(22)	-	(525)
Charge for the year	(2,745)	(31,111)	(17,906)	(38,402)	(2,388)	-	(92,552)
Impairment	-	12,054	-	129,990	1,625	-	143,669
Disposals	-	8,649	-	1,335	-	-	9,984
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	(72,862)	(544,886)	(150,416)	(262,240)	(44,370)	-	(1,074,774)
Carrying value:							
At 31 December 2022	32,076	201,116	36,637	291,919	1,810	6,072	569,630
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Work in progress comprises costs incurred on assets under construction. Such costs are capitalised when the asset has been completed and brought into use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)
12 Property, plant and equipment (continued)
(b) Company

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Capital WIP KShs' 000	Total Fixed Assets KShs' 000
2023							
Cost:							
At 1 January 2023	104,938	756,758	187,054	554,158	46,180	6,073	1,655,161
Additions	-	-	-	-	-	15,922	15,922
Transfers	-	-	15,528	5,750	140	(21,418)	-
Impairment	(4,083)	(13,726)	-	(48,738)	-	-	(66,547)
Disposals	-	-	(31,378)	-	-	-	(31,378)
At 31 December 2023	100,855	743,032	171,204	511,170	46,320	577	1,573,158
Depreciation:							
At 1 January 2023	(72,864)	(544,884)	(150,419)	(262,239)	(44,368)	-	(1,074,774)
Charge for the year	(2,686)	(27,568)	(19,937)	(33,738)	(1,266)	-	(85,195)
Impairment	1,873	13,562	-	32,708	-	-	48,143
Disposals	-	-	29,176	-	-	-	29,176
At 31 December 2023	(73,677)	(558,890)	(141,180)	(263,269)	(45,634)	-	(1,082,650)
Carrying value:							
At 31 December 2023	27,178	184,142	30,024	247,901	686	577	490,508

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Property, plant and equipment (continued)

(b) Company (continued)

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Capital WIP KShs' 000	Total Fixed Assets KShs' 000
2022							
Cost:							
At 1 January 2022	102,884	717,804	187,054	656,526	45,343	21,585	1,731,196
Additions	-	-	-	-	-	89,106	89,106
Transfers	2,054	47,603	-	54,124	837	(104,618)	-
Impairment	-	-	-	(156,492)	-	-	(156,492)
Disposals	-	(8,649)	-	-	-	-	(8,649)
	<u>104,938</u>	<u>756,758</u>	<u>187,054</u>	<u>554,158</u>	<u>46,180</u>	<u>6,073</u>	<u>1,655,161</u>
At 31 December 2022							
Depreciation:							
At 1 January 2022	(70,119)	(522,528)	(132,513)	(335,608)	(41,980)	-	(1,102,748)
Charge for the year	(2,745)	(31,005)	(17,906)	(32,055)	(2,388)	-	(86,099)
Impairment	-	-	-	105,424	-	-	105,424
Disposal	-	8,649	-	-	-	-	8,649
	<u>(72,864)</u>	<u>(544,884)</u>	<u>(150,419)</u>	<u>(262,239)</u>	<u>(44,368)</u>	<u>-</u>	<u>(1,074,774)</u>
At 31 December 2022							
Carrying value:							
At 31 December 2022	<u>32,074</u>	<u>211,874</u>	<u>36,635</u>	<u>291,919</u>	<u>1,812</u>	<u>6,073</u>	<u>580,387</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

13 Right-of-use assets

Group and company

Right-of-use asset related to leased land.

	Note	2023 KShs'000	2022 KShs'000
Cost:		<u>11,089</u>	<u>11,089</u>
Depreciation:			
Brought forward		(781)	(391)
Charge for the year	7(b)	<u>(390)</u>	<u>(390)</u>
Carried forward		<u>962</u>	<u>781</u>
Net carrying amount at end of year		<u><u>9,918</u></u>	<u><u>10,308</u></u>

14 Investment in subsidiaries

Company	Percentage shareholding	2023 KShs'000	2022 KShs'000
BOC Tanzania Limited	100%	10	10
BOC Uganda Limited	100%	<u>50</u>	<u>50</u>
Total		<u><u>60</u></u>	<u><u>60</u></u>

BOC Tanzania Limited and BOC Uganda Limited are incorporated in Tanzania and Uganda respectively. Both Companies are dormant.

15 Equity investment FVOCI- Group and Company

	2023 KShs'000	2022 KShs'000
At start of year	178,200	163,350
Increase in fair value	<u>44,550</u>	<u>14,850</u>
At end of year	<u><u>222,750</u></u>	<u><u>178,200</u></u>

The balance relates to the fair value of equity shares held in Carbacid Investments PLC, which is quoted at the Nairobi Securities Exchange. The fair value is based on the quoted market prices at the year end. At inception in year 2000, the shares cost KShs 33,621,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

16 Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2022 – 30%).

