



balchem[®]

Solve Today. Shape Tomorrow.

Our 2022 Sustainability Report



*Making the World
a Healthier Place*

OUR VISION

We are committed to making the world a healthier place.

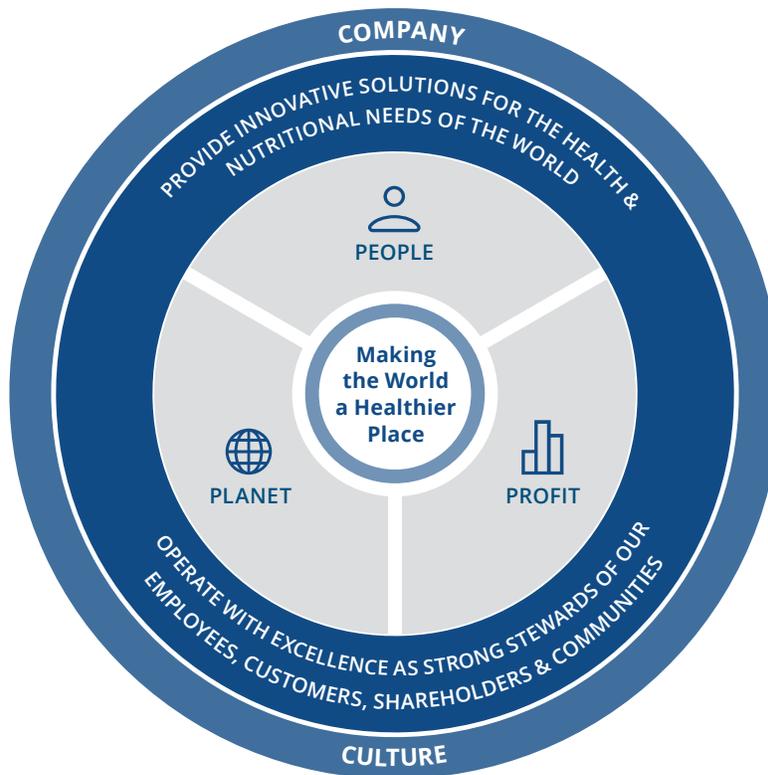
We strive to build a global nutrition and health company that delivers trusted, innovative, and science-based solutions to our customers. Our vision is clear: to make the world a healthier place. Balchem delivers trusted solutions that enhance health and nutrition through science. We are proud of our accomplishments – most notably, our ability to impact 1.4 billion people around the world in 2022 with our human nutrition products and by providing innovative products for livestock production and companion animals.

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

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

Our Sustainability Framework focuses on the most critical environmental, social, and governance (“ESG”) topics relevant to our business and our 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 2022

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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**MESSAGE FROM OUR
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER**



MESSAGE FROM OUR CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Sustainability is at the heart of our company's higher purpose of making the world a healthier place.

TO OUR EMPLOYEES, CUSTOMERS, SHAREHOLDERS, AND COMMUNITIES:

For over 55 years, Balchem has developed innovative solutions for the nutritional needs of the world. We do this while operating our facilities and businesses to meet the expectations of our employees, customers, shareholders, and communities. In 2022, we were faced with many challenges, including ongoing global supply chain disruptions, significant input cost inflation, and a tight labor market. I am proud of how Balchem responded to these challenges and showed its resilience and ability to execute in this environment.

We remain focused on our two main sustainability 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 we remain focused on our three sustainability pillars: People, Planet, and Profit.

In 2022, Balchem celebrated the second 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. As a participant member, we are proud to support several of the UN Sustainable Development Goals ("SDGs") and 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 journey relative to our corporate

social responsibilities and achieving our higher purpose of making the world a healthier place.

WE SUPPORT



OUR THREE BUSINESS SEGMENTS



Human Nutrition & Health ("HNNH"):

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



Animal Nutrition & Health ("ANH"):

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



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 minerals to the micronutrient agricultural market



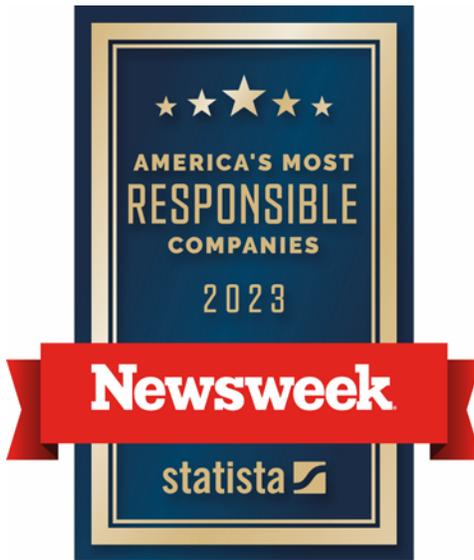


MESSAGE FROM OUR CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

As a signing member of the CEO Action Pledge, I am committed to building a diverse and inclusive culture in which everyone at Balchem feels welcomed, valued, and appreciated. In 2022, we progressed our strategic plan to advance Diversity, Inclusion, and Belonging ("DIB") at Balchem, which is further detailed in this report.

I am proud of the advancements of our Balchem Helping Hands initiatives, which encompasses all of our philanthropic activities. We continued our partnership with Vitamin Angels and expanded our employee matching donation program to help support over 70 different charitable organizations in our communities. In 2022, the Kooler Kids program successfully donated 15 refrigerator units to food pantries to enable them to accept and distribute much-needed dairy and perishable foods to those in need. Our employees also participated in various volunteer activities throughout the year and supported annual volunteer events, including National Volunteer Week and Giving Tuesday.

Balchem was named one of "America's Most Responsible Companies" by Newsweek® for the third 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 continuous improvement journey relative to our corporate social responsibilities, and are pleased with this recognition from Newsweek.

In addition to progressing our sustainability objectives, we had a strong year both financially and strategically – while continuing

to advance our strategic growth initiatives. Balchem acquired two companies: Kappa Bioscience® AS, a leading, science-based manufacturer of specialty vitamin K2, and Bergstrom Nutrition®, a leading, science-based manufacturer of methylsulfonylmethane ("MSM"). With these acquisitions, Balchem continues to expand its science-based health and nutrition portfolio while providing a broader nutritional platform that will help our customers improve their nutritional and health solutions.

Balchem is well positioned within the markets we serve, and we look forward to another growth year for the company in 2023. We are very appreciative of the support we receive from all of our stakeholders as, together, we strive to make the world a healthier place.

TED HARRIS
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER





2 | ABOUT OUR REPORT



ABOUT OUR REPORT

"Guided by our core values, Balchem provides innovative solutions for the health and nutritional needs of the world."

— TED HARRIS, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Our 2022 Sustainability Report highlights the progress made during the last year and demonstrates our commitment to a sustainable future. It is the result of a continuous 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 of Directors' (our "Board") Corporate Governance & Nominating ("CG&N") Committee – in accordance with its responsibility to oversee the company's activities and practices regarding ESG matters – reviews our sustainability-related practices and monitors the company's progress in this area. Each year, we assess our view of priority ESG subject areas through an annual risk assessment, recalibrating as necessary.

Our process includes:

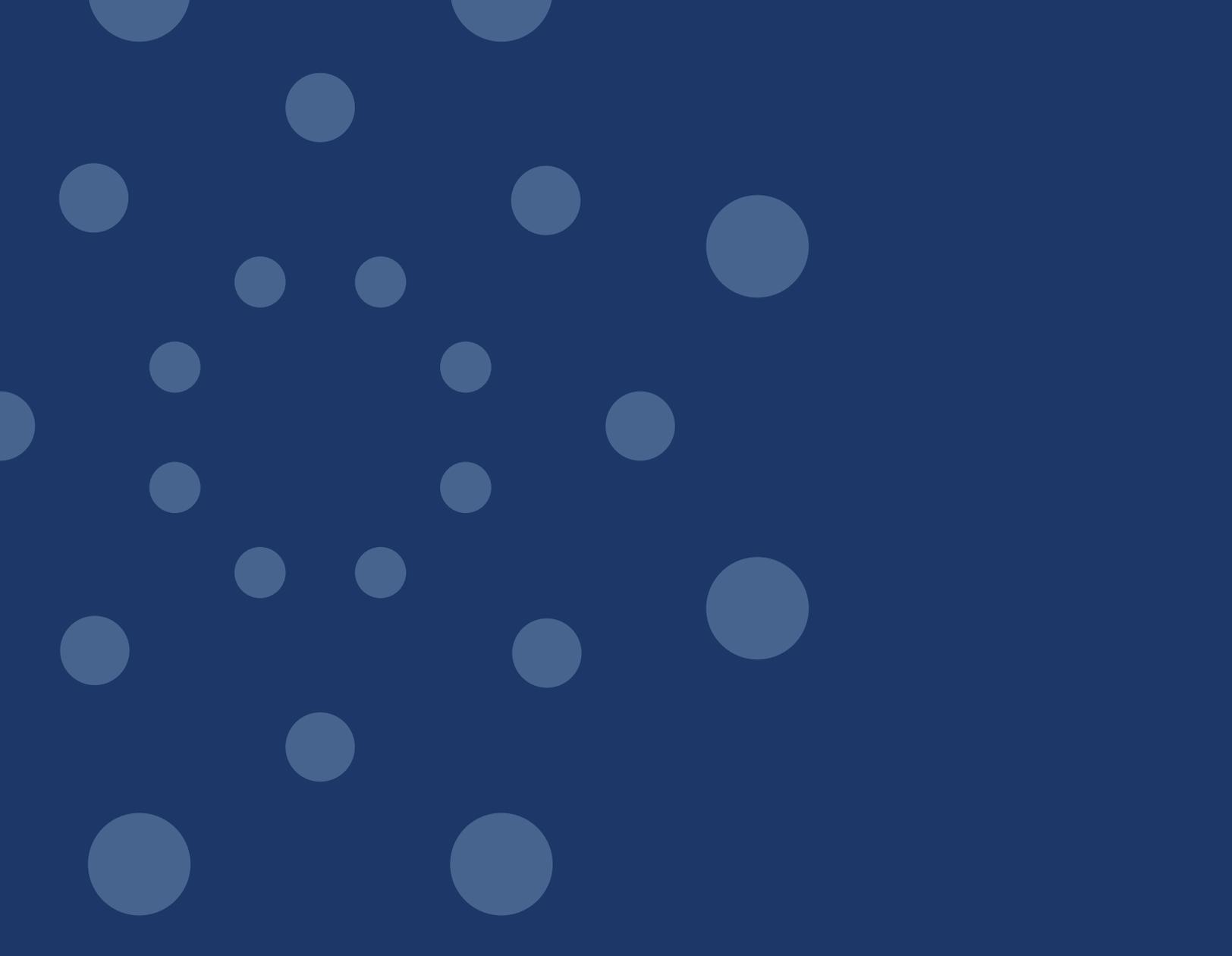
- Convening a cross-functional, executive-led steering committee with representatives from different business units, finance, investor relations, human resources, research and development ("R&D"), internal audit, supply chain, and operations
- Ensuring strong oversight of our ESG program through our Corporate Social Responsibility ("CSR") Management Team, which is comprised of leadership from all company segments who are Director-level and above, as well as the Chairman, President and Chief Executive Officer, the Sustainability Steering Committee, and the Head of Sustainability
- 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 various issues and topics 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 UN SDGs

Balchem is utilizing technology to improve data and reporting through the use of a software tool. Incorporating this tool into the ESG process streamlines data collection, provides accountability over metrics, informs management of operational trends, and assists with goal-setting. This report has been prepared with reference to the GRI Standards. 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; data included in the Planet section does not include information from the 2022 acquisitions. These metrics reflect the results of 12 months of operations ending on December 31, 2022.

