



HighChem East Africa Ltd. & BASF A/S

HighChem East Africa manufactures and deals with products in the agricultural sector, such as pest controls, anti-infectives, fertilisers and veterinary vaccines. This product type requires a strong responsibility to manage issues within health & safety and environmental protection. The responsibility counts not only for HighChem's own operations, but also for the farmers who use the products.

Sustainability also lies at the heart of the CSR strategy of HighChem's Danish business partner in the SUSBIZ Kenya Programme, Danish branch of BASF, BASF A/S. This strategy is expressed in the words *"We create chemistry for a sustainable future"*. As a business partner to BASF, distributing BASF's products in Kenya, HighChem needed to work proactively with CSR in order to manage the business relation with BASF appropriately.

Together with the SUSBIZ team, HighChem identified the need for an overall CSR strategy, policy and framework. Important issues to be managed especially related to health & safety, casual workers, waste water treatment, and engagement with the farming communities which utilise HighChem's products.

During the SUSBIZ Programme HighChem managed to integrate CSR into its core business operations

throughout all departments. The company championed cost savings, increased productivity and improved product quality. Sales were significantly improved by linking farmer education in safe and responsible utilisation of HighChem products, to an increased marketing effort.

Company Facts

HighChem East Africa Ltd.

- Est. 1999
- 200 employees
- Products: Chemicals and vaccines agriculture and livestock, human pharmaceuticals and hospital consumables

BASF

- Founded 1866
- 140 employees in BASF A/S Denmark
- Products: World's largest chemical manufacturing company

About SUSBIZ Kenya

SUSBIZ Kenya was a multi-stakeholder CSR programme with partners from Federation of Kenya Employers, the Danish Business Authority and Danish Federation of Small and Medium Sized Enterprises, running from 2011 – 2013.

SUSBIZ Kenya facilitated integration of sustainable business development and strategic CSR in Kenyan companies, who had Danish business relations. The aim was to build capacity and show that socially and environmentally responsible business conduct create better companies.

The approach focused on:

- Participation of managers and workers
- Shift away from check lists of compliance, to implementing change management
- Develop local capacity to deliver workable solutions to integrate CSR into its business
- Business enhancement is realised through implementing CSR management

The SUSBIZ team worked with knowledge sharing through training workshops and in-house assistance with a focus on practical solutions. The activity flow through the Programme was: CSR assessment and initial audit reports -> action plan development -> training and in-house capacity building -> progress evaluation -> documentation and external communication.

Health & Safety becomes part of the company spirit



Realising that health & safety of the workforce is a management responsibility – and part of international codes of conduct to which the company had to comply – HighChem re-constituted a health & safety committee, allowing a structured approach and inclusion in management decisions.

Risk analysis

One of the first tasks of the committee was a thorough health & safety risk analysis of the entire unit. Several areas of improvement were identified.

Chemical Dust – risk elimination

Mixing and re-packaging of powders were manually done, resulting in exposure to chemical dust. To combat the generation of dust, SUSBIZ recommended putting up cyclones and investing in automating the powder mixing. The process is currently in implementation. When fully implemented chemical powder mixing will be semi-automated, eliminating 60% of manual chemical powder handling.

Protective equipment – risk reduction

Since exposure could not be completely eliminated, personal protective equipment (PPE) was needed. However, lack of appropriate PPE and resistance among workers to use it, were challenges. Step by step the situation was managed:

1. Proper protective masks were procured for all production areas
2. Workers were trained in the correct use of PPE and health consequences of not using it
3. Supervisors were empowered to enforce use

Additional health & safety measures:

A range of other initiatives were taken. A few of them were:

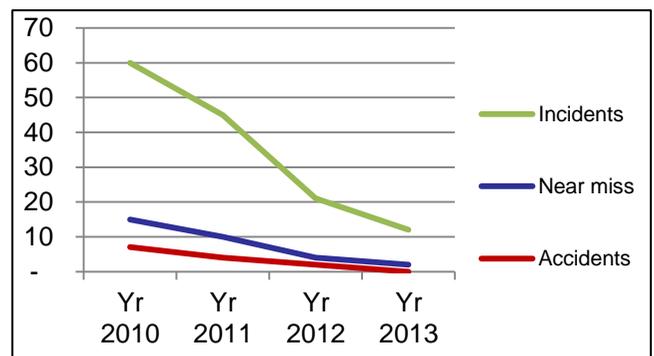
- Installation of eye wash station, new changing rooms, lockers and shower units