Group and Company	2023	2022
	KShs'000	KShs'000
Deferred income tax	<u>54,056</u>	<u>47,260</u>

The movement on the deferred tax account is as follows:

Group and Company	2023	2022
	KShs'000	KShs'000
At start of year	47,260	43,044
Recognised in profit or loss (Note 9)	<u>6,796</u>	<u>4,216</u>
At end of year	<u>54,056</u>	<u>47,260</u>

Consolidated deferred tax assets and deferred tax charge/(credit) to profit or loss account are attributable to the items below:

Group and Company:

	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	At 31 December Kshs '000
--	------------------------------	--	--------------------------------

Year ended 31 December 2023

Property, plant and equipment	(16,298)	16,777	479
Accrued expenses and provisions	<u>63,558</u>	<u>(9,981)</u>	<u>53,577</u>
Net deferred income tax asset	<u>47,260</u>	<u>6,796</u>	<u>54,056</u>

	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	At 31 December Kshs '000
--	------------------------------	--	--------------------------------

Year ended 31 December 2022

Property, plant and equipment	(22,071)	5,773	(16,298)
Accrued expenses and provisions	<u>65,115</u>	<u>(1,557)</u>	<u>63,558</u>
Net deferred income tax asset	<u>43,044</u>	<u>4,216</u>	<u>47,260</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

17 Inventories

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Finished goods and other saleable stock	139,174	141,143	139,174	136,284
Spare parts	73,050	88,018	73,050	88,018
Raw materials	22,999	19,499	22,999	19,499
Goods in transit	-	13,957	-	12,989
Impairment allowance	(47,600)	(59,930)	(47,600)	(54,103)
	<u>187,623</u>	<u>202,687</u>	<u>187,623</u>	<u>202,687</u>

The cost of inventory recognised as an expense and included in cost of sales amounted to KShs 464,515,766 (2022 – KShs 481,172,391) for Group and KShs 464,515,766 (2022 – KShs 479,270,050) for Company.

The inventories balance is net of the following provisions for slow moving and obsolete

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
At start of year	59,930	48,728	54,103	43,295
Addition impairment charge	(12,330)	11,202	(6,503)	10,808
At end of year	47,600	59,930	47,600	54,103

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

18 Trade and other receivables

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Third party receivables:				
Trade receivables	409,127	484,046	409,127	467,519
Contract assets	219,999	284,265	219,999	284,265
Sub-total	629,126	768,311	629,126	751,784
Allowance for expected credit losses	(85,044)	(129,452)	(85,044)	(119,657)
Net of impairment allowance	544,082	638,859	544,082	632,127
Related party receivables (Note 29(c)):				
Trade receivables	15,512	4,511	34,504	31,945
Allowance for expected credit losses	-	-	(18,992)	(27,434)
Net of impairment allowance	15,512	4,511	15,512	4,511
Other receivables	489	9,859	489	6,563
Prepayments	10,186	3,991	10,186	3,992
Total	570,269	657,220	570,269	647,193

19 Current income tax

Note	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
At Start of year	7,309	10,805	8,458	(3,289)
Tax paid	50,547	66,104	50,547	66,104
Charge for the year	(117,819)	(69,650)	(119,117)	(54,357)
Currency translation	(149)	50	-	-
At end of year	(60,112)	7,309	(60,112)	8,458
Tax recoverable	-	8,458	-	8,458
Tax payable	(60,112)	(1,149)	(60,112)	-
At end of year	(60,112)	7,309	(60,112)	8,458

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

20 Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Short term bank balances	302,005	202,201	302,005	202,201
Cash at bank	<u>331,444</u>	<u>74,917</u>	<u>331,444</u>	<u>74,847</u>
	<u>633,449</u>	<u>277,118</u>	<u>633,449</u>	<u>277,048</u>

21 Share capital and share premium

(a) Share capital

Group and Company:	Number of shares	Share capital KShs'000
Authorised (ordinary shares)	20,000,000	100,000
Issued and fully paid 2023 and 2022	<u>19,525,446</u>	<u>97,627</u>

The total authorised and issued number of ordinary shares is 19,525,446 with a par value of Shs 5 per share. All issued shares are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Share premium

Share premium arose when the shares of the Company were issued at a price higher than the nominal (par) value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

22 Other reserves

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Fair value reserve	173,958	129,408	173,023	113,623
Foreign currency translation reserve	(38,454)	(28,603)	-	-
Total	135,504	100,805	173,023	128,473

(a) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of financial instruments measured at fair value through Other Comprehensive Income (OCI), recognised in other comprehensive income.