Priority ESG Topics





3 | MEASURING OUR PROGRESS AND OUR 2030 GOALS



MEASURING OUR PROGRESS



 PEOPLE	 PLANET	 PROFIT
 1.4 billion – number of people reached per year	 10.8 billion – number of animals reached per year	 28% – revenue from products developed in the past five years
 1.17 – Total Recordable Injury Rate (“TRIR”)	 3.87 GJ/ton – energy intensity (GJ of energy per ton of product produced) 56,238 (CO₂e MT) – Scope 1 and Scope 2 GHG emissions (CO ₂ e MT)	 \$942M – total revenue
 36% – hourly employee turnover 15% – salary employee turnover	 12.78 CBM – water intensity (CBM of water withdrawal per MT of product produced) 3.99M CBM – total water withdrawn 0.08% – water withdrawal from regions with high or extremely high baseline water stress	 \$216.1M – adjusted EBITDA**
 75% males, 25% females – employee diversity	 97% – hazardous waste* reused or recycled 34% – hazardous material suppliers audited in the last three years	 \$105.4M – GAAP net earnings \$3.25 – GAAP earnings per share
 82% – R&D focused on health and nutrition	 100% – of palm oil sourced and certified through the Roundtable on Sustainable Palm Oil (“RSPO”) 35% – raw materials from renewable resources	 85% – free cash flow conversion
 100% – manufacturing sites with local community engagement efforts	 0 – product recalls	 33.1% – 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 2022. *Balchem defines hazardous materials as ethylene oxide, trimethylamine, hydrochloric acid, anhydrous ammonia, propylene oxide, and carbon disulfide. **Adjusted EBITDA is defined as earnings before income taxes, interest, other expenses, depreciation, amortization, stock-based compensation, expenses related to a flash flood event, inventory valuation adjustments, transaction and integration costs, ERP implementation costs, unallocated legal fees, certain impairment charges, and restructuring costs.



OUR 2030 GOALS



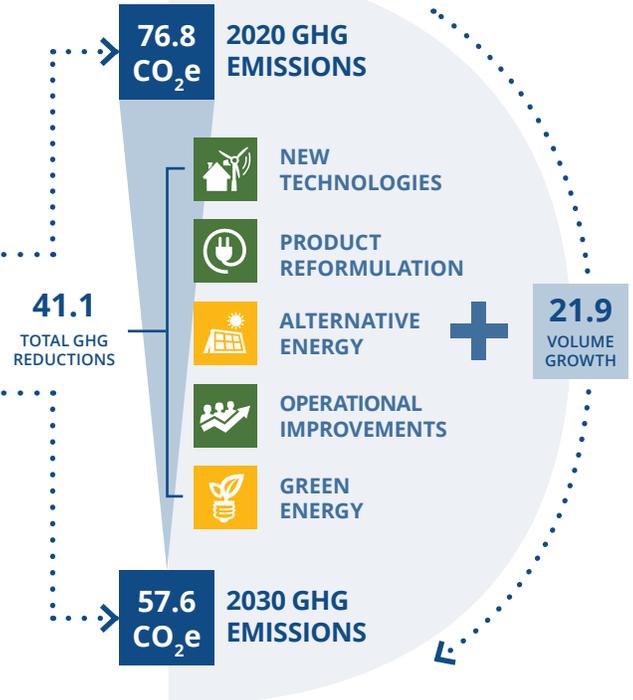
EMISSIONS REDUCTION

- **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 and reduce consumption from non-renewable sources

BALCHEM COMMITS TO REDUCING OUR GHG EMISSIONS USE BY

25%

METRIC TONS ("MT") 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)



4 | PEOPLE





PEOPLE

3 GOOD HEALTH AND WELL-BEING



“Longevity and living life well starts with building the foundation today for a healthier tomorrow through proactive nutrition and self-care.”

— **FREDERIC BONED**, SENIOR VICE PRESIDENT AND GENERAL MANAGER, HUMAN NUTRITION & HEALTH

HUMAN NUTRITION & HEALTH (“HNH”)

BALCHEM HNH DELIVERS SOLUTIONS TO SUSTAIN THE FUTURE

Balchem HNH is a value-added partner with a broad portfolio, unique capabilities, and strong industry expertise. From indulgent and sensory experiences to targeted essential nutrition, our range of functional ingredients addresses the consumer’s journey to living life well. With patented technologies, new business partnerships and acquisitions, and a consumer trend-driven pipeline, we’re focused on innovating for the future. Throughout the year, we’ve partnered with customers to inspire their growth and have invited them to walk the path toward living well with us.

AWARD-WINNING VITACHOLINE® ENHANCES MATERNAL DHA STATUS, DELIVERING KEY BENEFITS FOR INFANT COGNITION

Following the 2021 scientific advances in VitaCholine research, 2022 proved to be another strong year. VitaCholine was featured in a recently-released study from Cornell University, highlighting the impact of docosahexaenoic acid (“DHA”) status in pregnant women after supplementation of choline. Published in *The American Journal of Clinical Nutrition*, the clinical study’s findings revealed that pregnant women who combine their supplemental DHA with VitaCholine significantly improved their DHA status more than those supplementing with



DHA alone. As choline enhances DHA status in mothers, it also allows for a greater supply of both nutrients to the developing baby. Pregnant women around the globe lack sufficient choline dietary intake, making supplementation all the more important. VitaCholine was the 2022 recipient of NutraIngredients-USA Award for “Ingredient of the Year: Cognitive Function.”

INTRODUCTION OF THE FIRST, ORGANIC-GRADE VITAMIN K2-MK7 SOLUTION IN THE U.S. MARKET

In October 2022, Kappa Bioscience® announced that it will launch K2VITAL® MCT Organic – the first USDA-certified organic, all-*trans* vitamin K2-MK7 for oil-based health applications – to the U.S. market. Making its debut at SupplySide West 2022, visitors of the show were invited to the company’s booth to discover how Kappa’s cutting-edge K2VITAL® MCT Organic solution is creating new opportunities for health supplement manufacturers to enter the growing organic space with premium products. K2VITAL® MCT Organic is certified by Quality Assurance International (“QAI”), in line with the U.S. Department of Agriculture’s (“USDA”) National Organic Program (“NOP”) and international standards. Additionally, it is





PEOPLE



soy- and allergen-free; vegan; and Halal-, Kosher-, and non-GMO-certified. Customers can easily switch to the organic grade without adjusting their formulation, as its specifications are identical to Kappa's existing K2VITAL® MCT oil-based vitamin K2-MK7.

ZINC BISGLYCINATE CHELATE MAX DELIVERS A COST-EFFECTIVE, CLEAN-LABEL SOLUTION FOR GLOBAL CUSTOMERS

Our newest addition to the Albion® Minerals portfolio includes a higher concentration, "clean-label" version of chelated zinc: Zinc Bisglycinate Chelate Max. The higher concentration of elemental zinc, which is approximately 27%, enables a higher dose in supplement applications and is desirable for capsule and gummy manufacturers alike. The formulation efficiency yields a more affordable cost-in-use for our end customers, while delivering even more bioavailable zinc than ever before. Zinc Bisglycinate Chelate Max meets the clean-label demands of today's consumers by being silica-free, free of animal-derived ingredients, not bioengineered, and Non-GMO Project Verified. Zinc Bisglycinate Chelate Max helps deliver key health benefits that are routinely sought by global consumers, including immune system health, skin health, and cell metabolism.



PIONEER BRAND OPTIMSM® MAINTAINS THE HIGHEST STANDARDS FOR PURITY, SAFETY, AND CONSISTENCY

OptiMSM®, the market-leading brand of MSM, is produced through a proprietary, multi-stage distillation process that ensures 99.9% purity. Best known for its role in cellular inflammation and use in joint health, muscle health, and sports performance formulations, emerging science also reveals OptiMSM®'s positive role in enhancing "beauty from within."

WITH PLANT-FORWARD DIETS ON THE RISE, VITALBLEND® PLANT-BASED POWDERS MEET THE NEEDS OF TODAY'S CONSUMERS

VitalBlend® plant-based and spray-dried powders improve functionality in a wide variety of food and beverage options. Sourced from whole foods like oats, avocados, coconut, and peas, these lipid powders both provide flavor and texture and improve mouthfeel of the food products in which they are used.



WE PUT THE "FUN" IN FUNCTIONAL WITH FOOD INGREDIENTS TO DELIGHT THE SENSES

Consuming enough protein remains a top priority for consumers around the globe. Balchem's extruded products are used to contribute protein and texture to ready-to-eat snack foods, with those like Z-Crisps® and Z-Texx™ available in a variety of dairy and plant-based protein sources, content, and sizes. We capture consumer interest through insights and trends with TrenDish™, our proprietary innovation process, and offer consumer insights and market trends that support ideation. With our help, customers can take action and bring their products to market faster and more effectively. From flavor innovation to taste- and texture-enriching solutions, our encapsulates, inclusions, and flavor systems are found in consumer packaged goods around the globe.

BUILDING ON OUR SUSTAINABLE FUTURE

Both of our recent acquisitions, Kappa Bioscience® and Bergstrom Nutrition, have had a longstanding focus on sustainability. Kappa has numerous programs to help reduce its carbon footprint, which include a tree-planting program with Ecologi, where Kappa has sponsored the planting of 60,418 trees. Additional carbon footprint initiatives include automatic-switch lighting at the Oslo, Norway and Hamburg, Germany locations, and encouraging employees to utilize public transportation by paying for 50% of the monthly transit subscription. Bergstrom has also been focused on several sustainability initiatives, including performing an "energy audit" through its partnership with Energy Trust of Oregon, implementing any resulting recommendations, and transitioning to high-efficiency LED lighting and higher-efficiency units.



PEOPLE



“We depend on animals for food and for companionship, and Balchem recognizes the impact uniquely-tailored nutritional products have on improving health and productivity.”

— JONATHAN GRIFFIN, SENIOR VICE PRESIDENT AND GENERAL MANAGER, ANIMAL NUTRITION & HEALTH

ANIMAL NUTRITION & HEALTH ("ANH")

IMPROVING AGRICULTURE EFFICIENCY TO IMPACT GLOBAL SUSTAINABILITY

Throughout 2022, our ANH team intensified their focus on helping global agriculture meet the challenge of feeding an ever-growing population sustainably. And that challenge will only be met with a commitment to improving overall efficiency, starting with protein and water.

CONCENTRATING ON CONCENTRATION

As a leader in animal feed technologies, Balchem is driving innovations that will support our future. One innovation with an

immediate environmental impact is increasing the concentration of many of our products. By advancing core technologies in our encapsulated nutrients, such as Reashure-XC® Precision Release Choline, we are helping livestock producers accomplish more with less. By increasing nutrient content delivered per unit, we are reducing the impact of transportation and excess excretion on the environment.

Our line of encapsulated products delivers nutrients more precisely and efficiently to meet the animal's nutritional needs for maximum production while reducing input needs and minimizing animal waste.

Balchem's dairy research program continues to make impressive new discoveries. In 2022, 11 abstracts related to Balchem products were presented at American Dairy Science Association meetings. Three studies from the University of Florida, University of Wisconsin, and Michigan State University generated data that sheds new light on the importance of choline in dairy nutrition. Choline in ruminants is typically considered a remedy for cows with metabolic problems such as fatty liver or ketosis. This new, cutting-edge research demonstrates that choline is a required nutrient for all cows, irrespective of their health status or milk production levels.