- Weight lifted by hand during material-offloading reduced from 50kg to 25kg
- Electric forklifts indoors to eliminate diesel fumes

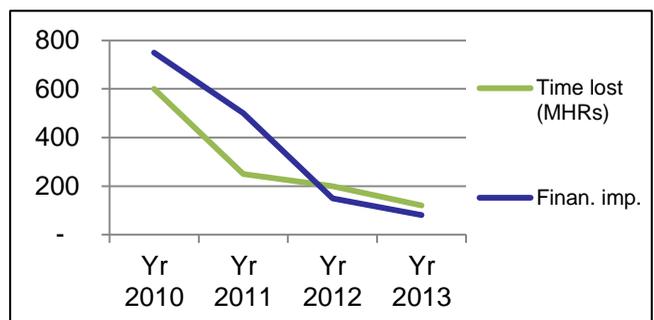
Health & safety culture is now integrated in HighChem’s way of doing business. The effort has not only satisfied compliance with demand from international partners, workers are also safer and feel taken care of, costs are reduced and efficiency and quality is enhanced due to smoother production.



Correct chemical masks



Health and safety statistics from 2010 to 2013 at HighChem.



Man hours lost due to accidents and financial implications related to accidents

Strategic community engagement with farmers



Through participation in the SUSBIZ programme, HighChem realised the potential in strengthening their market position whilst actively training its core market of farmers, in safe and correct use of the products.

A major challenge in the agrochemical industry is how the end user handles potentially hazardous products. One concern is damage to the health and safety of the end-users. Another concern is overdosing of nutrients and pesticides. Overdosing results in environmental damage and it can significantly reduce crop output. The major business risk lies in the fact, that HighChem's products could be blamed for causing a poor output, although poor output would be a result of incorrect use and not of the product per se. The risk was real as customer complaints were increasing.

HighChem therefore decided to up-scale engagement with the farming communities which comprise an important market to HighChem. The effort was seen as a combined business and CSR initiative where one part would support the other and vice versa.

Relevant stakeholders were included and farmers were trained in how to dose nutrients and pesticides and correct use of veterinary vaccines. Along with this farmers were trained in health and safety precautions and safe use of HighChems products.

Consequently, farmers now use the agrochemical products safely in terms of their own



health and the environment. In addition to the effect on health, safety and environment, the increased market presence had a huge business effect. Crop-output was improved and farmers loyalty and trust in the HighChem brand was re-established. Consequently sales went up significantly. The sales target for 2015 was reached already in 2013.



“Goodwill and image is built over a period of time. People will associate you with not just being interested in selling to them, but also in their safety and how they can best use your products. So you get a competitive edge over your competitors”

Dr. Jonathan Orengo
Technical & Regulatory Affairs Manager

Waste recycling and decreased energy use and waste water treatment



HighChem made significant changes to its packaging methods and machinery, which enabled them to demonstrate cost savings whilst reducing their environmental impact. However, HighChem went a step further in its responsibility to the public, by championing a way to clean the water of chemicals before released to the sewage system.

Reducing packaging waste

HighChem receives a great number of their products in bulks. Bulks are then re-packaged into smaller units suitable to market demand. Here an opportunity was realised to re-use the cardboard from the bulk packaging. Cardboard boxes were re-sized and custom made to fit the smaller packets.

Whilst reducing the waste from bulk packaging, HighChem also saved resources which were previously used on packaging materials for the smaller units. Approximately 60% of the saving was re-invested in hiring additional workers.

Efficient energy use

Energy savings was another potential for combining the CSR effort with business. The production unit was equipped with new efficient and energy saving machinery. Hence, the company went from reducing its electricity bills from just under 1 million Kshs. in the third quarter of 2012 to just under 200,000 Kshs. in the third quarter of 2013.