(b) Foreign currency translation reserve

Translation reserves relate to differences arising from closing and opening exchange rates applicable to assets and liabilities in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

23 Lease liabilities

The Company leases land in Nairobi Industrial Area where its offices and production facilities are located as well as in Mombasa and Kisumu where it has branch offices. Information on these leases for which the Company is a lessee is presented below.

		Group and Company	
	Note	KShs'000 2023	KShs'000 2022
(a) Lease liabilities			
At start of year		8,730	8,778
Interest on lease	8(b)	998	1,004
Payment/payable in the year		(1,052)	(1,052)
At end of year		<u>8,676</u>	<u>8,730</u>
Non-current		7,624	7,678
Current		<u>1,052</u>	<u>1,052</u>
		<u>8,676</u>	<u>8,730</u>
(b) Leases terms		Lease Term	Unexpired Lease Term
Nairobi		99 years	27 years
Mombasa		55 years	26 years
Kisumu		99 years	69 years
(c) Amounts recognised in profit or loss			
Depreciation of right-of-use assets	13	390	390
Interest on lease liabilities	8(b)	<u>998</u>	<u>1,004</u>
(d) Amount recognised in statement of cash flows			
Total cash outflows for leases		<u>1,052</u>	<u>1,052</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

24 Trade and other payables

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Cylinder deposits	114,447	109,985	114,447	104,721
Trade payables	72,761	60,913	72,761	60,912
Amounts due to related companies (Note 29(d))	8,012	12,275	29,906	30,638
Accruals and other payable	86,311	96,201	86,310	92,906
Total	281,531	279,374	303,424	289,177

25 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operating activities::

	Note	Group		Company	
		2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Profit before income tax		309,081	213,426	297,386	168,517
Adjustments for:					
Depreciation on PPE	12	85,195	92,552	85,195	86,099
Depreciation on ROU asset	13	390	390	390	390
Profit on sale of property and equipment		(6,855)	(1,079)	(6,855)	(1,080)
Impairment of PPE	12	18,454	51,068	18,454	51,068
Effect of foreign currency translations		(9,701)	990	-	-
Interest income	8	(2,276)	(11,651)	(2,276)	(11,651)
Interest on lease liability	23	998	1,004	998	1,004
Dividend income		(25,245)	(25,245)	(25,245)	(25,245)
Changes in working capital:					
<i>Trade and other receivables</i>		86,951	(308,354)	76,924	(316,649)
<i>Inventories</i>		15,064	4,018	15,064	3,122
<i>Trade and other payables</i>		2,156	(116,855)	14,247	(35,193)
Cash generated from operating activities		474,212	(99,736)	474,282	(79,618)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

26 Net debt reconciliation

This section analyses the net debt and movements in net debts of each period.

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Net cash and cash equivalents	633,449	277,118	633,449	277,048
Lease liabilities	(8,676)	(8,730)	(8,676)	(8,730)
Net debt	<u>624,773</u>	<u>268,388</u>	<u>624,773</u>	<u>268,318</u>

	Group			Company		
	Liabilities from financing activities KShs'000	Other assets KShs'000		Total KShs'000	Liabilities from financing activities KShs'000	Cash KShs'000
Net debt as at 1 January 2022	(8,778)	585,794	577,016	(8,778)	562,817	554,039
Financing cashflows	1,052	(308,676)	(307,624)	1,052	(285,769)	1,052
Interest on lease	<u>(1,004)</u>	<u>-</u>	<u>-</u>	<u>(1,004)</u>	<u>-</u>	<u>(1,004)</u>
Net debt as at 31 December 2022	(8,730)	277,118	268,388	(8,730)	277,048	268,318
Financing cashflows	1,052	356,331	357,383	1,052	356,401	357,453
Interest on lease	<u>(998)</u>	<u>-</u>	<u>(998)</u>	<u>(998)</u>	<u>-</u>	<u>(998)</u>
Net debt as at 31 December 2023	<u>(8,676)</u>	<u>633,449</u>	<u>624,773</u>	<u>(8,676)</u>	<u>633,449</u>	<u>624,773</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

27 Contingent liabilities

At 31 December 2023, the Group and Company's bankers had issued various guarantees in favour of third parties (primarily the Group and Company's public sector customers) amounting KShs 56,453,039 (31 December 2022 – KShs 103,530,978).

The Company has the following bank facilities:

Facility description	Currency	Limit (US\$)	
		2023	2022
Trade Finance, Bonds and Guarantees	USD	1,561,000	1,561,000
Open-ended Bonds and Guarantees	KES	100,000	100,000
Overdrafts and advances	USD	1,000,000	1,000,000
Pre-settlement Exposure on Foreign Currency Transactions	USD	500,000	500,000

The facilities above were reviewed in 2023 and aligned with current business needs.