PEOPLE



 Precision Release Choline	 Precision Release Methionine	 Precision Release Nitrogen	 Amino Acid Chelated Minerals
-----------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------

By supplying the required levels of choline, cows can reach a natural state of wellness and vitality, enabling them to fully express their genetic and biological potential for milk production. A healthy cow is a more efficient, more sustainable cow, and one that requires less feed and land and generates less waste to produce one unit of milk. Furthermore, a healthy cow requires less antibiotics. The overuse of antibiotics in agriculture can lead to antibiotic resistance in humans.

Balchem's gut health product line – Fibrase™, Tannin™ 50, and ProAcid™ – work to create a healthy environment for the gut microbiome.

A healthy gut microbiome can improve feed efficiency while maximizing productivity. Efficiency is all about doing more with less, which is good for the farmer and great for the environment.

Our AminoShure™-XM Precision Release Methionine can positively impact our planet in many ways: by minimizing the natural resources needed to produce milk, while decreasing the amount of nitrogen excreted into our environment.

NitroShure™ Precision Release Nitrogen helps cows more efficiently utilize home-grown forages. This decreases the amount of land

required to support profitable milk production and reduces the amount of nitrogen that is excreted into the environment by as much as 40%.

The new KeyShure® Plus family of amino acid chelated minerals delivers some of the highest mineral content in the chelated mineral industry. This higher concentration requires less space in premixes for formulation flexibility while reducing its reliance on transportation resources.



PEOPLE

2 ZERO HUNGER



SUPPORTING THE INDUSTRY

At the heart of all its products and initiatives, Balchem's ANH business is committed to making the world a healthier place in two ways: by developing science-based solutions that help sustainably feed a growing global population, and serving the communities and people that have come to count on Balchem's industry-leading products.

In 2022, Balchem's PetShure® team completed its first imaginarium educational event in collaboration with Auburn University. This program brought together pet nutrition scientists, product developers, protein converters, and university researchers to share new ways to upcycle low-value protein and use PetShure products to turn it into high-value pet foods. Representatives from leading pet food manufacturers who were in attendance had the opportunity to connect with protein suppliers and technology manufacturers to learn how to take advantage of overlooked protein sources.

Balchem continues to take a lead role in bringing the latest scientific information to

animal agriculture with their popular Real Science Lecture Series and Real Science Exchange podcast. Since their inception in 2020, both programs have had nearly 150k downloads, and the podcast was recognized as one of the top five agriculture-related podcasts in 2022. Balchem added an in-person element to their Real Science educational programs by hosting a series of symposiums and scientific meetings around the world.

As part of our commitment to creating a sustainable environment, Balchem recently pledged \$100k of funding, over the next five years, to Cornell University's Sustainable Animal Agriculture Discretionary Fund. The fund aspires to reduce global enteric and manure methane and nitrous oxide emissions from cattle production, and enhance the productive efficiency of cattle to mitigate climate change and support human health and animal well-being.



Balchem's Real Science Exchange podcast recording at the American Dairy Science Association meeting

DEVELOPING KNOWLEDGE AND UNDERSTANDING BALCHEM'S IMPACT BY THE NUMBERS



INDUSTRY INFLUENCERS IMPACTED:

 **85** EDUCATIONAL SEMINARS
NEARLY 65k VIEWS (BOTH LIVE AND RECORDED)

 **61** PODCASTS
60k LISTENS

 **25k** CONTACTS
REACHED WEEKLY

CONSUMERS AND INDUSTRY ADVOCATES IMPACTED:

 **74k**
REAL FACES OF DAIRY FOLLOWERS

 **6k**
PHOTOS UPLOADED PER YEAR



PetShure's Imaginarium educational event at Auburn University



PEOPLE



“Specialty Products, consisting of Balchem's Plant Nutrition and Performance Gases businesses, deliver essential solutions to make the world a healthier place.”

— **JOB VAN GUNSTEREN**, SENIOR VICE PRESIDENT AND GENERAL MANAGER, SPECIALTY PRODUCTS

SPECIALTY PRODUCTS

PLANT NUTRITION

Sustainable Chelated Materials

Balchem Plant Nutrition provides Metalosate®-brand chelated minerals to the agricultural market worldwide. The amino acid chelate technology in our Metalosate® products enables the targeted delivery of micronutrient minerals to crops using highly-efficient foliar application spray methods. As a result, farmers and growers get healthier crops that are more resistant to disease and pests, have larger yields, and create healthier food for the consumer with an extended shelf life for any products that are shipped long distances. Over 90% of Metalosate® penetrates leaves, which results in less residual product on the surface of the leaf that can be accidentally rinsed into the soil. Products that are rinsed into the soil can inadvertently leach into the water table.

Increasing Shelf Life

There is not enough food to meet global needs, and unfortunately, fruits and vegetables can spoil during any part of the supply chain. Because of that, distribution continues to be a challenge. Balchem Plant Nutrition's amino acid chelate technology helps increase shelf life. Metalosate® Calcium, Manganese, and Boron can all contribute to the shelf life of fruits and vegetables. Metalosate® Calcium has also proven to increase shelf life when used as a post-harvest application. Providing these solutions means getting more food to people to maintain healthy nourishment.



Higher Yields

Balchem Plant Nutrition agronomists have researched foliar fertilizers and their effects on hundreds of crops in various climates and situations. When applied appropriately, Metalosate® can deliver higher yields, superior quality, and greater potential. This can be illustrated by applying zinc (the precursor to auxins) to corn before tasseling, which can increase the potential number of grains per ear. If that opportunity is missed, there is no way to make up for it in later growth stages. This same principle can be applied to other grains, fruit, vegetables, and nuts.

Hardier Plants

Amino acids are the building blocks of protein. All Metalosate® products contain amino acids and also act as a protectant against abiotic and biotic stress, including drought, excessive heat, pest pressure, and more. When plants encounter stress, their ability to maintain growth is hampered. When amino acids feed the plant, those plants can better tolerate that stress. Plants need 16 key nutrients to maintain proper balanced health, and these minerals can reach the plants more effectively by penetrating their protective barrier when applied through Metalosate® Amino Acid Chelates. The result is hardier plants that are more resistant to outside stress and have better balanced nutrition.





PEOPLE

3 GOOD HEALTH AND WELL-BEING



Grimbergen, Belgium site

PERFORMANCE GASES

Our Performance Gases business unit, included in Specialty Products, specializes in the repackaging and worldwide distribution of performance gases for use in the sterilization of medical devices, fumigation of nuts and spices, refrigeration, metal hardening, and other industrial applications. Our unique combination of products, packaging, and logistical expertise – coupled with our strong focus on safety, quality, and consistent, on-time delivery – provides our customers with the solutions they need.

Medical Device Sterilization

The healthcare industry depends on the proper sterilization of medical devices to keep patients safe from pathogens such as bacteria and viruses that lead to infection and other adverse patient outcomes. Medical device sterilization is critical to patient

care and Balchem Performance Gases deliver the key, repackaged gas solutions for the effective sterilization of medical devices that are essential to saving lives.

Nut & Spice Fumigation & Pasteurization

Due to the nature of how they are grown, harvested, and processed, nuts and spices can easily become contaminated with *Salmonella*, *E. coli*, and other pathogenic bacteria. Over the years, it has been demonstrated that microbial reduction during the processing of nuts is essential to ensuring their safety for downstream use and consumption. In the U.S., Balchem Performance Gases provides Propylene Oxide that delivers reliable and efficient microbial reduction, as well as control of stored product insect pests, while preserving the sensory qualities of the commodity.

Propylene Oxide is the only method that provides reliable microbial reduction and insect kill with minimal effect on the sensory qualities of the commodity.

Handling Waste Gases

Balchem Performance Gases is licensed for the treatment of waste gases in the EU. Handling waste gases and chemicals is a job for companies that are authorized and possess the know-how to do so. Balchem inventories, packages, transports, and recycles hazardous waste in accordance with the appropriate guidelines and regulations.



PEOPLE



“Food safety is the foundation of our product quality, and we continuously strive to go above and beyond.”

— HELEN KING, VICE PRESIDENT, QUALITY

FOOD SAFETY

At Balchem, we work to continuously delight our customers with the products we manufacture by focusing 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 the requirements of our consumers.

Always relying on our top talent, we have knowledgeable employees who are skilled in different regulatory environments – including food, dietary supplements, and pharma – and who seek 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”), FAMI-QS, ISO, and more.

We invest in improving the quality of our products and our food safety program on an

ongoing basis. In 2022, we began implementing an updated Laboratory Information Management (“LIM”) system to better support data review and statistical trending in real time. We also moved the Corrective and Preventive Action (“CAPA”), Customer Complaint, and Supplier Non-Conformance tracking systems into the common ERP system, which has improved data tracking and trending in these important areas.

Improvements in quality systems have reduced the amount of product dispositioned to destroy for quality issues, resulting in a year-over-year improvement of 27%.



QUALITY MANAGEMENT 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.



Albert Lea, Minnesota Quality Lab



Marshfield, Minnesota Quality Lab



PEOPLE



“We are committed to responsible sourcing and require adherence to our Supplier Code of Conduct.”

— KYLE MONTGOMERY, VICE PRESIDENT, SUPPLY CHAIN

RAW MATERIAL SUPPLIERS

The global supply chain disruptions that continued in 2022 as a result of the COVID-19 pandemic and global geopolitical instability illustrate the need for a robust and sustainable supply chain. Without close monitoring, constant interaction, and a thorough evaluation 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 of 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 own

quality program and the material being supplied, as well as a 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.

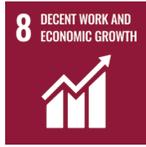
As such, Balchem maintains ongoing measures of key quality performance metrics, including supplier issues, customer complaints, first-pass quality tracking, corrective action, and completion and follow-up site audits, as required. We take customer feedback seriously and track customer complaints, complaint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

The supply chain headwinds of the past few years were particularly challenging for raw materials. For this reason, we know that working with responsible suppliers is essential to a stable supply. Balchem’s Supplier Code of Conduct (linked below) requires suppliers to protect human rights by ensuring healthy labor conditions, fair treatment for employees, and competitive compensation standards. It is closely linked to and aligned with Balchem’s Code of Business Conduct and Ethics (the “Code”). We believe that working with suppliers that share our commitment to human rights helps make our supply chain stronger.





PEOPLE



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

— BRENT TIGNOR, SENIOR VICE PRESIDENT AND CHIEF HUMAN RESOURCES OFFICER

HUMAN CAPITAL

A core pillar of our corporate strategy is to foster a diverse and high-performing workforce. Balchem supports the success of its current and future employees by fostering an inclusive culture, one that maximizes employee engagement and encourages professional development. Driven by the collective capabilities of our dedicated employees, we recognize that it is because of their hard work, talent, and commitment that we continue to deliver outstanding results for our various stakeholders. We owe this to a workplace culture that is collaborative, supportive, and welcoming, where everyone feels accepted and empowered to do their best.

With the right tools, we believe that our employees can accomplish anything. The professional development of our employees is key to enhancing success in business – and in life. Individual growth and advancement requires us to always keep learning; it's what keeps us engaged and motivated. This continued experience ensures that our employees are able to make valuable contributions to their colleagues, Balchem customers, and our organization as a whole.

Training is facilitated by world-class content providers, including eCornell and LinkedIn Learning. These online learning tools offer self-service training modules that enable, document, and verify the completion and comprehension of assigned or required training. The knowledge gained from these learning management systems include: training for job-specific technical skills, regulatory requirements, and company policies,



Verona, Missouri site

including [Balchem's Code of Business Conduct and Ethics](#), anti-harassment and discrimination, foreign corrupt practices, anti-trust, and various other compliance topics.