Waste water treatment

One of the environmental challenges for HighChem was proper treatment of waste water. The company looked into constructing an effluent treatment plant, but due to the high costs of establishment, a common solution together with other companies in the compound had to be found.

The other companies were initially interested, but due to disputes about how much each company was expected to utilise the plant, and the following distribution of expenses, a consensus could not be reached. HighChem therefore decided to go alone and lead by example.

Though a full fledged effluent treatment plant was not feasible, HighChem found that effluents could be chemically treated in a holding tank, before release into the municipal sewage system. Now, wastewater from cleaning chemical barrels and from the production area is captured into the tank and water is then treated to an acceptable limit for discharge.

Before discharge, the water is tested by a licensed laboratory and test results are submitted to the Nairobi City Water and Sewerage Company. The good practise is earning the company a reputable image as an environmentally conscious organisation.

Casual workers benefit from contracts and wage increases



HighChem wanted to establish a more cohesive work culture between their casual workers and permanent staff. The aim was to improve labour relations and thereby also improve productivity and quality.

At the initiation of the SUSBIZ Programme a large percentage of the workforce was casual workers. Relations between permanent staff and the casual workers was fragmented and casuals exhibited no sense of ownership of the production process. This had a negative effect on productivity and quality.

HighChem identified a number of ways to bring employees together:

- Casual workers were provided with 3 month contracts and provided with the same terms as permanent staff.
- Free tea and tea breaks together with permanent staff were introduced.
- Quarterly meetings were established with casual workers, especially to manage their grievances.

Wage increases and motivation

As described in the previous section SUSBIZ demonstrated to HighChem that significant savings could be made in its operations, through energy savings and waste management. Furthermore, savings from low wages would be rather insignificant in comparison. This resulted in a shift in attitude, about how to manage costs. An increase in wages would ensure labour compliance and was likely to improve productivity and quality output due to increased motivation. And real cost savings could be concentrated on optimising other operational areas.

Cost savings from energy efficiency paved the way for:

- A 30% wage increase for casual workers
- Ensuring the right to a day off per week for casual workers were, safeguarding compliance to labour law
- Reward scheme for all workers, with bonuses and recognitions in various categories

“People now feel part of the organisation. Workers feel appreciated and they feel that they own their job. There is open communication between cadres of employees and it is at true benefit for the operations”.

Millicent Idaki
Human Resource Manager

Through effectively managing labour relations, HighChem is now experiencing more satisfied workers and a more coherent workforce. Overall improvements in productions is a result and impact is significant:

- 25% reduction in out-of-stock situations
- Improved corporate image and customer satisfaction
- Less than 2% returned goods
- Significant reduction in costs related to poor quality and returned goods

Key learnings and continuous improvements



One of the main challenges for HighChem – and also one of the main achievements – was to change the company culture and get the whole organisation on board. Internal commitment led the way.

Internally in HighChem, the SUSBIZ Programme was lead by three very committed employees. But getting other employees – from managers of various departments to top management on board – was another issue. Due to a steadfast commitment and a lot of analysis related to softer issues such as reputation and brand loyalty, together with market analysis and cost benefit analysis, employees from top management was convinced. This lead the way for CSR strategies to be implemented and trickled down throughout the entire organisation. CSR is now very much a part of how the company runs all operations.

The company estimates that 75% of the new CSR initiatives come with a direct financial benefit, where as the remaining 25% comes with direct costs. However, brand loyalty and company culture require that the company does not compromise on necessary, but cost related CSR activities. Responsibility goes for all activities that carry a potential negative impact on environment, workforce and society.

Since CSR is now well integrated into management systems, the challenge ahead is manly to continuously analyse into areas of improvement and integrate the concern for CSR into all new activities. Areas in focus for this effort continues to be:

- Labour relations
- Occupational health & safety
- Safe use of products by end-user
- Lean management
- Human resource management
- Environment

“Through participating in the SUSBIZ workshops and training I have been cultured into social and environmental issues and I have been in a position to transmit it to the people below me at work. If you don’t do it today the right way, it will affect you tomorrow. We have really gone through a lot of transformation and the SUSBIZ approach is something that we want to continue with and try to buy more of our people into.’

Gerald Mugambi
Production Manager