



Making the World a Healthier Place

.....
OUR 2021 SUSTAINABILITY REPORT

OUR VISION

We are committed to making the world a healthier place.

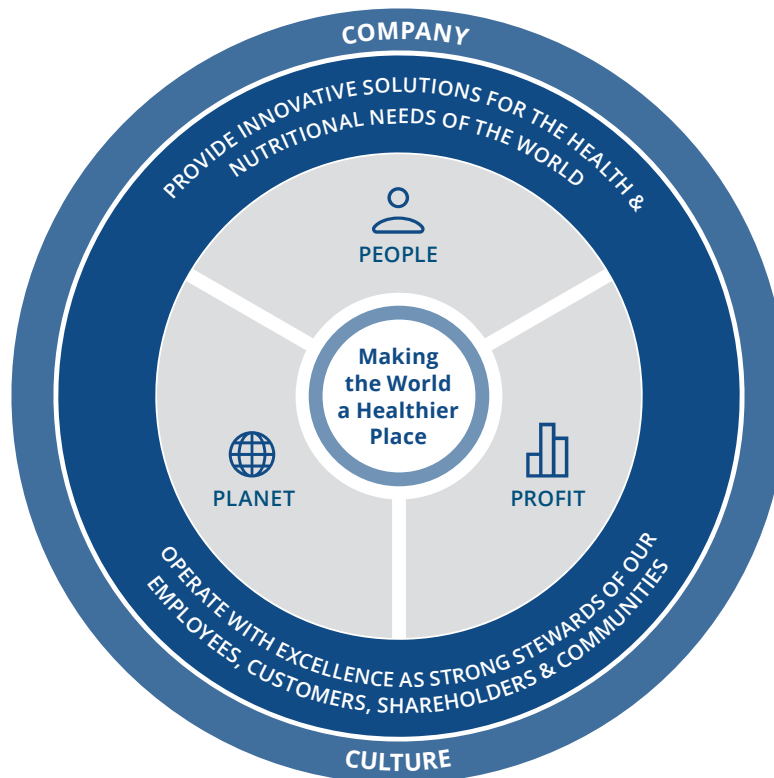
As we look to the future, our two sustainability objectives remain the same:

- Provide innovative solutions for the health and nutritional needs of the world
- Operate as strong stewards of our employees, customers, shareholders, and communities (our stakeholders) with excellence

Each and every day, Balchem delivers trusted solutions that enhance health and nutrition through science. We are proud of

our accomplishments – most notably our ability to impact 1.4 billion people around the world in 2021 by developing human nutrition products and supplementing the animals those humans eat with our vital nutrients. Our Sustainability Framework focuses on the most critical Environmental, Social, and Governance (ESG) topics relevant to our business and stakeholders. This report highlights our efforts within three pillars: People, Planet, and Profit. We welcome you to join our sustainability journey as we help make the world a healthier place.

Our Sustainability Framework



1.4 Billion People Reached in 2021

The total number of people impacted is calculated by measuring the annual consumption of protein and the daily recommended doses of minerals, essential nutrients, and vitamins.

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CEO, AND PRESIDENT



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MESSAGE FROM OUR CHAIRMAN, CEO, AND PRESIDENT



MESSAGE FROM OUR CHAIRMAN, CEO, AND PRESIDENT



Sustainability is at the heart of our vision to make the world a healthier place.

TO OUR EMPLOYEES, CUSTOMERS, SHAREHOLDERS, AND COMMUNITIES:

For over 50 years, Balchem has developed innovative solutions for the nutritional needs of the world. We do this while operating our facilities and businesses in ways that meet the expectations of our employees, customers, shareholders, and communities. In 2021, we were faced with a very challenging macroeconomic environment, including the ongoing pandemic, global supply chain disruptions, significant input cost inflation, as well as a tight labor market. I am extremely proud of how the company has responded to these challenges and proven its resilience and ability to execute in this environment.

Balchem's sustainability efforts are fully integrated into our business strategy, which remains unchanged as we continue to focus on our two main objectives: providing innovative solutions for the health and nutritional needs of the world and operating with excellence as strong stewards of our stakeholders. Our areas of priority are included in this report and remain focused on our three sustainability pillars: People, Planet, and Profit.

In 2021, Balchem celebrated the one-year anniversary of our commitment to the United Nations (UN) Global Compact, confirming our alignment with the Ten Principles on human rights, labor, the environment, and anti-corruption. We are proud to support several of the UN's Sustainable Development Goals (SDGs). We have made good progress towards our 2030 goals for both energy and water usage reduction, as further detailed in

this report. Our continued commitment to the UN Global Compact is another step in our continuous improvement journey relative to both our corporate social responsibilities and our higher purpose of making the world a healthier place.

As demonstrated by signing the CEO Action Pledge, I am committed to advancing diversity, inclusion, and belonging at Balchem. Here at Balchem, we continue to advance our role in improving human and animal health. As you will read in this report, a study conducted at Cornell University confirmed the critical role choline plays in infant cognitive

development. Another study, an animal feeding trial in dairy cattle, validated choline's importance in both milk production efficiency and the maintenance of metabolic health.

WE SUPPORT



OUR THREE BUSINESS SEGMENTS



Human Nutrition and Health:

Provides chelated minerals, the essential nutrient choline, vitamins, microencapsulation technology, and food ingredients for the supplement, beverage, dairy, and bakery markets



Animal Nutrition and Health:

Supplies science-based animal feed nutritional ingredients and solutions for livestock wellness and productivity



Specialty Products:

Promotes human health by ensuring the safe and timely supply of critical sterilization technology to the medical and food industries, and supplies chelated materials to the micronutrient agricultural market



MESSAGE FROM OUR CHAIRMAN, CEO, AND PRESIDENT

In 2021, we took steps to accelerate our progress by establishing a strategic plan to help guide our short-, mid-, and long-term goals in an effort to foster a diverse and inclusive culture in which everyone at Balchem feels welcomed, valued, and appreciated as well as inspire our external stakeholders to share our vision.

I am proud of the advancements made by our Balchem Helping Hands initiatives. We continued our partnership with Vitamin Angels and expanded our employee matching donation program to help support over 50 different charitable organizations in our communities. Our employees found unique ways to volunteer during the pandemic that made an impact at numerous organizations such as food banks, pet shelters, schools, and youth sports programs.

We were very pleased to elect Ms. Kathy Fish to fill a vacancy on the Board of Directors in 2021. Ms. Fish recently retired from the position of Chief Research, Development and Innovation Officer at The Procter & Gamble Company. Ms. Fish brings important new product development and direct-to-consumer expertise to our Board, along with her international business acumen and experience in driving an innovation culture.



In 2021, Balchem was named one of “America’s Most Responsible Companies” by Newsweek for the second consecutive year. This list, compiled by Newsweek in partnership with Statista Inc., recognizes the most responsible companies in the U.S. across a variety of industries. We are proud of our efforts and continue to take many other important steps toward our journey to constantly improve our corporate social responsibilities and are pleased with this recognition by Newsweek.

In addition to progressing our sustainability objectives, we had a strong year financially, delivering record results while advancing our strategic initiatives. We continue to see healthy overall demand for our product offerings. Balchem is well positioned within the markets we serve and we look forward to another growth year for the company in 2022.

I am proud of the contributions of all our stakeholders and are thankful for your interest in Balchem and our journey to ensure the long-term sustainability of our business and vision.

TED HARRIS
CHAIRMAN, CEO, AND PRESIDENT





**ABOUT
OUR REPORT**



ABOUT OUR REPORT

To solve today's challenges and shape a better tomorrow, Balchem operates responsibly and provides solutions for the health and nutritional needs of the world.

Our sustainability report highlights the progress made over the last year. The report is the result of a process of engagement with a diverse group of internal and external stakeholders. Each stakeholder was engaged to understand their sustainability interests and concerns as well as capture Balchem's efforts and achievements in key areas of sustainability.

Our Board's Corporate Governance & Nominating (CG&N) Committee, in accordance with its responsibility to review the company's activities and practices regarding ESG matters, oversees our sustainability-related practices and monitors the company's progress in this area.

Each year, we assess our view of priority ESG subject areas in the context of an annual risk assessment, recalibrating as necessary.

Our process includes:

- Convening a cross-functional, executive-led steering committee with representatives from business units, finance, investor relations, human resources, research and development (R&D), internal audit, supply chain, and operations
- Ensuring strong oversight of our ESG program through our Corporate Social Responsibility Management Team, which is comprised of employees from all company segments who are Director level and above, as well as the CEO Sustainability Steering Committee and Sustainability Reporting Leader
- Reviewing progress with management quarterly, an operating committee semi-annually, and our Board annually

- Engaging in ongoing interviews with executives and functional leaders about relevant sustainability topics
- Discussing with some of our largest shareholders and customers
- Reviewing leading standards and frameworks, such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the UN Sustainable Development Goals (SDGs)

This report has been prepared in accordance with the GRI Standards: Core option. Unless otherwise noted, the scope of the metrics and information presented in this report is equivalent to those considered in our Annual Financial Report and includes the operations of all subsidiaries. These metrics reflect the results of 12 months of operations ending on December 31, 2021.



Priority ESG Topics

PEOPLE

3 GOOD HEALTH AND WELL-BEING	Human Nutrition and Health	8 DECENT WORK AND ECONOMIC GROWTH	Human Capital
5 GENDER EQUALITY	Animal Nutrition	8 DECENT WORK AND ECONOMIC GROWTH	
2 ZERO HUNGER	Food Availability	8 DECENT WORK AND ECONOMIC GROWTH	Environmental, Health, Safety, and Security
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Food Safety and Health Concerns	8 DECENT WORK AND ECONOMIC GROWTH	Community Involvement

PLANET

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Materials Sourcing	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Safety and Environmental Stewardship of Chemicals and Genetically Modified Organisms
7 AFFORDABLE AND CLEAN ENERGY	Energy Management	6 CLEAN WATER AND SANITATION	Water Management
13 CLIMATE ACTION	Waste Management	17 PARTNERSHIPS FOR THE GOALS	United Nations Global Compact Participant

PROFIT



Foundation



Governance



Risk Management



OUR 2030 ESG GOALS

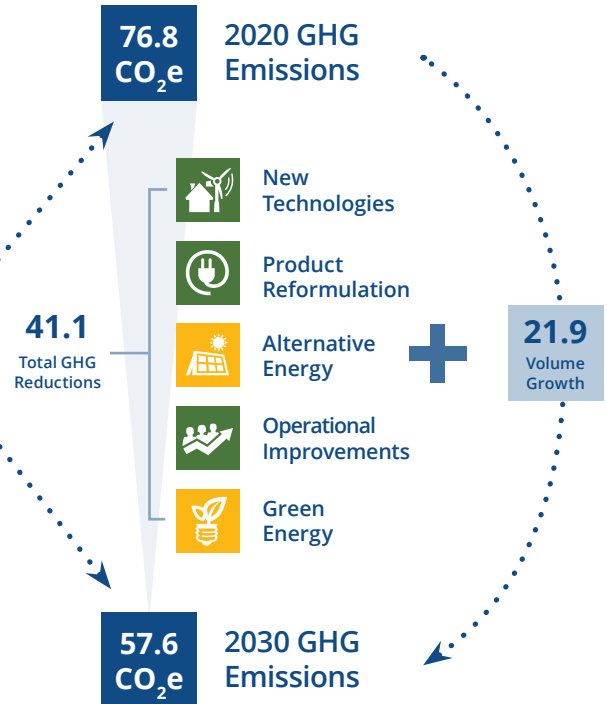


EMISSIONS REDUCTION

- **New Technologies:** Alternate methods of drying
- **Product Reformulation:** Reduce drying with product design
- **Alternative Energy:** Solar energy projects
- **Operational Improvements:** Boiler efficiency projects
- **Green Energy:** Expand purchases of renewable energy

Balchem commits to reducing our GHG emissions use by **25%**

Metric Tons of CO₂e (Thousands)



WATER CONSERVATION

- **Water Reduction and Recycling:** Eliminate “once through” cooling water systems
- **Cleaning Efficiencies:** Improved water utilization through Clean-in-Place (CIP) Systems
- **New Technologies:** Invest in water efficient technology improvements
- **Operational Improvements:** Condensate recovery systems

Balchem commits to reducing our global water use by **25%**

Cubic Meters (CBM) of Water (Thousands)