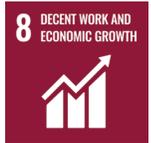
To ensure the development of Balchem's future leaders, we expanded our leadership program in 2022, taking advantage of eCornell's expert-led courses. All Balchem plant managers who work with our supply chain operations had the opportunity to complete Counteracting Unconscious Bias Training, one of the core courses in eCornell's Diversity, Equity, and Inclusion ("DEI") Certificate program. We also launched leadership competency training and coaching with Performex – which benefits team members by working with

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



them one-on-one – and gave female leaders the unique opportunity to take executive leadership courses through eCornell with other female leaders. This investment in our future will enhance our organization's ability to simultaneously build our desired culture, achieve our financial goals, and cultivate competencies and skills for career advancement.

Understanding that health is holistic, employees also have access to healthy lifestyle discounts through our Wellness Center, as well as debt, legal, and financial counseling. 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.

Workforce planning is fully integrated into our business planning process, and Balchem is focused on ensuring we meet our current and future workforce needs. We believe the

more proactive we are about meeting the requirements of our business, the more successful we will be. We are constantly evaluating what we are missing, how we can address talent gaps, and how to build successful sourcing strategies.

While Balchem has achieved many milestones in this area, these are only a few of the many ways we try to enhance employee engagement, belonging, performance, and leadership development. We believe that supporting all employees with modern, world-class human resources technology and creating a best-in-class place to work will impact our ability to make meaningful contributions and reach our full potential.

Outside of the workplace, we are always working to extend education and outreach opportunities beyond Balchem and to the community at large, from highlighting career opportunities at local schools to sharing best practices in human capital with local industry



BALCHEM SONS AND DAUGHTERS SCHOLARSHIP PROGRAM

Since the program's inception in 2005, Balchem has proudly awarded \$178k in scholarships to children of employees to help them achieve their educational goals. In 2022, we awarded 10 scholarships totaling \$20k.

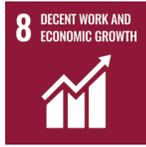
councils. We also provide financial support for employees to pursue degree programs, and on an annual basis, award scholarships to children of Balchem employees through our Balchem Sons and Daughters Scholarship Program.



Defiance, Ohio site



PEOPLE



RECOGNITION

In 2022, we launched the Balchem Excellence Awards, our first awards program that recognizes manager- and peer-nominated employees who best represent Balchem's core values. We received over 70 nominees, and have appointed Recognition Committees to choose a winner for each value. The five winners were recognized at the First Quarter 2023 Townhall and each received a monetary award.

RETURN TO THE OFFICE AND FUTURE OF WORK

If the pandemic taught us anything, from an employee wellness perspective, flexibility in the workplace is invaluable. That said, we also believe in the value of in-person collaboration and recognize that we must grapple with the new reality of the need to adapt and embrace a hybrid model. In 2022, we rolled out a pilot program that aims to drive collaboration and meaningful connection. This hybrid approach provides employees the flexibility to work, on average, three days a week in the office and two

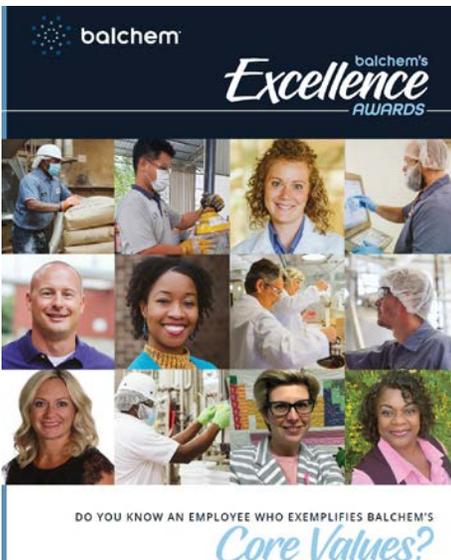
days remotely. Fridays are a designated remote workday, and employees have an allotment of 40 remote work days per year – equal to two days per week, when considering other paid time allotments. Balchem employees can also use up to 10 “work from home” days consecutively (eight of which come from the 40 day allotment), a unique employee benefit, should the need arise.

TALENT: DIVERSITY

Diversity drives and inspires our innovation and operational excellence. At Balchem, our global, talented team works very hard to make the world a better place, and we continue to build a culture where our employees like coming to work and remain proud of their contributions. In 2022, we grew our team to approximately 1,340 employees, all while increasing our percentage of female employees from 21% to 25% and our ethnic diversity from 20% to 25% from 2016 to the end of 2022.



Defiance, Ohio R&D Lab



WOMEN IN LEADERSHIP*

2016 LEADERSHIP

21.2%

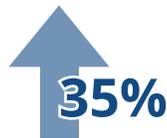
FEMALE

2022 LEADERSHIP

28.6%

FEMALE

.....



WOMEN IN LEADERSHIP ROLES ROSE 35% SINCE 2016



EMPLOYEE RETENTION

2022 RETENTION RATE

85.4%

SALARIED

75.5%

HOURLY

.....

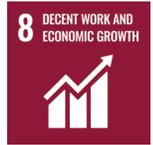


ETHNIC DIVERSITY ROSE FROM 20% TO 25% SINCE 2016

*Leadership positions include employees who are Director-level and above.



PEOPLE



During that same time frame, female representation in leadership also increased from 21% to 29%. This steady incremental growth is encouraging, and we look forward to keeping that momentum going.

As we further expand our engagement with external partners, including diversity professional organizations, we recognize that demonstrating our commitment to diversity beyond gender in our employee base is critical to ensuring we keep these relationships. We always seek to attract and hire talent that represents our inclusive culture. While we have made meaningful progress, we remain committed to leveraging our progress to further foster this culture and drive more diversity across all of our offices, all over the world.

Our DIB efforts are branded as Belonging at Balchem, which has allowed us to better embed such initiatives into the fabric of our company. This strategy applies to all of our employees, including senior management. Our Chairman, President and Chief Executive Officer's commitment to the CEO Action Pledge, which advances diversity and inclusion in the workplace, continues to set a clear tone on these issues at the top of our organization.

In 2022, we had more than 15 internal and external Belonging at Balchem communications to educate and inspire others in the marketplace. The entire HR staff participated in eCornell's DEI for HR Certificate program and all supply chain plant managers completed the Counteracting Unconscious Bias Course through eCornell.

Together, our talent management process, DIB strategy, and Total Reward offerings are centered around attracting, building, and retaining a world-class and highly-skilled workforce capable of delivering on our growth initiatives. During fiscal year ("FY") 2022, inclusion goals were formally assessed as part of our performance expectations.

All managers receive performance feedback on their efforts to foster 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.

BALCHEM WOMEN'S IMPACT NETWORK ("BWIN")

Balchem 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. BWIN offers a platform for all women at Balchem to feel empowered and have an opportunity to thrive personally and professionally. BWIN meets regularly and provides programming for leadership, business success, and networking.



Established: 2018

Vision: To inspire the women of Balchem to capture their full potential

Mission: Build a platform that informs, develops, and empowers us all to thrive, both personally and professionally

Current Membership: 288 people



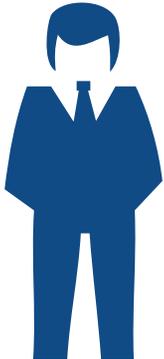
Verona, Missouri site



PEOPLE

2021-2022 GENDER DIVERSITY COMPARISON

MALE



EMPLOYEE DIVERSITY – GENDER



FEMALE



EMPLOYEE DIVERSITY – SALARIED



NEW HIRES



LEADERSHIP POSITIONS*



BOARD POSITIONS



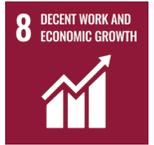
50%

OF OUR COMPANY IS FEMALE, EXCLUDING SUPPLY CHAIN AND OPERATIONS.

*Leadership positions include employees who are at Director-level and above.



PEOPLE



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

— SHAWN THOMAS, DIRECTOR, ENVIRONMENTAL, HEALTH, SAFETY & SECURITY

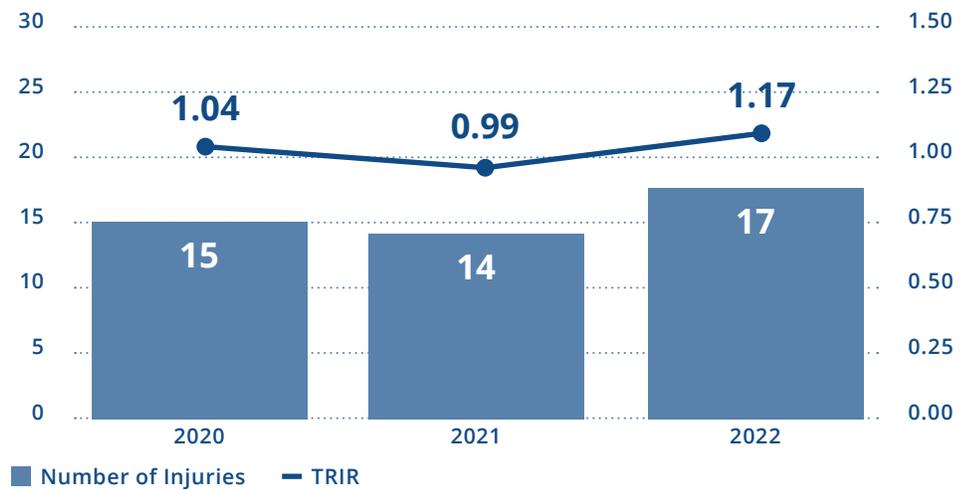
ENVIRONMENTAL, HEALTH, SAFETY & SECURITY POLICY

We hold our employees' Environmental, Health, Safety & Security (EHS&S) above all else. Ensuring the safety of our employees, contractors, 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 also has been shown 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 target our efforts to improve the safety of our employees, contractors, customers, and host communities. In 2022, we published our [EHS&S Policy](#), which also extends to our suppliers. Our Global EHS&S Director, who reports directly to our Chief Supply Chain Officer, provides regular updates to our EHS&S Steering Committee. This committee includes our Chairman, President and Chief Executive Officer and other members of senior management, thus representing most functions within our global organization.

HOW WE PERFORMED

During the first half of the 2022, Balchem recorded 12 injuries, but in the second half, just five. Balchem finished the year strong by posting a streak of 73 days without any injuries. We ended 2022 with 17 injuries

TOTAL RECORDABLE INJURY RATE ("TRIR")



LOST TIME INJURY RATE ("LTIR")

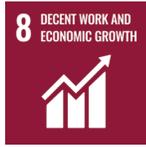


and a Total Recordable Injury Rate ("TRIR") of 1.17, compared to a 2021 TRIR of 0.99 with 14 injuries. The chart above shows our historical TRIR performance since 2020. Our greatest success in 2022 was our Lost Time

Injury Rate ("LTIR") performance. Balchem posted a LTIR of 0.21, compared to 0.42 in 2021, and established a new record for the company. The chart above shows our historical LTIR performance since 2020.



PEOPLE



LAYING THE GROUNDWORK FOR A SAFE FUTURE

EHS&S is central to our company value of winning and being one of the most successful nutrition companies on the planet. We believe EHS&S is our obligation, as we want our employees to return home to their families safe and healthy. Therefore, Balchem’s passion for protecting its employees cannot be underestimated.