There are certain pending routine tax reconciliations with the tax authorities and labour-related legal claims for which provision has not been made in the books as the Directors are of the opinion that the possibility of payment is remote.

28 Capital commitments

At 31 December 2022, the Group had no capital commitments (2022 – KShs 19,013,894).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

29 Related party transactions

The ultimate parent of the Group is Linde plc a company incorporated and domiciled in Ireland while the immediate parent is BOC Holdings (UK). There are other companies that are related to BOC Kenya Plc through common shareholdings or common Directorships.

The following transactions were carried out with related parties:

(a) Purchase of goods and services

	2023 KShs'000	2022 KShs'000
Group		
African Oxygen Limited	62,521	98,220
Cryostar SAS France	1,338	2,387
BOC Northern Technical (UK)	2,366	7,356
Linde AG	-	1,370
Total	<u>66,225</u>	<u>109,333</u>

(b) Sales to subsidiaries

	Company	
	2023 KShs'000	2022 KShs'000
<i>Sales to subsidiaries:</i>		
BOC Uganda Limited	-	3,474

(c) Outstanding balances included in receivables

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
Due to BOC Kenya Plc:				
African Oxygen Limited	15,512	4,511	15,512	4,511
BOC Tanzania Limited	-	-	18,992	27,434
	<u>15,512</u>	<u>4,511</u>	<u>34,504</u>	<u>31,945</u>
Allowance for impairment	-	-	(18,992)	(27,434)
Net of impairment	<u>15,512</u>	<u>4,511</u>	<u>15,512</u>	<u>4,511</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

29 Related party transactions (continued)

(d) Outstanding balances included in payables

	Group		Company	
	2023 KShs'000	2022 KShs'000	2023 KShs'000	2022 KShs'000
African Oxygen Limited	8,012	11,013	8,012	11,013
BOC Uganda Limited	-	-	21,894	18,363
Linde	-	1,262	-	1,262
Total	8,012	12,275	29,906	30,638

(e) Key management compensation

Group and Company

	2023 KShs'000	2022 KShs'000
Salaries and short-term benefits	21,747	31,765

Key management compensation relates to salary and benefits paid to senior members of management excluding executive directors (whose remuneration is disclosed below)

(f) Directors' remuneration

	Group and Company	
	2023 KShs'000	2022 KShs'000
Fees	9,420	10,290
Salaries and short-term benefits	18,837	23,965
Total	28,257	34,255

(g) Dividends paid

	Company	
	2023 KShs'000	2022 KShs'000
Group and Company		
BOC Holdings (UK)	56,807	57,445

30 Events after period end

There have been no events after reporting date that require adjustment to or disclosure in these financial statements.

BOC KENYA PLC**PROXY FORM FOR THE 2024 ANNUAL GENERAL MEETING**

I/We _____

of P.O. Box _____

Share Account No. _____ being a Shareholder/Shareholders of the above-named Company hereby appoint:

Proxy Name: _____

Proxy P O Box _____

Proxy Mobile No. _____

Proxy Email address: _____

and failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the **Annual General Meeting** of the Company to be held **physically** at the Company's Head Office and factory site, Kitui Road, Industrial Area, Nairobi on Friday 28 June 2024 at 11.00 a.m., and at any adjournment thereof.

Dated this _____ day of _____ 2024.

Signature(s)/Seal: _____

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

NOTES:

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. A proxy form is provided with this report. The proxy form can also be obtained from the Company's website (www.boc.co.ke).
3. Shareholders who do not propose to be at the Annual General Meeting and intend to appoint a proxy are requested to do the following:
 - Complete the form provided and attach a copy of your National ID and a copy of the National ID of the proxy appointed.
 - Return the form (plus copies of the National ID's) to the Company's Registrar, Custody & Registrars, IKM Place, Fifth Ngong Avenue, Nairobi, P.O. Box 8484-00100, Nairobi or alternatively to the Registered Office of the Company so as to arrive not later than **2:30 p.m. on 26 June 2024**.

Duly signed proxy forms together with ID copies may also be emailed to proxy@candrgroup.co.ke in PDF format.

In accordance with the Company's Articles of Association, a copy of the entire Annual Report and Financial Statements may be viewed and or downloaded from the Company's website (www.boc.co.ke).

VID-19
EMERGENCY
LSE PROJECT



BOC GASES



Liquid Oxygen

No Smoking

No naked lights

Use no oil or grease

BOC Kenya Plc
Kitui Road, off Kampala Road
P O Box 18010
00500 Industrial Area
Nairobi, Kenya
Telkom: +254 20 6944000
Safaricom + 254 719 069000
Fax: + 254 20 6944001
Email: boceastafrica@boc.com
www.boc.co.ke