3
























MEASURING OUR PROGRESS



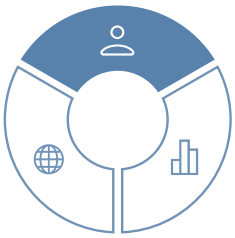
MEASURING OUR PROGRESS



 PEOPLE	 PLANET	 PROFIT
 1.4 billion people reached per year	 11.4 billion animals reached per year	 27.9% of revenue from products developed in the past five years
 0.99 total recordable injury rate (TRIR)	 3.71 GJ/ton of energy intensity (GJ of energy per ton of product produced) 77,281 CO₂e metric tons of scope 1 and scope 2 GHG emissions	 \$799M total revenue
 34% hourly employee turnover 13% salary employee turnover	 12.29 CBM of water intensity (cubic meters of water withdrawal per metric ton of product produced) 4.2M CBM of total water withdrawal 0.07% water withdrawal from regions with high or extremely high baseline water stress	 \$189.8M adjusted EBITDA**
 76% males, 24% females employee diversity	 99% of hazardous waste* reused or recycled 75% of hazardous material suppliers audited in the last 3 years	 \$96.1M GAAP net earnings \$2.94 GAAP earnings per share
 80% of R&D focused on health and nutrition	 100% of palm oil sourced through Roundtable on Sustainable Palm Oil (RSPO) 35% of raw materials come from renewable resources	 130% free cash flow conversion
 100% of manufacturing sites with local community engagement efforts	 0 product recalls	 29.8% five-year total shareholder return (TSR) vs Russell 2000 Index

Note: Scorecard metrics represent priority focus areas, but additional metrics may be disclosed to satisfy analyst needs. The number of people reached is calculated by the daily recommended dose of vitamins and annual consumption of protein in 2021. *Balchem defines hazardous materials as ethylene oxide, trimethylamine, hydrochloric acid, anhydrous ammonia, propylene oxide, and carbon disulfide. **Adjusted EBITDA is defined as earnings before interest, other expenses/income, taxes, depreciation, amortization, stock-based compensation, acquisition-related expenses, indemnification settlements, legal settlements, and the fair valuation of acquired inventory.

4



PEOPLE



PEOPLE



“Building better brains and supporting a healthier population, both physically and mentally, starts with better nutrition and industry-wide innovation.”

— JIM HYDE, SVP-GM OF HUMAN NUTRITION AND HEALTH

HUMAN NUTRITION AND HEALTH

Consumers around the world have a renewed awareness of the importance of nutrition and its impact on overall health and self-care. They view good health holistically and believe that it includes healthy relationships, behaviors, habits, and practices which support the mind, body, and soul. Balchem helps our customers deliver food, beverage, and dietary supplement solutions that meet consumer needs as they look for new ways to live healthier lives.

Balchem provides solutions that delight and nourish, from indulgent and sensory experiences to the rigors of targeted essential nutrition.

BUILDING BETTER BRAINS AND A HEALTHIER POPULATION

Building better brains and supporting a healthier population starts with proper nutrition from conception. In 2021, Cornell University researchers published a paper in The Federation of American Societies of Experimental Biology (FASEB) Journal that confirmed the profound and long-lasting role that choline plays in infant cognitive development. This groundbreaking new research showed that pregnant women who consumed more than twice the recommended dose of choline during pregnancy had children who demonstrated significant cognitive benefits through early childhood.

This paper is a significant follow-up to a 2018 Cornell publication about the same study

cohort. The prior publication had shown that greater choline intake during pregnancy led to improved cognitive performance in infants born out of those pregnancies. This most recent paper highlights that cognitive improvements were both significant and enduring in those same children at the age of seven.

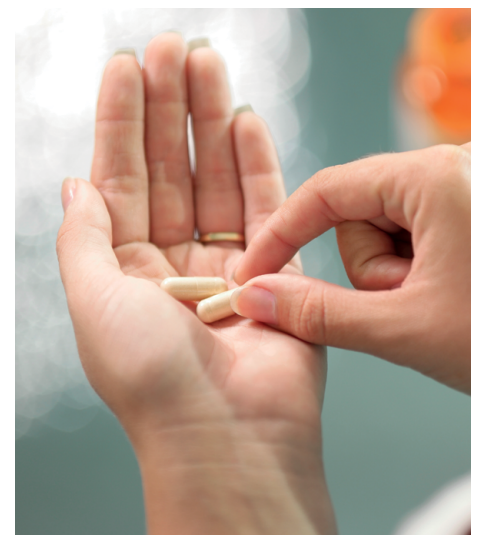
Balchem’s VitaCholine® was important in the Cornell study, as it was the supplementary intervention in the original Cornell study subjects’ diets. This is the first clinical investigation to demonstrate that the brain-boosting benefits of VitaCholine® result in improved performance and attention in early childhood.

According to the Cornell researchers, even after seven years and without additional interim choline supplementation, the children born from the higher choline intake (930 mg of choline per day) pregnancies maintained a significant cognitive performance advantage over the children from the lower choline intake (480 mg of choline per day) group. Furthermore, their cognitive performance outpaced the lower choline intake group in tests that were longer and more difficult.

Higher maternal intakes of VitaCholine® significantly improved children’s ability to stay focused and on task, even during long, chal-

lenging assignments. The cognitive boost from VitaCholine® observed in infants continues through at least school age, when children begin to expand the use of their brains in educational settings. This significant research is poised to have an important impact on public health policy.

Nine out of 10 pregnant women do not consume even the base level of choline recommended for them. To realize these newly-evident benefits for child cognitive development, pregnant women will seek supplements and fortified food products to close the significant choline gap in their diets. Many prenatal vitamin manufacturers are beginning to reformulate with higher levels of choline and these study findings are likely to continue that trend.





PEOPLE



The American Medical Association recommends choline inclusion in prenatal vitamins because of the growing body of evidence that supports choline's benefits throughout the human lifespan. This study presents exciting findings for mothers-to-be, who can give their children an even better start in life just by adding VitaCholine® to a balanced diet.

INNOVATING OPENLY AND INDUSTRY-WIDE

The focus on creating healthier options continued through the open invitation to participate in the Balchem Human Nutrition & Health TrenDish™ Innovation Summit. Through this initiative and more, Balchem will continue to develop concepts for nutritional food, beverage, and dietary supplements that promote cognitive health, wellness, and emotional well-being through food that nourishes the mind and body.

Balchem is furthering its commitment to innovation by seeking ingredients with purpose. We are interested in finding novel technologies, ingredients, and products that can be used with, or incorporated into, our strategic product line offering. This approach will increase the level of collaboration between peers in the B2B space to bring the most relevant innovations forward in both the dietary supplement and food and beverage space. Our transparency and clear direction will help suppliers focus their efforts in key areas that create synergy with Balchem's core technologies and areas of focus.



EMPOWERING FUTURE GENERATIONS

Balchem entered into an agreement with the best-selling author of the children's book series *Ninja Life Hacks™* to secure strategic partners for branded food products that promote a healthy emotional and physical relationship with eating. The product concepts range from healthy food and dietary supplements for cognitive health to ice cream and frozen desserts. The concepts continue to be developed for specific partners and retailers.

Ninja Life Hacks™, the breakout children's publishing property, is dedicated to empowerment, it promotes emotional intelligence, and gives children the skills to cultivate a growth mindset and develop confidence and grit. In its full first year, parents and children embraced the self-published book series with almost one million books sold and a "#1 Best Seller" accreditation across nine categories. The author, Mary Nhin, who is a mother of three young boys, was inspired to create *Ninja Life Hacks™* after watching her children's daily encounters with life emotions.

The three primary areas where Balchem's food technology will be utilized to bring the *Ninja Life Hacks™* brand to life are: Brain Power, Emotional Well-Being, and Immune Health & Nutrition. Balchem will work with their partners to bring these branded snacks to market. The *Ninja Life Hacks™* characters assist in building avenues for conversation

with the ultimate goal being to bring emotional and physical health discussions to the kitchen, lunchroom, and dinner table.

Author Mary Nhin says, "A healthy relationship with food is key to children's mental and emotional well-being. The combination of Balchem's unique food technology and featured *Ninja Life Hacks™* characters will help foster this positive relationship."

Together, we will take the science of nutrition and use the *Ninja Life Hacks™* characters to make it easily understandable for kids and parents. Our partners innovating in kid-focused products can leverage our collaboration and science-backed ingredients to create products that resonate with parents looking to nourish and delight their kids every day.





PEOPLE



ADVANCING AGRICULTURE'S SUSTAINABILITY THROUGH ANIMAL NUTRITION

The Animal Nutrition & Health (ANH) team is dedicated to meeting the nutritional needs of both production and companion animals. Though 2021 presented many challenges with continued COVID-19 implications and supply chain issues, we maintained our focus on helping global agriculture meet the challenge of feeding an ever-growing population sustainably.

TECHNOLOGY ADVANCEMENTS

As a leader in animal feed technologies, Balchem is driving the innovations that will change our future. We are helping livestock producers accomplish more with less and discovering unique products that will produce food most efficiently, all to move us toward a more secure and sustainable future.

Our line of encapsulated products delivers nutrients more precisely and efficiently to meet ruminant animals' nutritional needs.

Reducing input and minimizing animal waste optimizes production.

Balchem's ANH team started the year with the successful launch of ReaShure[®]-XC Precision Release Choline into the European, Middle Eastern, and African markets. With a new proprietary and concentrated core, ReaShure[®]-XC reduces our carbon footprint through lowered transportation costs and reduced emissions while delivering proven production benefits to the cow.

Our AminoShure[™]-XM Precision Release Methionine helps reduce the protein required in cattle diets by targeting the delivery of methionine to the lower gut, where it can be absorbed and utilized by the cow. This impacts our planet in many ways. First, by reducing the amount of plant protein fed, we can effectively reduce the amount of land required to produce milk. Next, by reducing

the amount of nitrogen fed in the form of protein, we can effectively reduce the amount of nitrogen excreted into our environment.

NitroShure[™] Precision Release Nitrogen helps cows utilize homegrown forages more efficiently, reducing the amount of land required to support profitable milk production and the amount of nitrogen that is excreted into the environment.

SUPPORTING UNDERSERVED SEGMENTS

In the U.S. today, one in six children are facing hunger and one in four are concerned about whether or when they will receive their next meal. Local food banks and government programs are working hard to fill the gap, but the need continues to grow. Fresh food, including dairy products, meat, and produce, are in great demand but are difficult for most community programs to handle. A lack of

NitroShure[™]
Precision Release Nitrogen

AminoShure[™]-XM
Precision Release Methionine

ReaShure[®]-XC
Precision Release Choline



Balchem's Kooler Kids team with a new refrigerator they donated to a local food pantry



Balchem prides itself on supplying robust nutrient solutions to dairy operators around the world.



PEOPLE



refrigeration limits the donations that can be accepted and the amount of product that can be delivered to those in need.

Balchem's Kooler Kids program started in 2021 to help fill the gap in our local communities. Working with Dairy Farmers of America (DFA) through their DFA Cares program, Kooler Kids helps supply refrigeration units to local food banks. Throughout 2021, Kooler Kids was instrumental in placing refrigerators in 15 locations across 10 states. The program generated more than \$200,000 in funds to help fill those refrigerators with dairy products, meat, and produce, which represents more than three million servings of milk per year.

Balchem ANH is also a supporter of the Dairy Girl Network. Through the Dairy Girl Network, women in the industry can connect with other passionate supporters enhancing

their professional development. The group provides a welcoming environment for idea sharing and growth.

Through our Real Faces of Dairy initiative and Facebook page, which now has over 70,000 followers, Balchem is bridging the gap between the dairy industry and consumers. This program is helping each group gain an understanding of and appreciation for one another.



EDUCATING THE INDUSTRY

Balchem ANH has taken a lead role in educating nutritionists and producers by developing the "Real Science Lecture Series" and "Real Science Exchange" podcast series. Providing the industry with access to the top scientists and researchers in the sustainability and methane emissions segments has been an important goal for both programs.

Balchem's ANH business is committed to making the world a healthier place by developing science based solutions to help sustainably feed a growing global population and to serve the communities and people that count on us.



Recording of the "Real Science Exchange" podcast



PEOPLE

FOOD SAFETY

At Balchem, we work to continuously delight our customers with the products we manufacture through a focus on product safety and quality. We use a robust supplier approval program to assess and approve materials that are a good match for both our process and our end customers' requirements.