Here are just some of the initiatives that Balchem implemented in 2022:

- **Critical-to-Life (“CTL”) Focused:** To start, we want to reduce CTL risks as much as possible. In 2021, we started developing and implementing standards for mobile equipment and hot work. Our focus was – and continues to be – minimizing overall CTL risks across the board. In 2022, we rolled out new lockout-tagout and confined space entry standards. The fifth and final CTL, elevated work, is scheduled for release by mid-2023. These CTL standards have greatly reduced our risk associated with some of the most serious injury and fatality tasks performed at Balchem. Additional standards will follow, as our EHS&S management system is further developed in 2023 and beyond.
- **GEMBA Walks:** We increase safety engagement between management and frontline workers through GEMBA Walks, which are guided by focused checklists to eliminate high-risk tasks associated with our operations. During a GEMBA Walk, management and employees fix issues together, right on-the-spot. This was a new initiative in 2021, and more checklists were added in 2022 to guide discussions around chemical handling and thermal burn safety.
- **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 by making

them more focused on the hazards that most impact our sites. In 2022, Balchem began recording STARs in IndustrySafe, our EHS&S management system software. This improved the overall quality of Balchem’s STARs, as well as provided tracking tools to site management.

OUR JOURNEY AHEAD

Placing the EHS&S 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 EHS&S to have a stronger involvement in decision-making and is therefore integral to achieving our sustainability goals. The implementation of health and safety activities is overseen by a global team of EHS&S professionals who are tasked with assuring Balchem leadership, employees, and consumers that safety standards are put in place and frequently evaluated.



Management and hourly employees conducting a GEMBA Walk at the Slate Hill, New York site

OUR THREE-YEAR PLAN



Step 1: Continue Upgrading our CTL Standards. Serious Injury and Fatality (“SIF”) risk reduction is critical to our success, as we want to send our employees home safely (75% complete)

Step 2: Ensuring Regulatory Compliance. Compliance with laws and regulations is our license to operate in the communities where we are located, making it critical for us to meet and exceed even the most minimum requirements (starting mid-2023)

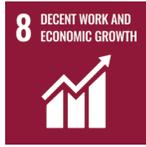
Step 3: Standardizing our EHS&S Management System globally. Standardizing programs and ensuring all EHS&S obligations are met are earmarks of a successful and continuously-improving EHS&S management system (starting in 2024)



Employee conducting a safety inspection on a piece of equipment at the Albert Lea, Minnesota site



PEOPLE



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

— BRENT TIGNOR, SENIOR VICE PRESIDENT AND CHIEF HUMAN RESOURCES OFFICER

COMMUNITY INVOLVEMENT

At Balchem, we pride ourselves on supporting various initiatives that lend a helping hand to those in need. We actively work to engage our employees in promoting a culture of volunteerism with the goal of giving back to the communities where we live and work.

Our teams continue to demonstrate their commitment to our vision of making the world a healthier place. In 2022, we held events across more than half of our global sites that our employees participated in through a number of ways: by attending in-person, participating virtually, or donating money to the cause at hand.

Despite the challenges many still faced during the COVID-19 pandemic, employees at Balchem continued to donate their own time and resources in the communities served. In 2022, Balchem employees logged a total of 692 volunteer hours at community events and programs geared towards helping disadvantaged populations and the environment.

Our Balchem Helping Hands Matching Donation Program saw an increase in employee participation in 2022, with Balchem matching donations to 72 different charitable organizations in our communities.

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 600 employees. Throughout the month, we also provided resources to all employees to educate them about breast cancer and increase their awareness of this horrible disease.

We are very proud of the positive impact our teams have made across the globe through their involvement in various initiatives that strive to enhance the well-being of others and our environment.

SUPPORTING UNDERSERVED SEGMENTS

One in six children in the U.S. today are facing hunger – and one in four don’t know where their next meal may come from. Local food

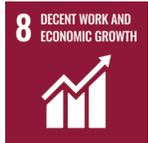
banks and government programs are working hard to fill the gap, but the need continues to grow. Fresh food (including dairy products, meat, and produce) are in great demand, but are very difficult for most community programs to handle. A lack of refrigeration units limits the donations that can be accepted and, by default, the amount of products that can be delivered to those in need.



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



PEOPLE



Balchem’s Kooler Kids program was started in 2021 to help fill the gap in our local communities. By working with Dairy Farmers of America (“DFA”) through their DFA Cares program, Kooler Kids helps supply refrigeration units to local food banks. Since its inception, Kooler Kids was instrumental in placing refrigerators in 28 locations across 14 states. The program generated more than \$270k in funds to help fill those refrigerators with dairy products, meat, and produce, which represents more than four million servings of milk.

group provides a welcoming environment for idea sharing and growth.

Through our “Real Faces of Dairy” initiative and Facebook page, which now has over 75k followers, Balchem is bridging the gap between the dairy industry and consumers – helping each party gain a better understanding of and appreciation for the other.

We continued our partnership with Vitamin Angels, a global public health nonprofit that distributes life-saving vitamins and minerals to women and children in need. With this partnership, we helped reach 300k women and children who were at risk of nutrient deficiencies in 74 countries around the world.

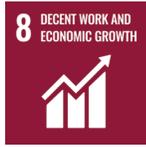


Balchem is also a supporter of the Dairy Girl Network, which gives women in the industry the opportunity to connect with other passionate supporters and develop professionally. The





PEOPLE



FLOOD DISASTER DONATION DRIVE 

A major flood occurred in a neighborhood near our Kuala Lumpur production site. That team, along with help from our facilities in Italy, collected key necessities like dry food and water and donated them to victims of the flood.



MINISINK CARES BACKPACK PROGRAM 

Our Middletown, NY team collected individually-wrapped food items for local school children in need to ensure they have meals and snacks for the weekend.



GREAT RIVER GREENING BUCKTHORN BUST 

Our Faribault, MN team volunteered with a local program to clear buckthorn and other invasive species from the River Bend Nature Center.



FRIENDSHIP HOME DONATION DRIVE 

The Friendship Home program supports adults and their dependents who are experiencing domestic violence by offering strength-centered and trauma-informed services, emergency shelter, and community resources. Through a donation drive, our Lincoln, NE team donated household items, children's toys, giftcards, diapers, cleaners, and cash to individuals who benefit from the program's services.



5 | PLANET





PLANET



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

— MARTIN REID, SENIOR VICE PRESIDENT AND CHIEF SUPPLY CHAIN OFFICER

ENERGY MANAGEMENT

Balchem is dedicated to finding and using low-impact and renewable energy solutions in our manufacturing processes, and reducing our use of non-renewable energy sources. In 2022, we exceeded our 2030 GHG emissions goal of attaining a 25% improvement over our 2020 baseline. This puts us in an excellent position to continue to grow our business while staying conscious of our GHG emissions target.

GHG EMISSIONS PROFILE

We are excited to disclose both Scope 1 and Scope 2 GHG emissions, each of which show year-over-year improvement. As you can see, we emitted 20.6k tons less CO₂e than our 2020 baseline, a remarkable 27% reduction, which exceeded our 2030 GHG emissions goal. As part of our continuous improvement process, we recently launched a project to measure our Scope 3 GHG emissions to disclose a more comprehensive view of our emissions. This effort will allow us to report in alignment with additional reporting frameworks, including the Task Force on Climate-related Financial Disclosures ("TCFD") and Climate Disclosure Project ("CDP") in the future.

OUR REDUCTION PLAN

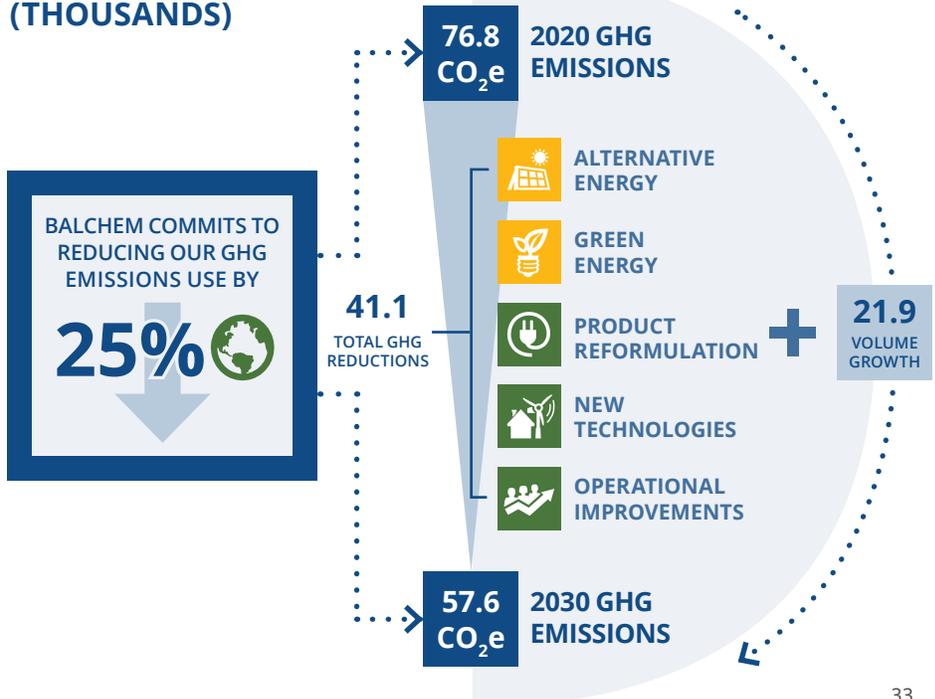
In our 2020 Sustainability Report, we announced a reduction plan with multiple strategies for alternative energy, green energy, product reformulation, new technologies, and operational improvements. In 2022, we delivered on the promise of this roadmap by implementing a green energy strategy to reduce our Scope 2 emissions. Approximately 33,500 megawatt hours ("MWh") of Balchem's electrical use is now offset through renewable energy credits ("RECs") that support the Lockett Wind Farm in Wilbarger County, Texas. In the future, we plan to continue leveraging green energy as we implement our other reduction strategies.

MT OF CO₂e EMISSIONS (THOUSANDS)

2020	BASELINE	2021	SCOPE 1	2022	SCOPE 1
	76.8k		51.9k		49.6k
			SCOPE 2		SCOPE 2
			25.4k		6.7k
			TOTAL		TOTAL
			77.3k		56.2k

CHANGE FROM BASELINE	TOTAL CHANGE IN GHG EMISSIONS	CHANGE FROM 2021
-20.6k		-21.1k
-26.8%	PERCENTAGE CHANGE	-27.3%

MT OF CO₂e EMISSIONS (THOUSANDS)





PLANET



INFRASTRUCTURE FOR SUCCESS

We continue to build on the sustainability data governance system we've created over the past few years. In 2022, we initiated a project to capture – in near real-time – emissions, water usage, and waste disposal data. The system provides a monitoring dashboard that serves as a critical tool for us to understand, react to, and proactively manage our environmental footprint.

OPERATIONAL IMPROVEMENTS

In 2022, we implemented several operational improvements in energy optimization and reduction that supported our goals.

In Slate Hill, NY, we performed insulation upgrades on steam and hot water lines that improved efficiency and reduced our energy requirements. Also in Slate Hill, plant lighting was upgraded to LED technology, which resulted in improved energy efficiency.

In Ogden, UT, we implemented LED upgrades in our Human Nutrition facility. Also in Ogden, our Plant Nutrition facility replaced an outdated boiler system with a new system that can run at 84% efficiency.

At our Defiance, OH facility, we put several energy-saving projects in place, including upgrades to steam and condensate lines, upgrades to a burner on one of our process spray dryers, and an HVAC replacement.

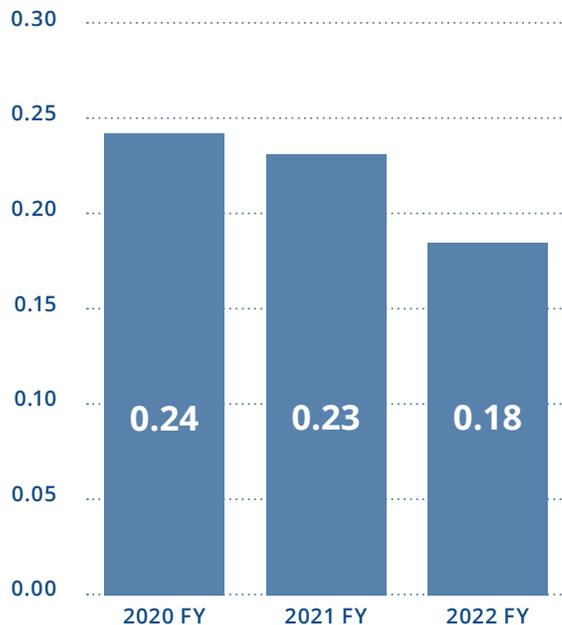
At our production site in Marano Ticino, Italy, we completed a facility-wide inspection and replacement program regarding steam traps. This is estimated to improve steam efficiency by approximately 940 MT annually, an amount that correlates to reducing CO₂e emissions by approximately 150 MT per year. This change alone will result in a 1% improvement in the site's CO₂e emissions.

OUR NEW HEADQUARTERS IN MONTVALE, NEW JERSEY



In 2022, Balchem entered into a 10-year real estate sublease for approximately 40k square feet of Class A office space at 5 Paragon Drive, in Montvale, New Jersey. This office space serves as Balchem's new corporate headquarters and will be a R&D center. The facility is in the heart of an emerging live-work-play community and features a large roof solar array that was installed in 2020, electric vehicle charging stations, easy access to public transportation, and a wide range of nearby amenities.

GHG INTENSITY: CO₂e EMISSIONS PER TON OF PRODUCTION



25%

INTENSITY REDUCTION VS. 2020 BASELINE



Solar panels at our Montvale, New Jersey headquarters



EV charging stations at our Montvale, New Jersey headquarters



Insulation upgrades at the Slate Hill, New York site



PLANET



"Access to clean and abundant water is a fundamental human right and Balchem is committed to reducing its water usage by 25% by 2030."

— JOHN BEDELL, VICE PRESIDENT, SUPPLY CHAIN STRATEGY AND PROJECT MANAGEMENT

WATER MANAGEMENT

Using our 2020 baseline as a comparison, Balchem is committed to reducing absolute water withdrawal by 25% by 2030. Balchem uses water in our facilities for a variety of reasons, including: heating and cooling processes, as an ingredient in our products, and cleaning. Because accessibility to clean and abundant water is a fundamental human right and essential to everyone, we are especially committed to protecting this resource.

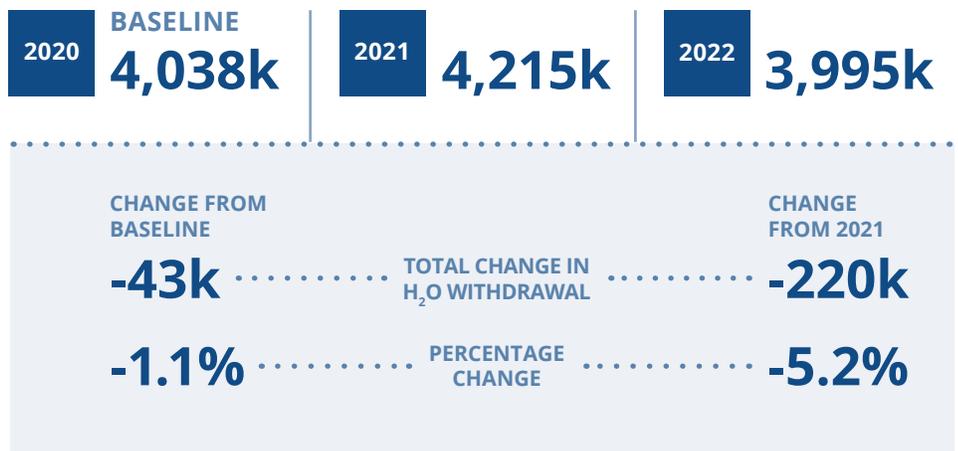
BALCHEM'S WATER WITHDRAWAL PROFILE

Balchem consumed slightly less than four million CBM of water in 2022, a number that is 1% below our 2020 baseline and 5% below our 2021 results.

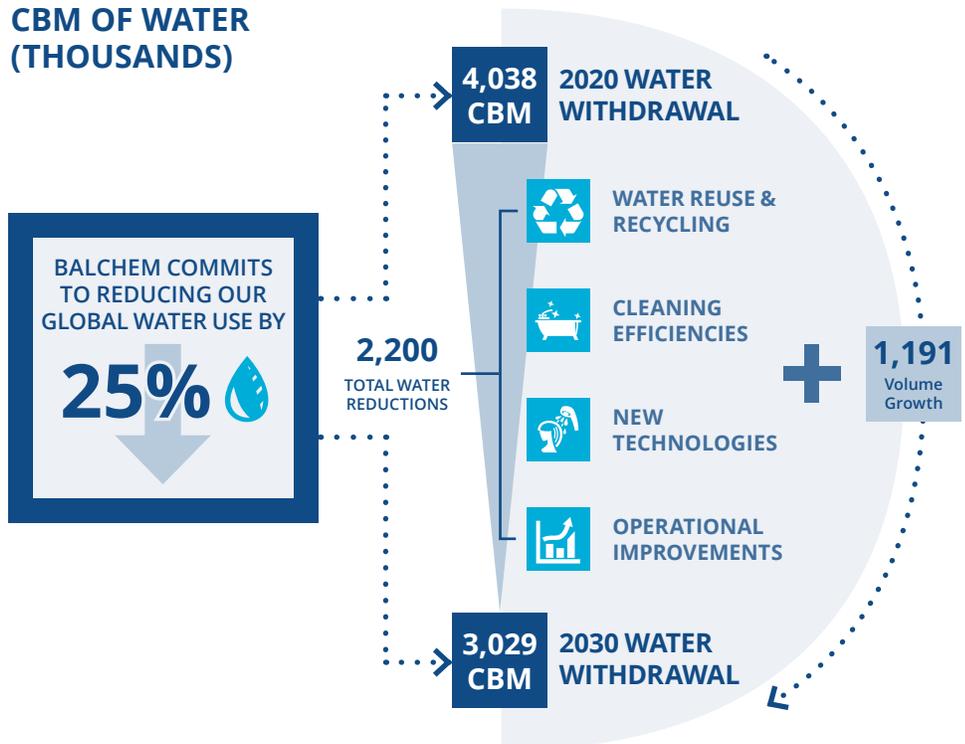
OUR REDUCTION PLAN

Balchem's largest use of water is withdrawing it to cool various production processes. As we work to implement intensive water reuse and recycling projects - like cooling towers - we are also implementing efficiency improvements. We look forward to seeing the results of these initiatives, including a decrease in our absolute water usage. The combination of efficiencies and significant changes in our use of process water will ensure that we achieve our 2030 goal.

WATER WITHDRAWAL (CBM)



CBM OF WATER (THOUSANDS)





PLANET



CIP upgrades at the Bridgeton, Missouri site

OPERATIONAL IMPROVEMENTS

Plants across Balchem’s network completed efficiency and optimization projects that reduced water usage, helping us to achieve a year-over-year reduction. These projects included:

- **Bridgeton, MO:** We made several upgrades to the CIP systems, including automating certain processes, updating flow balances, and installing mix-proof valves. These changes reduced the excess soap, water, and sanitizer used in each clean, eliminated waste due to operator error, and helped prevent contamination that would lead to excess waste generation and water consumption.

- **Faribault, MN:** We replaced steam coils on multiple agglomerators, resulting in a more efficient use of steam and reducing the risk of leaks and overall water consumption.
- **Marshfield, WI:** We installed water level sensors in process tanks and integrated them into our control system. This improved the control of products in solution, which resulted in more efficiency in water usage.
- **Ogden, UT:** We upgraded the granulation process to significantly reduce the dust level in the room and enhanced CIP processes for the mixer. Both changes reduced the amount of water and other chemicals used to clean the process area.



Water level sensor upgrades at the Marshfield, Wisconsin site



PLANET

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

— KYLE MONTGOMERY, VICE PRESIDENT, SUPPLY CHAIN

MATERIAL SOURCING

The raw materials and supplies that are used in our supply chain are an important component of Balchem's sustainability commitment. We are dedicated not only to ensuring that we 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 that supports our customers' needs.

[Our Code of Conduct](#) and our [Modern Slavery and Human Trafficking Statement](#) can be found on our website. Both documents set firm requirements for our employees and suppliers, and include information that governs 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. We are committed to aligning our supply chains to source regionally and to finding sources that are near our facilities. This action 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; thus allowing us to ensure quality, compliance, and strength of supply. This principle is illustrated by the fact that 92% of our raw materials originate in the U.S. or EU, where the majority of our production occurs.

Balchem is a member of both the RSPO and Sedex. As a member of the RSPO, we source 100% of our palm oil needs from renewable, mass-balance sources. This also confirms our commitment to redeveloping our supply chain to use 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 dedicated to ensuring compliance with SMETA at all of our facilities, and we have increased

our percentage of raw cocoa material that is UTZ Certified – a sustainable farming initiative that ensures fair sourcing and labor practices – to 57%.



Defiance, Ohio site

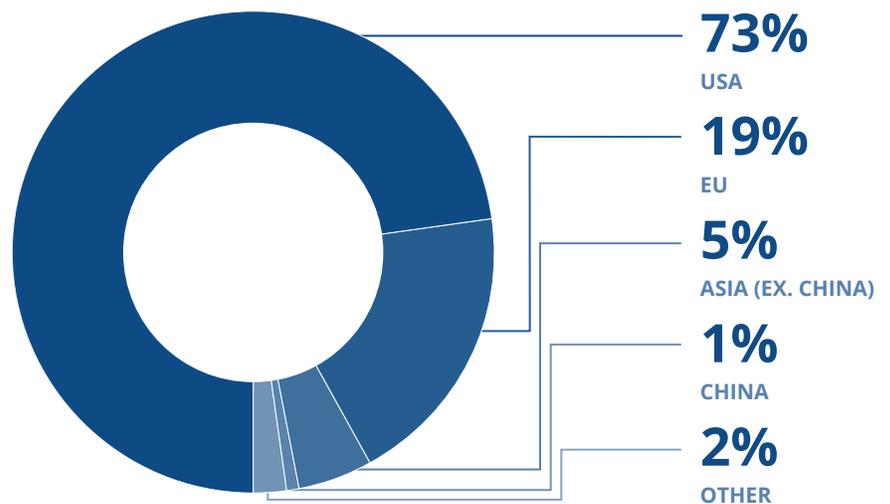
Sedex Member



Part of the **RAINFOREST ALLIANCE**

100%

OF ALL PALM OIL SOURCED
CERTIFIED THROUGH RSPO = 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



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

— MARTIN REID, SENIOR VICE PRESIDENT AND CHIEF SUPPLY CHAIN OFFICER

WASTE

PRODUCT DISPOSAL

The best way to reduce waste is to prevent its accumulation in the first place. Out-of-specification, unsaleable products are a waste of many resources: material, people, and line time. Moreover, there is an environmental impact and real cost associated with its disposal. In 2022, Balchem continued efforts to prevent out-of-specification products through our focused attention on defining and measuring key quality attributes in real time. We aimed to shift quality measurements by:

- 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 could be made immediately

- Continuing to look for and implement 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

We are happy to report that a sustained focus on recycling and reduction resulted in a decrease in product disposals by more than 35% from the previous year.