We use the knowledge of our people who are skilled in different regulatory environments – including food, dietary supplements, and pharma – to find efficiencies and drive best-in-class practices across our quality management systems. Cross-site internal quality audits, as well as independent third-party audits, verify that our programs are robust and drive continuous improvement efforts. External audits include Safe Quality Food (SQF), United States Pharmacopeia (USP), International Safe Feed/Safe Food (FAMI-QS), ISO, and more.

We invest in improving the quality of our products and our food safety program on an ongoing basis. In 2021, we completed the scheduled implementation of a single enterprise resource planning (ERP) system across all sites. This allowed us to begin gathering and reporting standardized Quality Key Performance Metrics (KPIs). In 2022, we will begin to roll out an updated Laboratory Information Management (LIM) system which will better support data review and statistical trending in real time. We will also move the Corrective and Preventive Action (CAPA), Customer Complaint, and Supplier Non-Conformance tracking systems into the common ERP system.



We use the knowledge of our people who are skilled in different regulatory environments – including food, dietary supplements, and pharma – to find efficiencies and drive best-in-class practices across our quality management systems.



Ogden, Utah Quality Lab



Faribault, Minnesota Quality Lab



PEOPLE

RAW MATERIAL SUPPLIERS

The global supply chain disruptions that occurred throughout 2021 as a result of the COVID-19 pandemic illustrate the need for a robust and sustainable supply chain. Without close monitoring, constant interaction, and a thorough qualification of our raw material suppliers, success in managing today's turbulent markets would be uncertain. Our supplier quality review and audit program along with adherence to the requirements in our Supplier Code of Conduct, established a foundation that helped us continue to grow.

Balchem has a thorough raw material quality sourcing approval program. The program includes an evaluation of the supplier's quality program and the material being supplied, as well as verification of the supplier's preventative approach to food safety risks. In the food safety evaluation process, we consider how the product is made, how it is distributed, and its intended use.

As such, Balchem maintains ongoing measures of key quality performance metrics, including supplier issues, customer complaints, first-pass quality tracking, corrective action, and completion and follow-up site audits, as required. We take customer feedback seriously and track customer complaints, complaint investigations, corrective actions, and customer communication of complaint resolution.

Supply chain headwinds of 2021 were particularly challenging for internationally-sourced raw materials. For this reason, working with responsible suppliers is essential to a stable supply. Balchem's Supplier Code of Conduct includes a section requiring suppliers to protect human rights, including labor conditions, fair treatment for employees, and compensation standards. We believe that working with suppliers that share our commitment to human rights helps to make our supply chain stronger.

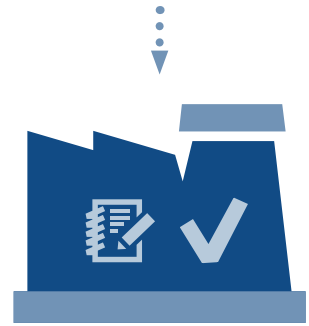


Balchem's [Supplier Code of Conduct](#)

HOW WE MANAGE QUALITY THROUGHOUT OUR SUPPLY CHAIN



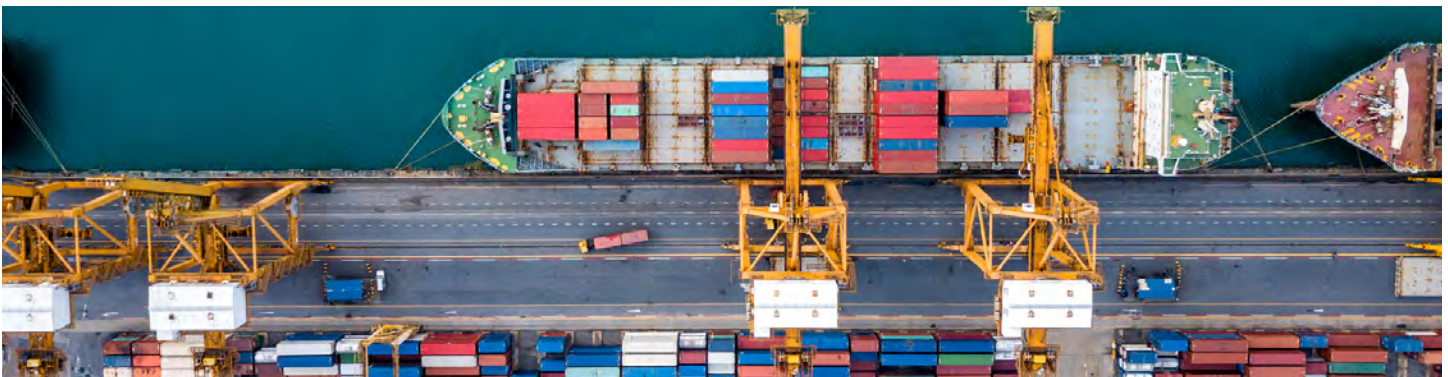
STEP 1: RAW MATERIAL SOURCING, EVALUATION, AND APPROVAL



STEP 2: SITE QUALITY ASSURANCE PROGRAM AND MANUFACTURING

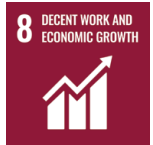


STEP 3: TRANSPORTATION SUPPLIER QUALIFICATION





PEOPLE



Balchem is committed to a diverse and inclusive culture where everyone feels welcomed, valued, and appreciated.

HUMAN CAPITAL

We are driven by the collective capabilities of our dedicated employees, and we recognize that it is because of their hard work, talent, and commitment that we continue to deliver outstanding results for our various stakeholders. That’s why we provide a workplace that fosters a collaborative, supportive, and inclusive culture where everyone feels welcomed, accepted, and empowered to be their best.

With the right tools, we believe that our employees can accomplish anything. The continuing professional development of our employees plays a key role in enhancing success in business as well as in life. Individual growth and advancement requires continuous professional learning and it’s what keeps us engaged and motivated. This continued experience ensures that our employees will be able to make valuable contributions to our colleagues, customers, and our company as a whole. Training is facilitated through our online system and features employee self-service training modules that verify and document the completion and comprehension of assigned or required training. This system provides training for job-specific technical knowledge, regulatory requirements, and company policies, including [Balchem’s Code of Conduct](#) and those related to anti-harassment and discrimination, foreign corrupt practices, antitrust, and various other compliance topics.

To ensure the development of Balchem’s future leaders in 2021, we expanded our leadership program offerings through eCornell

(Cornell University). Balchem’s partnership with eCornell, a leader in online learning, contributes to our leadership development efforts through their leadership- and expert-led courses. All Balchem leaders at the Director level and above had the opportunity to complete Counteracting Unconscious Bias Training, which is one of the core courses in eCornell’s Diversity and Inclusion Certificate Program. This investment in our leaders will enhance our organization’s ability to further develop a culture that values diversity and embraces inclusion. Additionally, our female leaders have an opportunity to take executive leadership courses with eCornell professors and other female leaders. This learning opportunity creates a unique community of female leaders and helps cultivate competencies and skills for career advancement throughout Balchem.

Our sponsored Employee Continuing Learning Program offers a broad base of assistance for employees, including learning and development courses. Employees have

access to healthy lifestyle discounts through our Wellness Center, as well as debt, legal, and financial counseling. Peak Performance Training and multiple online services and courses enable our employees to choose their own learning paths and work to achieve their future goals for education, finances, and overall well-being.

Around the world, Balchem employees, teams, and businesses are building bridges in our communities. Balchem works with local schools to highlight various career opportunities or local industry councils to collaborate and share best human capital practices within our industries. We provide financial support for employees to pursue degree programs, and on an annual basis, we award scholarships to support the education of employees’ children through the Balchem Sons and Daughters Scholarship Program.



BALCHEM SONS AND DAUGHTERS SCHOLARSHIP PROGRAM

Since the program’s inception in 2005, Balchem has proudly awarded \$158,000 in scholarships to children of employees to help them achieve their educational goals. In 2021, we awarded 10 scholarships totaling \$20,000.

BALCHEM’S CORE VALUES



always doing the **RIGHT** thing



thinking **BIG** and acting small



collaborating and **GROWING** together



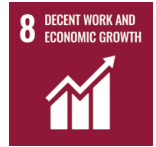
playing to **WIN**



staying Focused on the **CUSTOMER**



PEOPLE



BALCHEM WOMEN'S IMPACT NETWORK (BWIN), EMPLOYEE TURNOVER, EMPLOYEE DIVERSITY, AND MORE

We are committed to a company culture that embraces diversity, inclusion, and belonging (DIB). In 2021, Balchem partnered with a diversity and inclusion consultant, Welcome Change, to help build short- and long-term comprehensive strategies to accelerate our progress and define inspiring goals. One short-term objective was to brand our DIB efforts as "Belonging at Balchem" to communicate that it is part of the fabric of our company. Also, our Chairman and CEO's commitment to the CEO Action Pledge to advance diversity and inclusion in the workplace sets a clear tone at the top of our organization.

Over the past few years, Balchem's workforce has become increasingly diverse. For example, since 2016, gender and ethnic diversity has increased by 9% and 25%, respectively. Female representation in leadership roles* has risen by 41% over the past five years. Additionally, gender diversity on our Board has risen by 25% in the same period. While we are pleased to see meaningful progress, Balchem remains committed to utilizing our newly-developed strategies to improve diversity and building an inclusive culture throughout our company.

Balchem also supports employee-led resource groups, where employees with similar backgrounds and interests can find peer support, receive mentorship from senior members, and develop their careers. Balchem Women's Impact Network (BWIN) offers an environment for all women at Balchem to feel empowered and have an opportunity to thrive both professionally and personally. The BWIN group meets regularly and shares a wide array of topics addressing leadership, business success, and networking.

In fiscal year 2021, inclusion goals were formally introduced as part of our performance expectations. All managers received performance feedback on their efforts in fostering an inclusive climate within their

respective teams as we strive to build greater awareness and accountability. Balchem's annual review process is also closely aligned with a formal succession planning and talent review process designed to identify and develop the next generation of leaders. The results of our performance, talent, and succession planning practices are reviewed annually by Balchem's leadership team and the Board.

We are committed to paying fair wages and benefits to employees around the world. For example, our U.S. hourly employees start at a \$15 minimum wage and our comprehensive benefit package includes medical, dental, vision, prescription benefits, and a 401k matching program. Balchem provides financial support for health and wellness initiatives, such as online financial wellness content, sponsored weight loss programs, and subsidized gym memberships. We also provide generous time-off and leave benefits, which are critical to ensuring our employees can enjoy a healthy balance between work and family time.



Established: 2018

Vision: To foster a diverse and inclusive culture in which everyone feels welcomed, valued, and appreciated, while inspiring our external stakeholders to share our vision.

Mission: To live by our core values and hold ourselves accountable to building and nurturing a diverse and inclusive culture.

Current Membership: 167



WOMEN IN LEADERSHIP

2016 LEADERSHIP

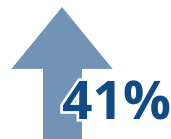
21.2%

FEMALE

2021 LEADERSHIP

29.9%

FEMALE



WOMEN IN LEADERSHIP ROLES ROSE 41% SINCE 2016



EMPLOYEE RETENTION

2021 RETENTION RATE

85.8%

SALARIED

77.7%

HOURLY



ETHNIC DIVERSITY ROSE 25% SINCE 2016

*Leadership positions include employees at the level of Director and above



PEOPLE

2020-2021 GENDER DIVERSITY COMPARISON

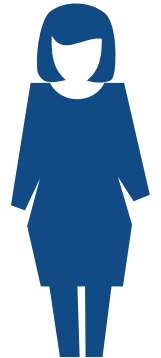
MALE



EMPLOYEE DIVERSITY – GENDER



FEMALE



EMPLOYEE DIVERSITY – SALARIED



EMPLOYEE DIVERSITY – HOURLY



LEADERSHIP POSITIONS*



BOARD OF DIRECTOR POSITIONS

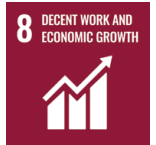


50%
OF OUR COMPANY IS
FEMALE, EXCLUDING
SUPPLY CHAIN.

*Leadership positions include employees at the level of Director and above



PEOPLE



Protecting the safety, health, and welfare of our employees and communities is the right thing to do.