WASTE RECYCLING AND REDUCTION

Reducing and recycling waste is beneficial for both our business and the communities in which we operate. 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 2022, we did several things to improve performance in these categories, including:

- Upgrading our Defiance, OH facility’s inclusion production line with new pumps, hoses, and piping – which improved operations up-time and reduced out-of-specification and disposed products
- Completing a product at our Bridgeton, MO facility that involved mixing vat pumps and valves – which significantly reduced the chance of product contamination and disposal



Inclusion production room at the Defiance, Ohio site

6 | PROFIT





PROFIT

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

— TED HARRIS, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

OUR FOUNDATION

Since our inception in 1967, Balchem has focused on creating long-term value, which ensures our financial sustainability. It is this foundation that enables our organization to meaningfully contribute towards our vision of making the world a healthier place. We accomplish this with our relentless focus on delivering trusted, innovative, and science-based solutions to the nutrition, health, and food markets.

Despite the geopolitical and macroeconomic challenges over the past year, we were able to effectively leverage our strong positions within the markets we serve and our attractive product offerings to supply our customers with the important products and services they needed. Ultimately, we delivered record sales and earnings.

Strategically, we strengthened our company with the acquisitions of Kappa Bioscience® and Bergstrom Nutrition. The addition of vitamin K2 and MSM to our product portfolio will undoubtedly enhance our ability to provide innovative solutions for the health and nutritional needs of the world going forward. We continue to innovate, bring new products to market, and expand and strengthen the supporting science behind many of our products. Our new product development metric – which measures the percentage of sales coming from products commercialized over the last five years, and which measures the vitality of our product portfolio – was once again close to 28%. This proves that we continue to bring new ideas to market, including products that may provide opportunities for further manufacturing efficiencies and are more sustainable.

From an operations perspective, we have identified several innovative solutions and continue to seek further opportunities to reduce our GHG emissions and water usage. It was a tremendous team effort and a job incredibly well done by our employees, our partners, and our other stakeholders who supported us and contributed to our success throughout another challenging year.

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



DOING IT RIGHT



2022

28.0%

2021

27.9%

2020

28.2%

REVENUE FROM PRODUCTS DEVELOPED
IN THE PAST FIVE YEARS

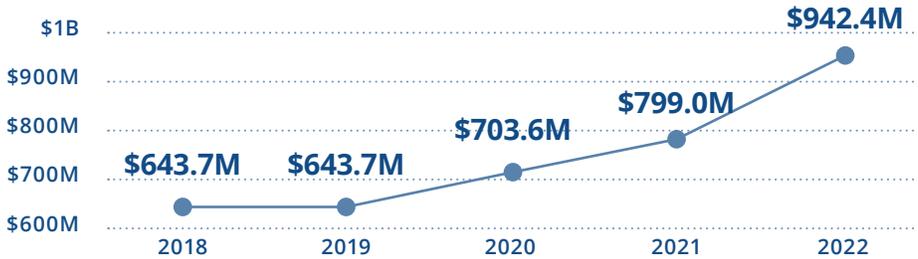


Kappa Bioscience®, R&D Lab in Oslo, Norway



PROFIT

REVENUE



**FIVE-YEAR TOTAL
SHAREHOLDER RETURN TSR
VS. RUSSELL 2000 INDEX**

33.1% (3,313 bps)

TSR MEASURED FROM 2018 TO 2022

ADJUSTED EBITDA*



**Adjusted EBITDA is defined as earnings before income taxes, interest, other expense, depreciation, amortization, stock-based compensation, expense related to a flash flood event, inventory valuation adjustments, transaction and integration costs, ERP implementation costs, unallocated legal fees, certain impairment charges, and restructuring costs.*

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 believe 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 both 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 applicable laws and regulations. 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 to sound governance and good business practices. We believe that doing the right thing is recognized by all of our valued stakeholders and that, ultimately, this has a real and positive impact on our business.

OUR GOVERNANCE STRUCTURE

Our Board consists of a diverse group of individuals who possess a varied and balanced mix of skills, business and leadership experience, and viewpoints. Directors

are elected by our shareholders by class. Our Corporate Governance Guidelines reflect our company’s commitment to seeking and electing diverse Board members, and we continued to diversify the Board’s composition by electing a second female member in 2021. Each of Balchem’s directors – other than our Chairman, President and Chief Executive Officer – is independent, in accordance with National Association of Securities Dealers Automated Quotations (“NASDAQ”) rules. Our annual meetings have been held virtually since 2018, expanding access to the event to shareholders and other interested parties.



PROFIT

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



Audit Committee



Compensation Committee

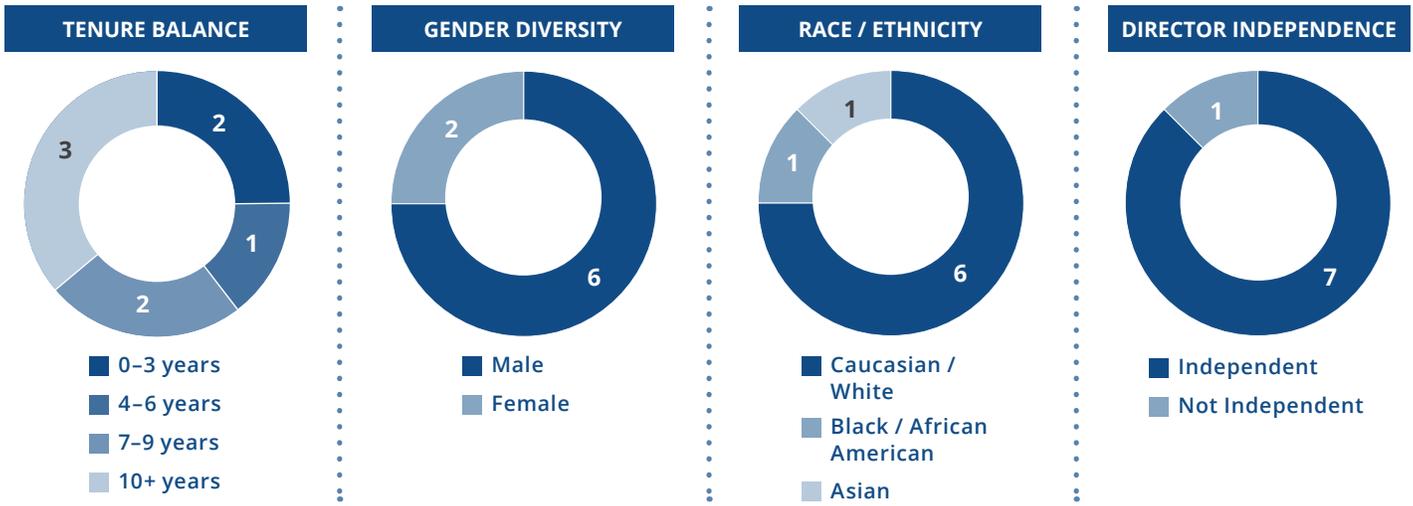


CG&N Committee



Executive Committee

DIVERSITY IN OUR BOARD AS OF DECEMBER 31, 2022



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 the 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 Change to Chief Executive Officer and other executive officers
- Administers Balchem's equity compensation plans
- Recommends new compensation plans and amendments to existing plans to the Board

CG&N 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
- Oversees our sustainability-related practices and monitors the company's progress in ESG metrics

EXECUTIVE COMMITTEE

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

- Recruits, evaluates, and selects suitable candidates for the Change to Chief Executive Officer position
- Reviews succession planning for Balchem's Change to Chief Executive Officer and key executives

Together with the Compensation Committee, the Executive Committee established objective criteria for the evaluation of the performance of the Change to Chief Executive Officer. 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 [BCPC Proxy Statement](#), aligns management and Director compensation with financial results and shareholder return.



PROFIT

SUSTAINABILITY

After five years, Balchem's Sustainability Framework, which focuses on the ESG topics most relevant to our business and stakeholders, including monitoring climate risk and diversity and inclusion efforts, is fully and deeply integrated into our governance and everyday operations. Balchem has a cross-functional executive Steering Committee led by the Chairman, President and Chief Executive Officer with a dedicated management team representing the entire

spectrum of our business. It operates with oversight and direction from the Board, which reviews Balchem's ESG strategy, climate-related risks, opportunities, initiatives, and policies at least once a year. Our ESG commitments demand transparency and accountability, as is evident in this report. Additionally, Balchem has a CSR team which supports the Steering Committee on our sustainability strategy by articulating these commitments and quantifying and

communicating our results. Beginning in 2022, our Compensation Committee added an ESG-based modifier to senior management's annual incentive-based compensation to emphasize the importance of progress on our ESG initiatives. The +/- 10% modifier is designed to enhance or reduce the cash-based incentive compensation results, dependent on assessed progress relative to the Board's expectations.





PROFIT

“Balchem is committed to the fundamental principle that all human beings are born free and equal in dignity and rights.”

— HATSUKI MIYATA, EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY

ETHICS, HUMAN RIGHTS, AND SAFETY

Human rights are those rights that are inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Balchem acknowledges the need to promote, protect, and support internationally-recognized human rights principles, such as those outlined in both the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business Human Rights, including rights related to women and minorities. This commitment is integrated into our workplace policies and practices, and is part of the long-standing commitment to the communities we serve. Balchem abides by all laws and regulations and strives to uphold and respect all human rights.

Balchem is committed to protecting human rights and ensuring that work environments are safe throughout our supply chain – and that starts with our own employees. We are committed to fair employment practices, which include rejecting involuntary labor, child labor, and human trafficking. Everyone, regardless of geographic location, is required to abide by both our Code and Human Rights Policy, which set 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 something concerning occurring in our business. We certainly encourage an open-door culture to discuss these concerns and provide multiple avenues for employees to request help or to notify the company of misconduct or violations of our Code or applicable law without fear of retaliation, which allows us to review and address issues appropriately. These avenues include Human Resources, designated compliance officers, and our ethics hotline, “Helpline.” Balchem uses an independent, third-party vendor to operate its ethics hotline, which is available 24 hours a day, seven days a week, both on the phone and online at balchem.ethicspoint.com. Employees, suppliers, customers, and other stakeholders can report a human rights concern anonymously through Helpline or directly to the company.

Balchem upholds freedom of association and collective bargaining. Balchem’s Human Resources and Compliance departments are responsible for the protection of labor rights, and Balchem does not restrict the rights of employees under any legislation, including federal, state, or local laws. We



WE ARE COMMITTED TO HUMAN RIGHTS AND SAFETY

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

also investigate anonymous complaints to the best of our ability. Employees are free to discuss their wages, hours, and other working conditions, and some of our international locations have work councils and collective bargaining agreements. Furthermore, Balchem recognizes the value of allowing employees with common interests to formalize their professional relationship by creating an Employee Resource Group (“ERG”).





PROFIT

Balchem recognizes that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the company.

RISK MANAGEMENT

The Board, through its Audit Committee, has oversight of Balchem’s risk management program. Balchem’s enterprise-wide risk management process helps us identify our degree of exposure to risks that may arise in the course of our operation.

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.

The Audit Committee receives annual updates from the members of the management team responsible for understanding and managing risks in specific areas, including finance, operations, legal, regulatory, information security, and cybersecurity.