ENVIRONMENTAL, HEALTH, SAFETY, AND SECURITY

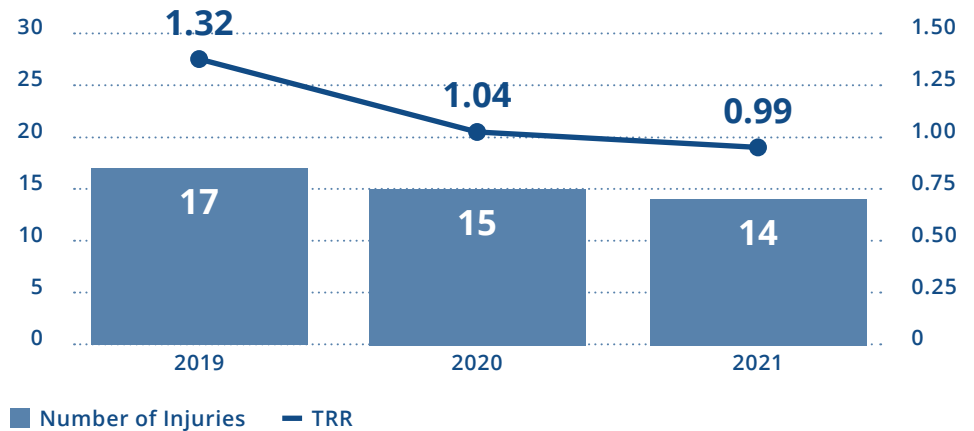
WHY WE'RE SO COMMITTED TO HEALTH AND SAFETY

Ensuring the safety of our employees, customers, and the communities where we work is fundamental to maintaining a license to operate. Exceptional safety performance can lower business costs related to missed work, productivity impacts, and workers' compensation. It has also been proven that safe workplaces build employee morale, reduce absenteeism, and result in higher-quality products that enhance business performance. Our current leadership has laid a strong foundation, making Balchem a high-safety performance company. Year over year, we strive to improve the safety of our colleagues, contractors, customers, and host communities.

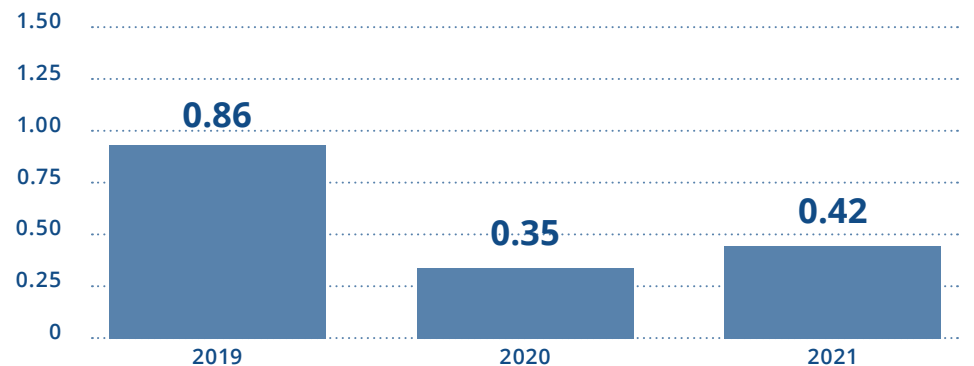
HOW WE PERFORMED

The year began with nine recordable injuries during the first 150 days and ended with 150 straight days of injury-free performance. We finished 2021 with 14 injuries and a Total Recordable Rate (TRR) of 0.99, compared to a 2020 TRR of 1.04 with 15 injuries. The chart on the top of this page displays our historical TRR performance since 2019.

HISTORICAL TOTAL RECORDABLE RATE (TRR) AND INJURY TRENDS



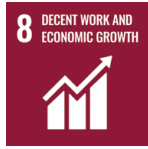
HISTORICAL LOST TIME INJURY RATE (LTIR)



Our Lost Time Injury Rate (LTIR) was 0.42 in 2021, compared to 0.35 in 2020. The chart above displays our historical LTIR performance since 2019.



PEOPLE



WHAT WE DID TO GET BETTER

Balchem’s goal is to be the safest, most diverse, and most profitable nutrition company on the planet. Part of that is taking care of our people, and ensuring every employee goes home to his or her family safe and healthy.

To that end, here are some of the initiatives that Balchem implemented in 2021:

- **Serious Injury and Fatality (SIF) Focused** – The first step to making our workplace a safer environment is reducing “critical to life” risks as much as possible. In 2021, we developed and implemented standards for mobile equipment and hot work. Our focus is to minimize overall SIF risks across the board and, in 2022, we will continue our efforts to reduce risks related to Lockout-Tagout and Confined Space Entry.
- **GEMBA Walks** – GEMBA Walks are key to increasing safety when it comes to engagement between management and front-line workers. These are guided by focused checklists to eliminate high-risk tasks associated with our operations, and give management and employees an opportunity to fix issues on the spot together.
- **Stop Taking Avoidable Risks (STAR) Observations** – STAR Observations continue to play a big role in our safety improvement. In 2021, we upgraded and streamlined our STAR Observations to make them more focused on the hazards that have the largest impact on our sites.
- **Environment, Health and Safety (EHS) Capital Spend** – We are continuously allocating capital spend to ensure we are making EHS improvements.

THE PATH IS CLEAR

Placing the EHS function within the supply chain provides continuity, realizes efficiencies, and allows Balchem to achieve

better collaboration with other functions, such as Quality and Engineering. This model also allows for stronger involvement in decision making and is therefore integral to achieving our sustainability vision.

The implementation of health and safety activities is overseen by our global team of EHS professionals who provide the assurance that safety standards are fully implemented and evaluated frequently.



Bridgeton, Missouri employees completing a STAR Observation

OUR THREE-YEAR PLAN



Step 1: Continue upgrading our SIF standards. As stated, SIF risk reduction is critical to our success and to keeping our employees safe.

Step 2: Ensure regulatory compliance. Compliance with laws and regulations is our license to operate in the communities where we are located. It is critical that we meet and exceed these minimum requirements.

Step 3: Implement an EHS management system. Standardizing programs, ensuring all our EHS obligations are being met, and constantly improving are earmarks of an EHS management system.

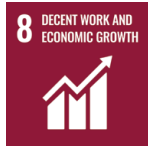
Our future is bright!



Verona, Missouri employees completing a GEMBA Walk



PEOPLE




Balchem gives back to the local communities where we operate and provides a helping hand to those in need.

BALCHEM HELPING HANDS, CORPORATE GIVING, AND COMMUNITY INVOLVEMENT



At Balchem, we pride ourselves on being members of the communities in which we work and supporting our local communities in a variety of ways. By harnessing the collective efforts of our employees, Balchem gives back to the local communities where we operate and provides a helping hand to those in need. In 2021, we continued to expand our Balchem Helping Hands activities and events, including philanthropic partnerships, a matching donation program, and an employee volunteering program. Even during the pandemic, our employees found unique ways to make an impact in their communities.

In 2021, we continued our partnership with Vitamin Angels, a global public health nonprofit that distributes lifesaving vitamins and minerals to women and children in need around the world. Vitamin Angels remains steadfastly committed to improving access to nutrition interventions for underserved pregnant women and children. With this partnership, we helped reach 200,000 women and children who were at risk of nutrient deficiencies in 74 countries around the world.



BALCHEM'S KOOLER KIDS

Balchem's Kooler Kids program helps supply refrigeration units to local food banks. Throughout 2021, Kooler Kids was instrumental in placing refrigerators in 15 locations across 10 states.



vitamin angels®
PROUD SUPPORTER

In October, Balchem supported Breast Cancer Awareness Month with a "Wear Pink Days" event. Balchem donated \$10 to the National Breast Cancer Foundation for every employee who submitted a photo wearing pink, which included more than 500 employees. Throughout the month, we also provided resources to all employees to educate them about breast cancer and increase their awareness about this horrible disease.

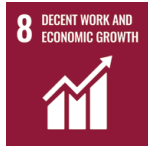
Balchem Helping Hands Matching Donation Program grew substantially in 2021, with Balchem matching donations to 54 different charitable organizations in our communities. The matching program supports our



Balchem employees supporting breast cancer awareness by participating in "Wear Pink Days"



PEOPLE




employees in their personal philanthropy and charitable giving efforts by providing monetary matches (dollar for dollar) to non-profit organizations that align with Balchem's vision to make the world a healthier place.

Balchem Helping Hands Employee Volunteer Program continued to expand in 2021, launching a broader calendar of new volunteer events. Globally, we made an impact in our local communities at organizations such as food banks, pet shelters, schools,

and youth sports programs. Our teams collaborated and shared ideas, and we were so proud of our employees who, considering all the challenges everyone faced through this pandemic, were still able to give back to their communities in numerous ways.


Nearly all of our sites participated in one or multiple events throughout 2021 that had a positive impact on their community and environment. Some of these included: recycling bottle caps to help provide training to guide

dogs, participating in a charity walk to help fight hunger, promoting Women in Science, Technology, Engineering, Arts, and Mathematics (STEAM) to a local school district, conducting a shoe fundraiser to help raise funds to give back to local food banks and veterans' services, making blankets and bedding to provide for children who are moving out of homeless shelters, and donating toiletries and other supplies to migrant camps to help with medical care for those in need.

ULMAN FOUNDATION 


Our Defiance, Ohio and Utah locations hosted bikers and runners from the Ulman Foundation as they journeyed across the U.S. to raise awareness and collect donations to support young adults impacted by cancer.



BELGIAN CENTER FOR GUIDE DOGS (BCG) 


The Grimbergen, Belgium team collected bottle caps to raise money for the Belgian Center for Guide Dogs (BCG). The BCG provides training for guide dogs to help the blind and disabled. The bottle caps donated by the Grimbergen team will be recycled and also raise money to help with guide dog training.



UNITED WAY 

The Albert Lea, Minnesota team partnered with United Way to support "Screen Free Week." This is a week focused on getting kids outside and reducing the use of electronics. To that end, employees collected toys and games to help support outdoor play.



FOOD BANK OF LINCOLN 

The Lincoln, Nebraska team supported the Food Bank of Lincoln by filling five totes full of items that the community really needed. The Lincoln team stepped up and donated basic hygiene tools, diapers, cooking oils, and other nonperishable items.



5



PLANET



PLANET

We are committed to responsible sourcing and always encourage our suppliers to employ sustainable practices.

MATERIAL SOURCING

The raw materials and supplies that are used in our supply chain represent an important component for Balchem's sustainability commitment. We are dedicated to not only ensuring that we work to increase our use of renewable raw materials and that all materials are manufactured within an ethically-responsible framework, but that we also have a strong and diverse supply chain which supports our customers' needs.

[Balchem's Code of Business Conduct and Ethics](#) includes sections that govern the responsibilities of all Balchem employees when sourcing and interacting with material suppliers. Employees in the procurement department also receive additional training to ensure that our ethical framework is followed in any and all sourcing decisions. Our [Modern Slavery and Human Trafficking Statement](#) can be found on our website.

We are committed to aligning our supply chains to source regionally and to finding sources that are near our facilities. Our commitment

not only reduces our carbon footprint by reducing the energy used in transit, but also increases the strength of our supplier network by bringing us closer to our upstream sources; allowing us to ensure quality, compliance, and strength of supply. This principle is illustrated by the fact that 90% of our raw materials originate in the United States or Europe, where the majority of our production occurs.

Balchem remains a committed member of the Roundtable on Sustainable Palm Oil (RSPO), as well as a member of Sedex. As a member of the RSPO, we source 100% of our palm oil needs from renewable (mass-balance) sources. We also confirm our commitment to redeveloping our supply chain to 100% RSPO-certified material. As a member of Sedex, we comply with the principles of the Sedex Members Ethical Trade Audit (SMETA), which establishes best practices for environmental and business

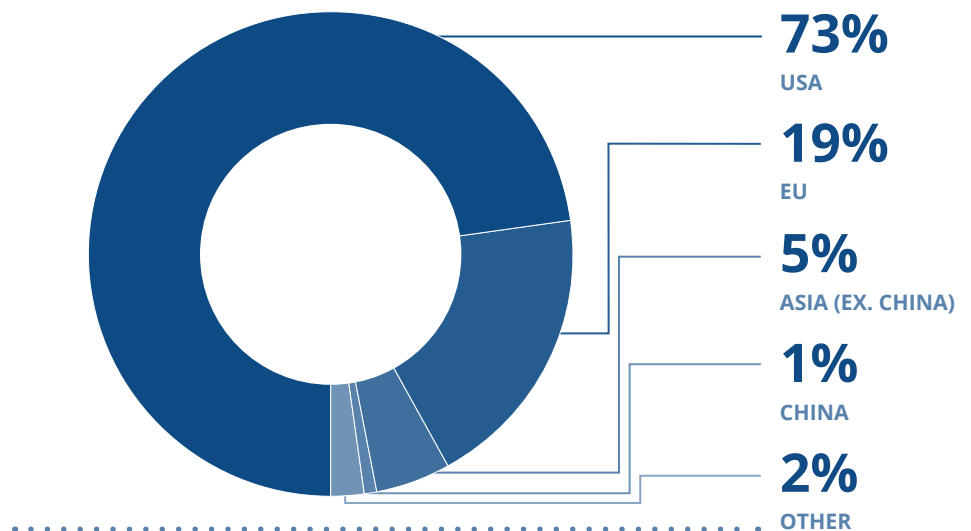
ethics. Balchem is committed to ensuring compliance with SMETA at all of our facilities. Balchem furthered our commitment for sustainable farming by increasing the amount of raw cocoa material that is UTZ Certified, a program for sustainable farming that ensures fair sourcing and labor practices, to 48%.



Verona, Missouri Plant



100% **OF ALL PALM OIL SOURCED THROUGH RSPO** **CERTIFIED** ✦=10%



REGIONAL DIVERSITY IN RAW MATERIALS AND SUPPLIERS. WE ARE COMMITTED TO ALIGNING OUR SUPPLY CHAINS TO SOURCE REGIONALLY AND FINDING SOURCES NEAR OUR FACILITIES.



PLANET



We are continuously looking for ways to improve our energy efficiency and reduce our environmental impact.

ENERGY MANAGEMENT

Balchem utilizes low energy-intensive manufacturing processes. We are committed to finding innovative improvements to further reduce energy requirements and minimize the associated greenhouse gas (GHG) emissions. As part of this commitment, in 2021, we established a program to reduce our GHG emissions by 25% by the year 2030, when measured against our 2020 baseline.

OUR REDUCTION PLAN

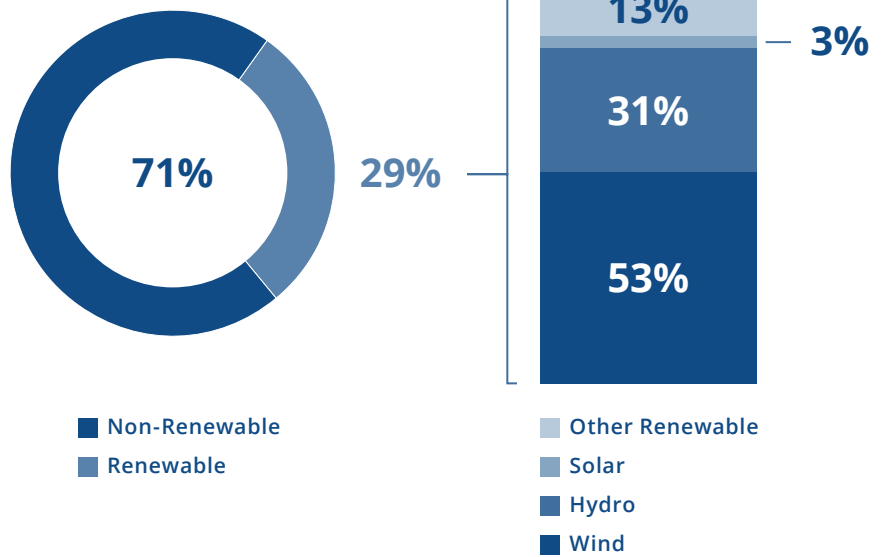
We've identified a path to achieve our goal, which will include initiatives across our entire footprint. The initiatives are comprised of projects related to alternative energy, the procurement of green energy, the reformulation of products so they require less energy for production, the implementation of new technologies, and operational efficiency improvements. Through the implementation of projects and initiatives across these categories, we are confident that we will meet our goal.



25%

OUR COMMITMENT FOR REDUCING OUR GLOBAL GHG EMISSIONS BY 2030

RENEWABLE ENERGY USAGE IN 2021



PURCHASED ELECTRICITY FROM RENEWABLE SOURCES

Part of our achievement plan includes expanding our purchase of green energy as well as exploring alternative sources of energy. This includes increasing the percentage of consumed electricity that comes from renewable sources. In 2021, 29% of Balchem's electricity usage was obtained from renewable sources, the most significant of which was wind power.



PLANET



INFRASTRUCTURE FOR SUCCESS

We've invested in the infrastructure necessary to achieve our reduction goals. This includes the creation of a sustainability intranet site designed to engage all levels of employees, provide education about Balchem's sustainability program, deliver progress updates, and capture process improvement ideas and suggestions from all employees. Also, our corporate engineering team has organized assets dedicated to achieving our reduction goal. This infrastructure, combined with collaboration and sharing best practices with our customers and suppliers, will set us up for success.

OPERATIONAL IMPROVEMENTS

In 2021, several operational improvements

in energy optimization and reduction were implemented in support of our reduction initiatives.

Our Defiance, Ohio operation completed a lighting upgrade to replace hundreds of older, inefficient fixtures with modern, energy-efficient LED units. This investment improved the lighting within the production and warehouse areas, making them safer and more appealing for our employees. This project reduces our annual energy usage by nearly one million kilowatt hours, which equates to reducing approximately 500 tons of CO₂ out of the environment each year.

At our New Hampton, New York headquarters, a cross-functional team of employees upgraded the building's boiler and hot water

systems to improve both energy efficiency and reliability. The project resulted in lower energy usage for supplying hot water to the R&D laboratory.

Throughout our manufacturing network, a significant contribution to GHG emissions comes from steam generation equipment. Our facilities in Lincoln, Nebraska, Defiance, Ohio, and Marshfield, Wisconsin initiated projects to reduce energy lost in the steam and condensate systems. These projects improved the condensate returned from the processes, bringing more hot water back to the boilers. The direct result of these projects was a reduction in fuel requirements for steam generation.



Defiance, Ohio LED lighting improvements



PLANET



Balchem facilities strive to reduce waste products and reuse and recycle packaging with the help of local businesses.

WASTE

PRODUCT DISPOSAL

The best way to reduce waste is to prevent its accumulation in the first place. Out-of-specification, unsaleable product is a waste of many resources: material, people, and line time. Moreover, there is environmental impact and real cost associated with its disposal. In 2021, Balchem worked to prevent out-of-specification products through our focused attention on defining and measuring key quality attributes in real time. We focused on shifting quality measurements through:

- Reviewing and optimizing raw material specifications and compliance to ensure that they are aligned with the finished product specifications of the products they go into
- Optimizing the frequency and trending of real-time process quality measurements, so that adjustments can be made immediately
- Continuously looking for and implementing improvements in systems, processes, and equipment
- Focusing on “doing the right thing” in manufacturing
- Working to make sure that finished product specifications accurately reflect both the expectations of our customers and the capability of our manufacturing systems

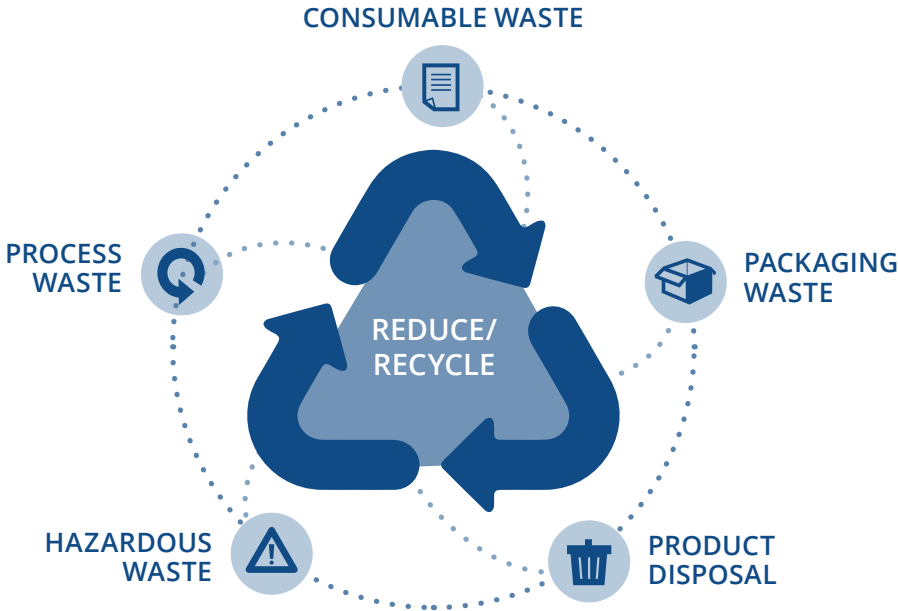


In 2021, Balchem worked to prevent out-of-specification products through our focused attention on defining and measuring key quality attributes in real time.



Electronic Recycling Program at the Albert Lea, Minnesota plant

FIVE MAIN AREAS OF FOCUS FOR SOURCE REDUCTION OR RECYCLING





PLANET



WASTE RECYCLING AND REDUCTION

We are pleased to say that a sustained focus on recycling and reduction resulted in a reduction in product disposals by more than 50% from the previous year.

Reducing and recycling waste is beneficial for the communities in which Balchem operates, as well as a benefit for our own business. As part of a manufacturing organization, there are many different waste streams, including product disposal, hazardous waste, process waste, packaging waste, and consumable waste. In 2021, we have done several things to improve performance in these categories.

The primary hazardous waste being considered at our facilities come as by-products from certain manufacturing processes. In our St. Gabriel plant, we recently made some process changes that reduced the levels of substances reportable under the U.S. Environmental Protection Agency (EPA) Toxics Release Inventory (TRI) program. The process and management improvements made in St. Gabriel are applicable to other sites and have already been implemented at other facilities.

Some of our processes create waste that needs to be treated before it can be properly disposed of into the local wastewater systems. In 2021, our Bridgeton facility made changes to its production systems that allow us to more effectively keep food processing ingredients out of wastewater. The facility implemented a capital project that directly reduces the food ingredient load into the facility's sewer system. Not only does this limit the work the local treatment facility has to put into cleaning the water, but it improves production yield as well.

Most of Balchem's raw materials arrive with multiple types of packaging materials, from plastic wrap and paper bags to wooden pallets. This volume of material is a large and important opportunity for reuse and recycling. Some activities that were increased include recycling cardboard and paper, reusing pallets, and sending metal to scrap recycling.

Last but not least, we have taken a lot of steps to help reduce consumable waste. In this past year alone, we have completed multiple projects that reduce and recycle consumable waste. At our Grimbergen, Belgium facility, we were able to move away from providing employees with plastic drinking water bottles and towards the use of reusable metal bottles and a water dispenser. This has helped reduce the site's reliance on plastics. Additionally, employees at our facilities are participating in Keurig's K-Cycle program, which recycles and composts materials in the hot beverage K-Cup dispensers our employees use.



K-Cup Recycling Program at the Defiance, Ohio plant



Water skimmer at the Bridgeton, Missouri plant



PLANET



WATER MANAGEMENT

Balchem uses water in our facilities for a variety of reasons including as ingredients in our products, as part of our cleaning processes, and for both heating and cooling. By 2030, it is our goal to reduce our overall global water usage by 25% when measured against our 2020 baseline.

OUR REDUCTION PLAN

In 2021, we developed a comprehensive plan to achieve our 2030 water usage reduction goal. Our largest use of water involves withdrawing water for the cooling of various production processes. In the coming years, we will implement intensive water reuse and recycling projects such as efficient cooling towers to dramatically reduce single-pass water withdrawal. In addition, we've identified water use reduction opportunities across our manufacturing network, including improving cleaning efficiencies, implementing new process technologies, and making water-efficient operational improvements. Through these initiatives, we will achieve our goal of an absolute 25% improvement over our 2020 water use by 2030.

OPERATIONAL IMPROVEMENTS

In 2021, we took steps to implement water use improvement projects that align with our plans to achieve our reduction target. The projects focus on operational improvements to HVAC and boiler systems, as well as cleaning processes.

For example, we completed an operational improvement project at our Marshfield, Wisconsin facility to eliminate water used for single-pass cooling. The project involved replacing two HVAC units that condition air for the Motor Control Center Room and the Dryer Control Room with options that use compressors for cooling instead of water. This switch will help save this site approximately 15,000 cubic meters of water a year.

Also, at our Marshfield facility, we improved the condensate return lines on the site's boiler system. This change will help to save both heat and water. We estimate that as much as 11 cubic meters of water per year will be saved from these improvements.

In 2021, we completed the second phase of a condensate modernization project at our facility in Lincoln, Nebraska. In 2020, we completed the first phase of this project, which allows the site to reclaim up to 12% of the steam made as condensate and then reuse that steam in the boiler. In 2021, the second phase of the project increased the amount of steam that is reclaimed to 49%. This operational improvement resulted in a direct reduction in our water usage.

In 2021, our Defiance site began an operational improvement project that is expected to save approximately 1,050 cubic meters of water per

month. Significant improvements in the boiler system at this plant reduce the amount of makeup water that has to be added to the system.

A Clean-in-Place (CIP) project was completed at our Whittemore, Iowa facility that allows the site team to clean equipment more efficiently and safely. Employees no longer manually enter and clean the facility's dryer, and the new CIP process consumes significantly less water.

Water use is considered in project scope when new processes are developed. Our Marano Ticino, Italy facility recently added a new Plant Nutrition Unit. For this unit, bulk tanks need to be heated as part of the production process. The new process recycles readily available warm and hot water from other plant processes for cleaning, rather than heating ambient temperature industrial water. This design will help reduce processed water needs by approximately 1,000 cubic meters annually.



25%

OUR WATER CONSERVATION GOAL TO REDUCE GLOBAL USAGE BY 25% BY 2030

12.29 CBM

.....
WATER INTENSITY
(CUBIC METERS OF WATER WITHDRAWAL PER METRIC TON OF PRODUCT PRODUCED)

0.07%

.....
WATER WITHDRAWAL FROM REGIONS WITH HIGH OR EXTREMELY HIGH BASELINE WATER STRESS



New steam and condensate system at Lincoln, Nebraska plant

6



\$ PROFIT



PROFIT

“At our core, we are a health and nutrition company.”

— TED HARRIS, CHAIRMAN, CEO, AND PRESIDENT

OUR FOUNDATION

Balchem was founded in 1967. Since our inception, we have continuously focused on creating long-term value by seeking growth opportunities and managing risk, both of which ensure our financial sustainability. It is this foundation that puts us in a strong position to meaningfully contribute to our mission of making the world a healthier place. We are accomplishing this with our focus on delivering trusted, innovative, and science-based solutions to the nutrition, health, and food markets.

Despite the pandemic-driven, macroeconomic challenges over the past year, we were able to effectively supply our customers with the important products and services they needed and, ultimately, we once again delivered record sales and free cash flow. It was a team effort and a job incredibly well done by our employees, our partners, and other stakeholders who supported us and contributed to our success throughout a difficult year.

To further ensure our future financial resilience, we continue to put our capital to work in meaningful ways. From a corporate perspective, we have now fully completed our project to consolidate multiple ERP systems into one, brand new platform. We now have 100% of our revenues on the new system, an initiative that was critical for the continued growth and operational efficiency of the company. We are thrilled to transition from focusing on implementation to realizing the many benefits of having the entire company on one, integrated system – including our ability to conduct day-to-day business activities within a less resource-intensive technology platform.

It is our strong belief that sound ESG stewardship equals sound results and, as such, we are taking innovative steps to leverage the positive correlation between our sustainability-focused investments and our resulting economic profitability. From an operations perspective, we have identified several innovative solutions and continue to seek further opportunities to reduce our GHG emissions and water usage in our quest to make Balchem even more efficient than it is today. As noted earlier in this report, from a research perspective, our investments in new product development, external studies, and new science are making a difference for the future advancement of our Human, Animal, and Plant Nutrition businesses.

We are excited about the future and have fully embraced the challenges that lie ahead of us on our quest to make the world a healthier place.

2021

27.9%

2020

28.2%

2019

24.7%

REVENUE FROM PRODUCTS DEVELOPED
IN THE PAST FIVE YEARS

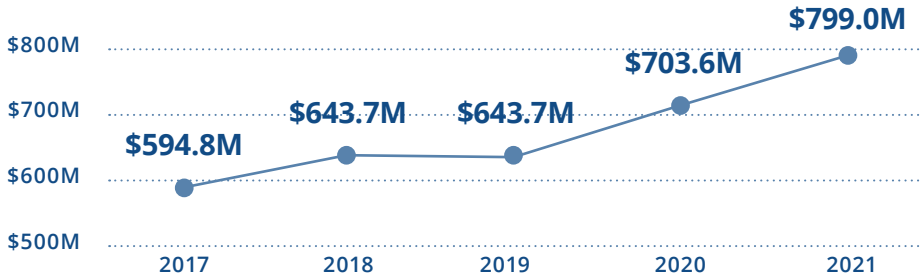


Defiance, Ohio R&D lab



PROFIT

REVENUE

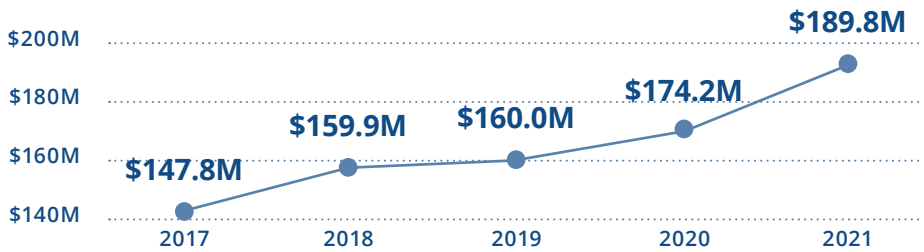


5-YEAR TOTAL SHAREHOLDER RETURN (TSR) VS. RUSSELL 2000 INDEX

29.8% (1,570 bps)

TSR MEASURED FROM 2017 TO 2021

ADJUSTED EBITDA*



**Adjusted EBITDA is defined as earnings before interest, other expense/income, taxes, depreciation, amortization, stock-based compensation, acquisition-related expenses, indemnification settlements, legal settlements, and the fair valuation of acquired inventory.*

OUR GOVERNANCE

Our commitment to sustainability and governance is ingrained into our business practices as we strive to make the world a healthier place. We feel strongly that a sound governance structure and clear lines of responsibility will enable us to continue to deliver on our commitments. As an organization, we employ leading practices in corporate governance, which are built upon the foundation of our [Balchem Code of Business Conduct and Ethics](#) (our “Code”) and our [Corporate Governance Guidelines](#).

The first of Balchem’s core values is “Always do the right thing.” This is the underpinning of our company’s higher purpose of making the world a healthier place.

This means that:

- We conduct our business with high ethical standards.

- We comply with the law.
- We will not engage in any activity which is:
 - illegal,
 - unethical, or
 - detrimental to Balchem’s products, personnel, or business.

Our Code reinforces our commitments with regard to sound governance and good business practices. We feel strongly that doing the right thing is noticed by all of our valued stakeholders. Ultimately, this has a real and positive impact on our business.

OUR GOVERNANCE STRUCTURE

Our Board of Directors (the “Board”) consists of a diverse group of individuals, which is elected by our shareholders, by class, annually. In 2019, we modified our Corporate

Governance Guidelines to more accurately reflect our company’s commitment to seeking and electing diverse board members, and we continued to diversify the Board’s composition by electing another female member in 2021. Each of Balchem’s directors – other than our Chairman, CEO, and President, Ted Harris – is independent, as defined by the National Association of Securities Dealers Automated Quotations (NASDAQ) Marketplace Rules. All directors have attended 100% of our Board and Board committee meetings during the course of the last 10 years. We strongly encourage directors to also attend the annual stockholder meeting, with 100% of our directors attending the meeting in 2021. As we embrace minimizing the impact on our environment, our annual meetings have been held virtually since 2018, which also offers the opportunity for increased attendance by shareholders and other interested parties.



PROFIT

OUR BOARD HAS FOUR COMMITTEES, EACH OF WHICH IS COMPRISED OF INDEPENDENT DIRECTORS:



Audit Committee



Compensation Committee



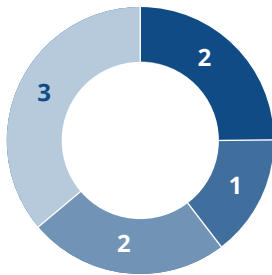
Corporate Governance and Nominating Committee (CG&N Committee)



Executive Committee

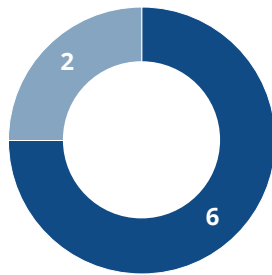
DIVERSITY IN OUR BOARD OF DIRECTORS

TENURE BALANCE



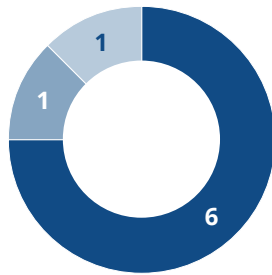
- 0-3 years
- 4-6 years
- 7-9 years
- 10+ years

GENDER DIVERSITY



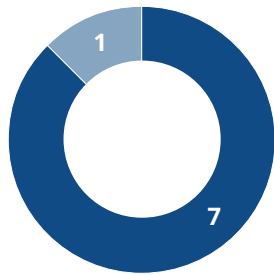
- Male
- Female

RACE / ETHNICITY



- Caucasian / White
- Black / African American
- Asian

DIRECTOR INDEPENDENCE



- Independent
- Not Independent

AUDIT COMMITTEE

Our Audit Committee does the following:

- Monitors the work of Balchem's accounting, financial reporting, and internal control processes
- Provides oversight of our compliance with our Code
- Assists the Board with oversight of the company's Enterprise Risk Management Program, including ESG risks
- Handles the appointment, compensation, retention, and oversight of Balchem's independent auditors

COMPENSATION COMMITTEE

The Compensation Committee does the following:

- Determines the compensation of Balchem's CEO and other executive officers
- Administers Balchem's equity compensation plans
- Recommends new compensation plans and amendments to existing plans to the Board

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The CG&N Committee does the following:

- Gives the Board recommendations about individuals that should be nominated as directors
- Reviews Balchem's corporate governance policies and documents

EXECUTIVE COMMITTEE

In coordination with the CG&N Committee, the Executive Committee does the following:

- Recruits, evaluates, and selects suitable candidates for the CEO position
- Reviews succession planning for Balchem's CEO and key executives

Together with the Compensation Committee, the Executive Committee established objective criteria for the evaluation of the performance of the CEO. Our governance structure not only satisfies our regulatory requirements, but also provides effective company oversight and management.

Our Board and management are compensated to enhance shareholder value. The company's compensation system, which is outlined in our [Annual Proxy Statement](#), aligns management and Director compensation with financial results and shareholder return.



PROFIT

SUSTAINABILITY

We are committed to running our business in a way that respects the overall environment in which we operate. Therefore, corporate responsibility and sustainability play an important role in our strategies and long-term value creation for our stakeholders. We believe that our sustainability practices require transparency and accountability. Our sustainability framework, which focuses on the ESG topics most relevant to our business and stakeholders, has been fully integrated into our governance and everyday operations. Balchem has a cross-functional executive Environmental, Social, and Governance (“ESG”) Steering Committee, led by the Chairman and CEO, with a dedicated management team representing our entire business, which operates with oversight and direction from the Board.

The charter of the Board’s CG&N Committee requires the committee to annually review Balchem’s ESG strategy, initiatives, and policies. The CG&N Committee, as well as the full Board, receive an ESG strategy update from management at least annually. For a full description of Balchem’s corporate governance practices and our approach to risk management, please refer to our [Annual Proxy Statement](#) and our [2021 Form 10-K](#), or visit our [Investor Relations](#) page.

ETHICS AND HUMAN RIGHTS

Balchem is committed to operating with excellence as strong stewards of our stakeholders, and acting with honesty and integrity while maintaining the highest ethical standards. We are committed to fair employment practices, which includes combatting involuntary labor, child labor, and human

trafficking. As noted in our [Modern Slavery and Human Trafficking Statement](#), which is part of the [California Transparency in Supply Chains Act](#), we are committed to complying with all applicable employment laws and regulations.

All of our employees are required to abide by our Code, which sets clear expectations concerning ethical behavior and compliance with laws. We require that all employees be trained on, and certify as to their compliance with, our Code on an annual basis. Our Sustainability Framework also includes a [Code of Ethics for Senior Financial Officers](#) to promote honest and ethical conduct and proper disclosure of financial information in the company’s periodic reports.

Balchem is committed to facilitating an environment where all employees are encouraged to speak up if they observe someone not “doing the right thing.” We also provide multiple avenues for employees to ask for help or notify the company of misconduct, including violations of the law or our Code. Besides an open-door management environment, employees can file a report using our ethics reporting hotline, website, or mobile device reporting form, which is available at [balchem.ethicspoint.com](#). Claims can be submitted anonymously online. We do not, in any form, tolerate retaliation against employees who raise concerns or make good faith reports about possible breaches of law or our governance policies.



In 2021, Balchem celebrated 15 years being listed on Nasdaq. Balchem has been publicly traded since 1970.



WE ARE COMMITTED TO HUMAN RIGHTS AND SAFETY

Balchem’s suppliers are expected to adhere to our [Supplier Code of Conduct](#), which defines our commitment to protecting human rights and ensuring safe work environments throughout our supply chain. Suppliers are required to treat all people with dignity and respect, and ensure that supply chains in any location are free from discrimination, violence, and unfair labor practices.



PROFIT

RISK MANAGEMENT

Our Board provides and defines responsibility for risk oversight, focusing on the most significant and material risks facing the company, and helps ensure that management develops and implements controls and appropriate risk mitigation strategies.

At the direction of the Board, we have instituted an enterprise-wide risk management process that identifies potential exposure to risks that arise in the course of our business. The Board uses our enterprise-wide risk management system as a key tool for understanding the risks facing us, as well as assessing whether management's processes, procedures, and practices for mitigating those risks are effective. Our Internal Audit function is primarily responsible for the planning, assessment, and reporting of our risk profile and this risk management system.

While most risk oversight activities are administered through the Audit Committee, each of the committees within the Board have historically focused, and continue to focus, on specific risks within their respective areas of responsibility. These committees also regularly report to the full Board.

The Board and the Audit Committee regularly meet with management to discuss the company's major risk exposures, their potential financial impact on the company, and the management thereof.

1. The Audit Committee receives, or arranges for the Board to receive, periodic (on a no less than annual basis) reports from management on areas of material risk to the company, including financial, operational, legal, regulatory, information security, and cybersecurity and strategic risks. (See the "Company Risk Reports").

2. The Audit Committee receives the Company Risk Reports from members of management tasked with the responsibility to understand, manage, and mitigate the risks (with the company's enterprise risk management efforts being led by its Internal Audit function).

3. The Chairman of the Audit Committee reports on its discussion about the Company Risk Reports to the full Board during the committee reports' portion of the Board meeting. This follows the receipt of said Company Risk Reports, which

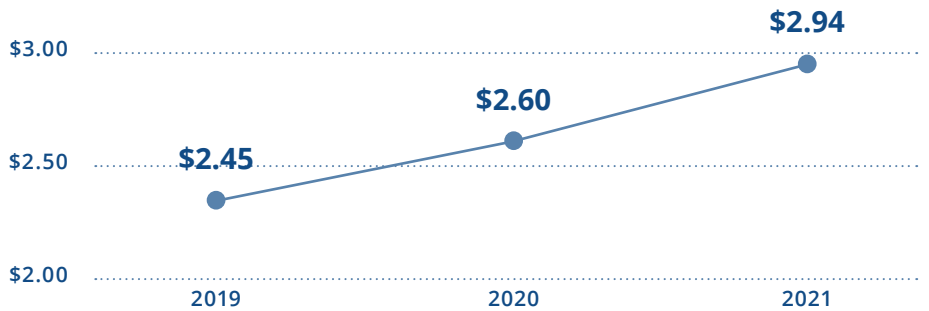
enables the Board and its committees to coordinate the risk oversight role, particularly with respect to cross-discipline risks and interrelated risks.

The Compensation Committee also evaluates risk as it relates to Balchem's Compensation Program. Please refer to the discussion in the [Compensation Discussion and Analysis](#) section in [Risk Considerations in our Compensation Program](#).

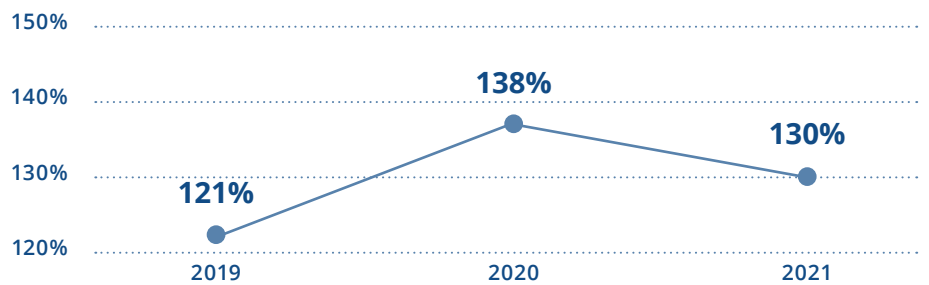
As part of its role in evaluating the company's corporate governance practices and procedures – including identifying best practices



GAAP EARNINGS PER SHARE



FREE CASH FLOW CONVERSION*



*FREE CASH FLOW CONVERSION = CASH FLOW FROM OPERATING ACTIVITIES (CAPITAL EXPENDITURES)/NET EARNINGS

2021

\$96.1M

GAAP NET EARNINGS



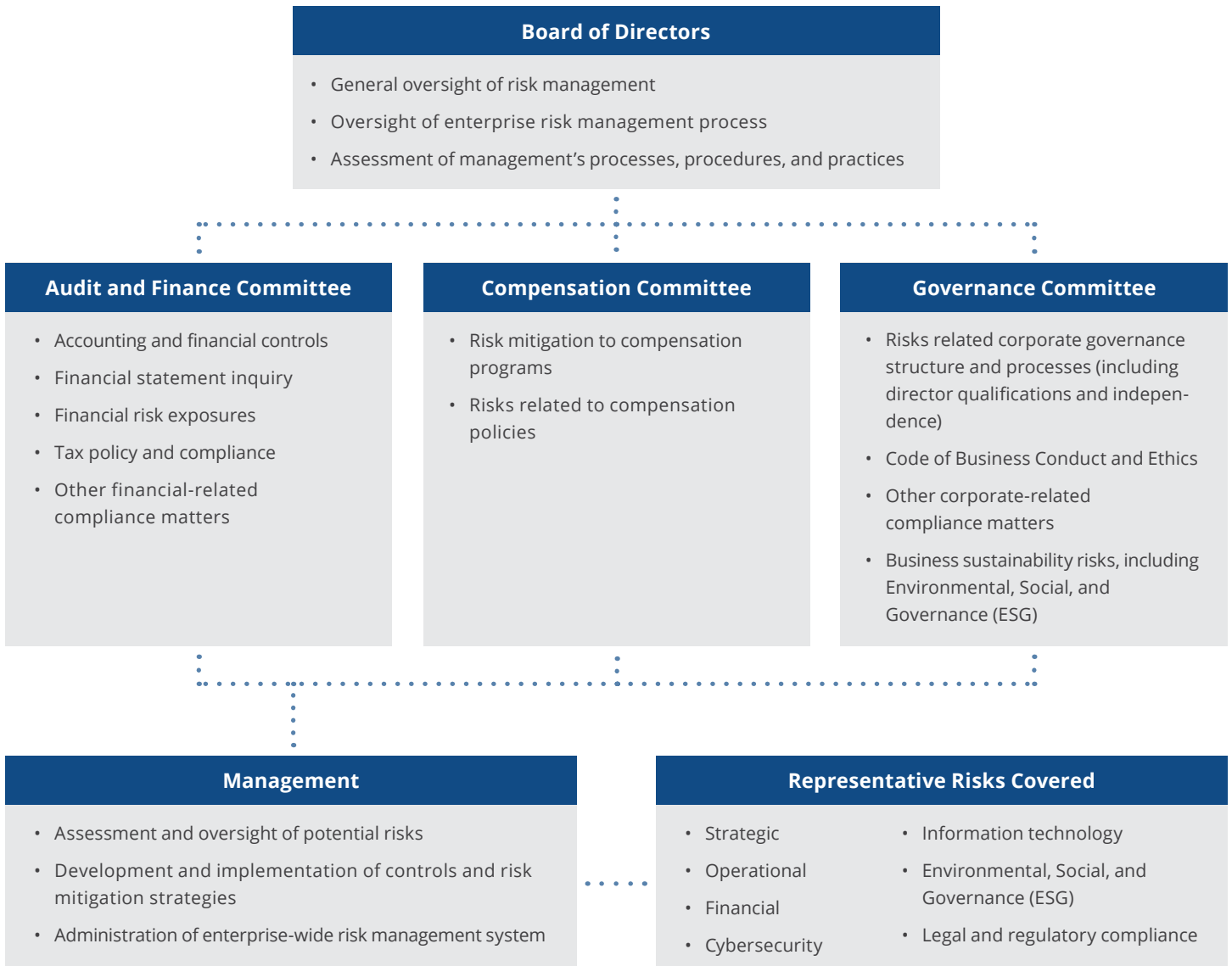
PROFIT

and reviewing and recommending any changes to the documents, policies, and procedures in the Company’s corporate governance framework (even within its Articles of Incorporation and Bylaws) to the Board – the Governance Committee evaluates the risks associated with these practices and procedures.

In addition to the oversight responsibilities of our ESG strategy and Sustainability

Framework, the Governance Committee plays a key role in mitigating the risks associated with key employee departures via its role in succession planning for the Chief Executive Officer (“CEO”) and other key executives. At least once per year, usually as part of the annual talent review process, the Governance Committee and Board discuss and review the succession plans for the CEO and other key executives. The Board also becomes familiar

with potential successors via various means, including annual talent reviews, presentations to the Board, and communications outside of meetings. Our succession planning process is an organization-wide practice designed to proactively identify, develop, and retain the leadership talent that is critical for our future business success.





PROFIT

BALCHEM'S APPROACH TO INFORMATION CYBERSECURITY

Balchem's Information Security Program includes policies, best practices, infrastructure, systems, and measures designed to protect Balchem's digital estate. As the cyber attack landscape evolves and changes, Balchem remains focused on, and committed to, investing in our Information Security Program, and implementing and improving appropriate safeguards around IT networks, devices, and applications. We are also committed to protecting our intellectual property, as well as employee, customer, and shareholder data from unauthorized access, disclosure, or compromise. Our Information Security Program is managed within the IT department, which reports to the CEO.

Balchem focuses on specific activities to maintain and enhance information security, including:

RELIABLE, SCALABLE SYSTEMS AND INFRASTRUCTURE

Our information security systems, infrastructure, and processes are built on and follow

the National Institute of Standards and Technology (NIST) framework for information security, which is a set of guidelines, accepted standards, and best practices for mitigating organizational cybersecurity risks published by the U.S. National Institute of Standards and Technology. Balchem continues to make significant investments in industry-leading and advanced technologies as part of our strategy to strengthen our security posture, business continuity capabilities, and ability to protect and safeguard systems and stakeholder data. Our Information Security Program and systems are tested and assessed annually by an independent third party.

TRAINING

Recognizing that information security, stakeholder data, and privacy principles involve more than just systems and infrastructure, Balchem provides semi-annual cybersecurity education and training to all users with access to IT systems, devices, or applications. Social engineering phishing campaigns are conducted monthly with the goal of building

a culture of cybersecurity, as well as raising awareness and reinforcing best practices across the organization.

DATA AND INFORMATION PRIVACY

Balchem is committed to complying with applicable privacy and data protection laws, such as the General Data Protection Regulation (GDPR), wherever we conduct business. Access to personal information collected by Balchem regarding our employees, customers, partners, vendors, shareholders, or any third party is restricted according to job roles and responsibilities, and is treated with care and safeguarded by policy and practice to ensure it is used lawfully and properly.

KEY INFORMATION SECURITY METRICS FOR 2021

Description	Metric
FOCUS AREA: INFORMATION SECURITY RISK OVERSIGHT	
Number of times the Board of Directors was briefed on the information cybersecurity program	2
FOCUS AREA: INFORMATION SECURITY RISK MANAGEMENT	
Number of external, independent, third-party risk assessments (pen tests) performed	1
Material information security breaches	0
FOCUS AREA: INFORMATION SECURITY TRAINING AND COMPLIANCE	
Number of cybersecurity trainings delivered to employees	2
Number of employees who have received cybersecurity training	990
Number of social engineering phishing training campaigns conducted	10

CONCLUSION



We are committed to operating responsibly and creating a sustainable future for our customers, suppliers, employees, communities, and shareholders.

We hope our 2021 Sustainability report provides a clear understanding of our progress over the past year to further engrain sustainability into our daily business practices. We are excited about our future and our ability to make a difference as we continue to

innovate new technologies to support our efforts, achieve our 2030 goals, and support the United Nations 2030 Agenda for Sustainable Development.

For more information about Balchem Corporation, please visit www.balchem.com.

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APPENDIX



APPENDIX: GRI INDEX

GRI INDEX

This report has been prepared in accordance with the GRI Standards: Core option. The issues addressed in this report were identified and prioritized by engaging a wide range of stakeholders internally and externally (see [About Our Report](#)). Through this process, we identified ESG topics that are material to our company, some of which are covered by GRI Standards. Those topics are included in this GRI Index. Based on availability of data, not all GRI disclosures are reported fully. For more information on GRI Standards, visit <https://www.global-reporting.org/standards>.

Disclosure Number Description Location and Notes

GRI 102: GENERAL DISCLOSURES 2016

ORGANIZATIONAL PROFILE

102-1	Name of the organization	Our Vision
102-2	Activities, brands, products, and services	Message from Our Chairman, CEO, and President
102-3	Location of headquarters	2021 Annual Report
102-4	Location of operations	2021 Annual Report
102-5	Ownership and legal form	2021 Annual Report
102-6	Markets served	2021 Annual Report
102-7	Scale of the organization	2021 Annual Report
102-8	Information about employees and other workers	People – Human Capital
102-9	Supply chain	Planet – Material Sourcing
102-10	Significant changes to the organization and its supply chain	About Our Report
102-11	Precautionary principle or approach	Profit
102-12	External initiatives	Included throughout the report



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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ORGANIZATIONAL PROFILE (CONTINUED)

102-13	Membership associations	<p>Management includes officers, members, or support of the following associations:</p> <ul style="list-style-type: none"> • Advanced Medical Technology Association (AdvaMed) • American Animal Science Association (ASAS) • American Association of Analytical Chemists (AOAC) • American Association of Bovine Practitioners (AABP) • American Association of Veterinary Nutritionists (AAVN) • American Canine Sports Medicine Association (ACSM) • American Chemistry Council (ACC) – Ethylene Oxide Safety Task Group • American Chemistry Council (ACC) – Ethylene Oxide/Ethylene Glycols Management • American Chemistry Council (ACC) – Toxicology Research Task Group • American Institute of Certified Public Accountants (AICPA) • American Society for Mass Spectrometry (ASMS) • American Society for Quality (ASQ) • American Society of Animal Science (ASAS) • American Spice Trade Association (ASTA) • Council of Industry – Southeastern NY • Ethylene Oxide Sterilization Association (EOSA) • International Association for Food Protection (IAFP) • International Information System Security Certification Consortium (ISC2) • Minnesota Food Protection Association (MFPA) • National Agri-Marketers Association (NAMA) • Women in Manufacturing Association (WiM)
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STRATEGY

102-14	Statement from senior decision maker	Message from Our Chairman, CEO, and President
102-15	Key impacts, risks, and opportunities	Included, by topic, throughout the report



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	Balchem Corporation Code of Business Conduct and Ethics
102-17	Mechanisms for advice and concerns about ethics	Balchem Corporation Code of Business Conduct and Ethics
GOVERNANCE		
102-18, 102-20, 102-27	Governance structure	Profit – Our Governance
STAKEHOLDER AGREEMENT		
102-40	List of stakeholder groups	Message from Our Chairman, CEO, and President
102-41	Collective bargaining agreements	Balchem has established good working relationships at the Verona, MO; Marano Ticino, Italy; and Bertinoro, Italy sites. In 2021, approximately 17% of our employees were represented by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	About Our Report
102-43	Approach to stakeholder engagement	About Our Report
102-44	Key topics and concerns raised	About Our Report
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	2021 Annual Report
102-46	Defining report content and topic boundaries	About Our Report
102-47	List of material topics	About Our Report
102-48	Restatements of information	There have been no changes in reporting from the previous year.
102-49	Changes in reporting	There have been no changes in reporting from the previous year.



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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REPORTING PRACTICE (CONTINUED)

102-50	Reporting period	About Our Report
102-51	Date of most recent report	About Our Report
102-52	Reporting cycle	About Our Report
102-53	Point of contact for questions regarding the report	sustainability@balchem.com
102-54	Claims of reporting in accordance with GRI Standards	Appendix – GRI Index
102-55	GRI content index	Appendix – GRI Index
102-56	External assurance	No external assurance is obtained over the People and Planet pillars. Profit financial data listed in Form 10-K has been audited.

Disclosure Number	Description	Location and Notes
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GRI 301: MATERIALS 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	Planet – Material Sourcing
103-3	Evaluation of the management approach	Planet – Material Sourcing

TOPIC-SPECIFIC DISCLOSURES

301-1	Materials used by weight or volume	Planet – Material Sourcing Total volume of materials (lbs): <ul style="list-style-type: none"> • Renewable – 205.4M • Non-renewable – 378.7M
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APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GRI 302: ENERGY 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	Planet – Energy Management
103-3	Evaluation of the management approach	Planet – Energy Management

TOPIC-SPECIFIC DISCLOSURES

302-3	Energy intensity	Planet – Energy Management Energy intensity includes all energy sources. <ul style="list-style-type: none"> • Electric Only: EI 0.67 GJ/Ton (Produced) • Gas Only: EI 3.04 GJ/Ton • Combined: EI 3.71 GJ/Ton
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Disclosure Number	Description	Location and Notes
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GRI 303: WATER AND EFFLUENTS 2018

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	Planet – Water Management
103-3	Evaluation of the management approach	Planet – Water Management



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GRI 303: WATER AND EFFLUENTS 2018 (CONTINUED)

MANAGEMENT APPROACH DISCLOSURES

303-1	Interactions with water as a shared resource	We conducted water scarcity research (refer to Planet – Water Management) and determined that less than 1% of water is withdrawn from high-stress water areas.
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TOPIC-SPECIFIC DISCLOSURES

303-2	Management of water discharge related impacts	Balchem works with local municipalities as facilities discharge water into municipal sources. Except for one location, which is tightly controlled, we do not operate any plants that are located in high-stress water areas. The results of the water stress analysis (refer to Planet – Water Management) were shared with the steering committee, who oversees water management stewardship.
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303-3	Water withdrawal	<p>Planet – Water Management</p> <p>Total water withdrawn:</p> <ul style="list-style-type: none"> • 2021: 4,214,588 CBM • 2020: 4,038,291 CBM <p>Water intensity (cubic meters withdrawn per metric ton of products produced):</p> <ul style="list-style-type: none"> • 2021: 12.29 • 2020: 12.57 • 2019: 10.87 • 2018: 11.50
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Disclosure Number	Description	Location and Notes
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GRI 305: EMISSIONS 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	Planet – Energy Management
103-3	Evaluation of the management approach	Planet – Energy Management



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GRI 305: EMISSIONS 2016 (CONTINUED)

TOPIC-SPECIFIC DISCLOSURES

305-1	Direct (Scope 1) GHG emissions	Planet – Energy Management
305-2	Energy indirect (Scope 2) GHG emissions	Planet – Energy Management
305-4	GHG emissions intensity	Total GHG emissions intensity (metric tons/revenue in millions): <ul style="list-style-type: none"> • 2021: 98 • 2020: 109 • 2019: 116

GRI 306: EFFLUENTS AND WASTE 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	Planet – Waste Recycling and Reduction
103-3	Evaluation of the management approach	Planet – Waste Recycling and Reduction

TOPIC-SPECIFIC DISCLOSURES

306-2	Waste by type and disposal method	Planet – Waste Recycling and Reduction Total weight of hazardous waste (metric tons) in 2021: 684
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APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	People – Food Safety
103-3	Evaluation of the management approach	People – Food Safety

MANAGEMENT APPROACH DISCLOSURES

308-2	Negative environmental impacts in the supply chain and actions taken	People – Food Safety Approximately 75% of total hazardous waste suppliers have been audited in the past three years.
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	People – Environmental, Health, Safety, and Security
103-3	Evaluation of the management approach	People – Environmental, Health, Safety, and Security

MANAGEMENT APPROACH DISCLOSURES

403-1	Occupational health and safety management system	People – Environmental, Health, Safety, and Security
403-2	Hazard identification, risk assessment, and incident investigation	People – Environmental, Health, Safety, and Security Refer to JSAs, GEMBA walks, and STAR observation program for more information. In addition, for PSM processes, we utilize Process Hazards Analysis regarding powder handling process operations.



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 (CONTINUED)

MANAGEMENT APPROACH DISCLOSURES (CONTINUED)

403-3	Occupational health services	People – Environmental, Health, Safety, and Security Balchem has developed several technical and business process standards that sites use to model their procedures. Refer to JSAs, GEMBA walks, and STAR observation program for more information.
403-4	Worker participation, consultation, and communication regarding occupational health and safety	People – Environmental, Health, Safety, and Security Refer to JSAs, GEMBA walks, and STAR observation program for more information.
403-5	Worker training on occupational health and safety	People – Environmental, Health, Safety, and Security Safety training is performed by employees on at least an annual basis, and is also integrated into a daily practice with “tool talks” and pre-shift huddles. We have held “safety days” at sites, where the site will spend the entire day performing safety-related activities. Our leadership and Environmental, Health, Safety, and Security professionals also receive continuing education.
403-6	Worker Health Promotion	People – Human Capital
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People – Environmental, Health, Safety, and Security

TOPIC-SPECIFIC DISCLOSURES

403-9	Work-related injuries	People – Environmental, Health, Safety, and Security
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APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	People – Human Capital
103-3	Evaluation of the management approach	People – Human Capital

TOPIC-SPECIFIC DISCLOSURES

405-1	Diversity of governance bodies and employees	People – Human Capital
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GRI 413: LOCAL COMMUNITIES 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	About Our Report
103-2	Management approach and its components	People – Balchem Helping Hands, Corporate Giving, and Community Involvement
103-3	Evaluation of the management approach	People – Balchem Helping Hands, Corporate Giving, and Community Involvement

TOPIC-SPECIFIC DISCLOSURES

413-1	Operations with local community engagement, impact assessments, and development programs	People – Balchem Helping Hands, Corporate Giving, and Community Involvement
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APPENDIX: SASB INDEX

SASB INDEX

This report reviewed the SASB framework as one of the key inputs for our material ESG topics. The below metrics are aligned with the SASB framework for the chemical industry, where Balchem is mapped by SASB. For more information on SASB standards, visit <https://www.sasb.org/standards-overview/>.

Code	Description	Location and Notes
SUSTAINABILITY ACCOUNTING STANDARDS BOARD		
GHG EMISSIONS		
RT-CH-110A.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Measuring Our Progress and Appendix
RT-CH-110A.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Planet – Energy Management
WATER MANAGEMENT		
RT-CH-140A.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	Measuring Our Progress and Appendix
RT-CH-140A.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Planet – Water Management



APPENDIX: SASB INDEX

Code	Description	Location and Notes
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SUSTAINABILITY ACCOUNTING STANDARDS BOARD (CONTINUED)

HAZARDOUS WASTE MANAGEMENT

RT-CH-150A.1	Amount of hazardous waste generated, percentage recycled	Measuring Our Progress and Appendix
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COMMUNITY RELATIONS

RT-CH-210A.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	People – Balchem Helping Hands, Corporate Giving, and Community Involvement
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WORKFORCE HEALTH AND SAFETY

RT-CH-320A.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Measuring Our Progress
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RT-CH-320A.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	People – Environmental, Health, Safety, and Security
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MANAGEMENT OF THE LEGAL AND REGULATORY ENVIRONMENT










RT-CH-530A.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Profit – Our Governance
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APPENDIX: SDG INDEX

SDG INDEX

All United Nations Member States adopted the 2030 Agenda for Sustainable Development in 2015, providing a path for peace and prosperity for people and the planet. The 17 SDGs are an urgent call for action by all countries, and support from the private sector is an important piece to achieving these goals. This report reviewed the SDGs as one of the key inputs for our priority ESG topics. Our priority ESG topics relate to the following SDGs. For more information on the SDGs, visit <https://sustainabledevelopment.un.org/sdgs>.

SUSTAINABLE DEVELOPMENT GOALS INDEX	
PEOPLE	
	Animal Nutrition Food Availability
	Human Nutrition and Health
	Human Capital
	Environmental, Health, Safety, and Security Human Capital Community Involvement
PLANET	
	Water Management
	Energy Management
	Waste Management Safety and Environmental Stewardship of Chemicals and Genetically Modified Organisms Materials Sourcing Practices (e.g., palm oil, coffee, cocoa) Food Safety and Health Concerns
	Energy Management
	United Nations Global Compact Participant