In addition to the Audit Committee, each of the committees within the Board also monitor and contribute to the oversight of the specific risks within their respective areas. As part of its role in evaluating the company’s corporate governance practices and procedures – including identifying best practices – the CG&N Committee also reviews and recommends necessary updates to the

procedures, policies, and documents that constitute Balchem’s corporate governance framework, including its Articles of Incorporation and Bylaws. At least once per year, the Board and CG&N Committee review the organization’s talent pipeline. More specifically, the Board discusses and reviews the succession plans for the Chief Executive Officer, and other key executives. A company-wide process helps proactively identify, develop, and retain the leadership talent that is critical for our future business success.

The Compensation Committee’s risk-related considerations are described under the heading “Risk Considerations in Our Compensation Program” in the Compensation Discussion and Analysis section of our [BCPC Proxy Statement](#).

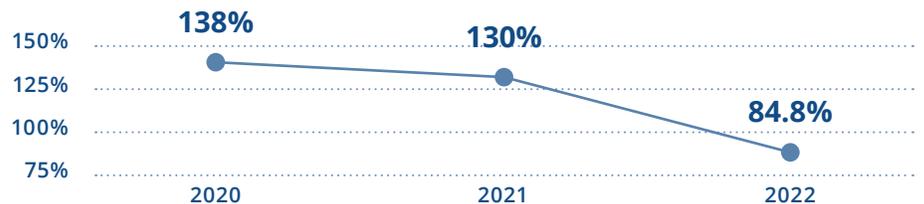
For a full description of Balchem’s corporate governance practices and our approach to risk management, please refer to our most recent BCPC Proxy Statement and visit our [Investor Relations](#) page.



GAAP EARNINGS PER SHARE



FREE CASH FLOW CONVERSION*



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

2022

\$105.4M

GAAP NET EARNINGS



PROFIT

RISK MANAGEMENT OVERSIGHT



The Board

- General oversight of risk management
- Oversight of enterprise risk management process
- Assessment of management's processes, procedures, and practices
- Oversight of Environmental, Social, and Governance ("ESG") and cybersecurity matters



Audit and Finance Committee

- Accounting and financial controls
- Financial statement inquiry
- Financial risk exposures
- Tax policy and compliance
- Review enterprise risk management policies and exposures, including cybersecurity risks
- Other financial-related compliance matters



Compensation Committee

- Risk mitigation to compensation programs
- Risks related to compensation policies



CG&N Committee

- Risk-related corporate governance structure and processes (including Director qualifications and independence)
- Review and recommend any updates to the Code of Business Conduct and Ethics to the Board
- Other corporate-related compliance matters
- Business sustainability risks, including Environmental, Social, and Governance ("ESG")



Management

- Assessment and management of potential risks
- Development and implementation of controls and risk mitigation strategies
- Administration of enterprise-wide risk management system



Representative Risks Covered

- Strategic
- Operational
- Financial
- Cybersecurity
- Information technology
- Environmental, Social, and Governance ("ESG")
- Legal and regulatory compliance



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 CFO. Balchem focuses on specific activities to maintain and enhance information security, which are discussed below.

RELIABLE, SCALABLE SYSTEMS AND INFRASTRUCTURE

Our information security systems, infrastructure, and processes are built on and follow the U.S. 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 NIST. 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.

AUTOMATION AND ARTIFICIAL INTELLIGENCE

Balchem has implemented automated systems to proactively test attack vectors by emulating inside and outside threats resulting in the validation of our ability to detect and defend against a cyber attack. Artificial intelligence is used as part of early warning systems designed to detect, alert, and respond to potential cyber threats.

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 2022

Description	Metric
INFORMATION SECURITY RISK OVERSIGHT AND MANAGEMENT	
Number of times the Board was briefed on the information cybersecurity program	2
Number of external, independent, third-party risk assessments (pen tests) performed	1
INFORMATION SECURITY TRAINING AND COMPLIANCE	
Number of cybersecurity trainings delivered to employees	2
Number of employees who have received cybersecurity trainings	819
Number of social engineering phishing training campaigns conducted	11

CONCLUSION



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

Thank you for taking the time to learn about the work and progress Balchem has made to integrate sustainability in our strategy, operations, and business decisions. We hope our 2022 Sustainability Report provides a clear understanding of our progress over the past year.

We are excited about our future. Moving forward, we will continue to foster these fundamental sustainability principles across all of

Balchem as we innovate new technologies to support our efforts, achieve our 2030 goals, and support the UN 2030 Agenda for Sustainable Development.

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

7 | APPENDIX





APPENDIX: GRI INDEX

GRI INDEX

Statement of Use: Balchem has reported the information cited in this GRI content index for the period January 1, 2022 - December 31, 2022 with reference to the GRI Standards. 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 Content Index. Based on the availability of data, not all GRI disclosures are reported fully. For more information about GRI Standards, visit <https://www.globalreporting.org/standards>.

GRI 1 Used: GRI 1: Foundation 2021

Disclosure Number	Description	Location and Notes
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GENERAL DISCLOSURES

GRI 2: GENERAL DISCLOSURES 2021

2-1	Organizational details	Our Vision, 2022 Annual Report
2-2	Entities included in the organization's sustainability reporting	2022 Annual Report
2-3	Reporting period, frequency, and contact point	About Our Report, sustainability@balchem.com
2-4	Restatements of information	There have been no changes in reporting from the previous year.
2-5	External assurance	No external assurance is obtained over the People and Planet pillars. Profit financial data listed in Form 10-K has been audited.
2-6	Activities, value chain, and other business relationships	Message from our Chairman, President and Chief Executive Officer, 2022 Annual Report, Planet – Material Sourcing, About Our Report
2-7	Employees	2022 Annual Report, People – Human Capital
2-8	Workers who are not employees	People – Human Capital
2-9	Governance structure and composition	Profit – Our Governance
2-13	Delegation of responsibility for managing impacts	Profit – Our Governance
2-17	Collective knowledge of the highest governance body	Profit – Our Governance
2-22	Statement of sustainable development strategy	Message from our Chairman, President and Chief Executive Officer



APPENDIX: GRI INDEX

Disclosure Number Description Location and Notes

GENERAL DISCLOSURES

GRI 2: GENERAL DISCLOSURES 2021

Disclosure Number	Description	Location and Notes
2-23	Policy commitments	Balchem Corporation Code of Business Conduct and Ethics, Profit
2-25	Processes to remediate negative impacts	Planet – Material Sourcing
2-26	Mechanisms for seeking advice and raising concerns	Balchem Corporation Code of Business Conduct and Ethics
2-28	Membership associations	<p>Management includes officers, members, or support of the following associations:</p> <ul style="list-style-type: none"> • Associate members of Advanced Medical Technology Association ("AdvaMed") • Association of American Feed Control Officials ("AAFCO") • 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 College of Theriogenology • American Dairy Science Association ("ADSA") • American Feed Industry Association ("AFIA") • American Meat Science Association ("AMSA") • American Registry of Professional Animal Scientists ("ARPAS") • 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") • Ethylene Oxide Sterilization Association ("EOSA") • EU Association of Specialty Feed Ingredients and their Mixtures ("FEFANA") • National Animal Supplement Council ("NASC") • Pet Food Institute ("PFI") • Poultry Science Association ("PSA") • Professional Animal Auditor Certification Organization ("PAACO") • World Aquaculture Society ("WAS") • Roundtable on Sustainable Palm Oil ("RSPO") • Sedex



APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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GENERAL DISCLOSURES

GRI 2: GENERAL DISCLOSURES 2021

2-29	Approach to stakeholder engagement	Message from Our Chairman, President and Chief Executive Officer, About Our Report
2-30	Collective bargaining agreements	Balchem has established good working relationships at the Verona, MO; Marano Ticino, Italy; and Bertinoro, Italy sites. In 2022, approximately 17% of our employees were represented by collective bargaining agreements.

MATERIAL TOPICS

GRI 3: MATERIAL TOPICS 2021

3-1	Process to determine material topics	About Our Report
3-2	List of material topics	About Our Report While the format of reported disclosures has been updated for the current reporting period to align with the updated GRI disclosure guidelines, there have been no changes in selected disclosures from the previous year.

MATERIALS

3-3	Management of material topics	About Our Report, Planet – Material Sourcing Materials Used by Weight or Volume: <ul style="list-style-type: none"> • Planet – Material Sourcing • Total volume of materials in pounds (lbs.): Renewable – 193.2M lbs. Non-renewable – 361.3M lbs.
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ENERGY

3-3	Management of material topics	About Our Report, Planet – Energy Management Energy intensity: <ul style="list-style-type: none"> • Planet – Energy Management • Energy intensity includes all energy resources: Electric only – El .73 GJ/ton Gas only – El 3.14 GJ/ton Combined – El 3.87 GJ/ton
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APPENDIX: GRI INDEX

Disclosure Number Description Location and Notes

MATERIAL TOPICS

WATER AND EFFLUENTS

3-3	Management of material topics	<p>About Our Report, Planet – Water Management</p> <p>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.</p> <p>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 in high-stress water areas. The results of the water stress analysis (refer to Planet – Water Management) were shared with the Steering Committee, which oversees water management stewardship.</p> <p>Water withdrawal:</p> <ul style="list-style-type: none"> • Planet – Water Management • Total water withdrawn (CBM): 2022: 3,995,000 CBM 2021: 4,214,588 CBM 2020: 4,038,291 CBM <p>Water intensity:</p> <ul style="list-style-type: none"> • CBM withdrawn per MT of products produced: 2022: 12.78 CBM 2021: 12.29 CBM 2020: 12.57 CBM
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EMISSIONS

3-3	Management of material topics	<p>About Our Report, Planet – Waste</p> <p>Direct (Scope 1) GHG emissions</p> <ul style="list-style-type: none"> • Planet – Energy Management <p>Energy indirect (Scope 2) GHG emissions</p> <ul style="list-style-type: none"> • Planet – Energy Management
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APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
MATERIAL TOPICS		
EMISSIONS		
3-3	Management of material topics	<p>GHG emissions intensity:</p> <ul style="list-style-type: none"> Total GHG emissions intensity (MT/revenue in millions): <ul style="list-style-type: none"> 2022: 59.68 MT 2021: 98 MT 2020: 109 MT
EFFLUENTS AND WASTE		
3-3	Management of material topics	<p>About Our Report, Planet – Waste</p> <p>Waste type and disposal method:</p> <ul style="list-style-type: none"> Planet – Waste Total weight of hazardous waste (MT): <ul style="list-style-type: none"> 2022: 631 MT 2021: 684 MT
SUPPLIER ENVIRONMENTAL ASSESSMENT		
3-3	Management of material topics	<p>About Our Report, People – Food Safety</p> <p>Negative environmental impacts in the supply chain and actions taken</p> <ul style="list-style-type: none"> People – Food Safety Approximately 34% of total hazardous waste suppliers have been audited in the past three years.
OCCUPATIONAL HEALTH AND SAFETY		
3-3	Management of material topics	<p>About Our Report, People – Environmental, Health, Safety & Security (EHS&S) Policy</p> <p>Occupational health and safety management system:</p> <ul style="list-style-type: none"> People – Environmental, Health, Safety & Security (EHS&S) Policy



APPENDIX: GRI INDEX

Disclosure Number Description Location and Notes

MATERIAL TOPICS

OCCUPATIONAL HEALTH AND SAFETY

3-3	Management of material topics	<p>Hazard identification, risk assessment, and incident investigation:</p> <ul style="list-style-type: none"> • People – Environmental, Health, Safety & Security (EHS&S) Policy • Refer to JSAs, GEMBA walks, and the STAR observation program for more information. In addition, for PSM processes, we utilize Process Hazards Analysis for powder handling process operations. <p>Occupational health services</p> <ul style="list-style-type: none"> • People – Environmental, Health, Safety & Security (EHS&S) Policy • Balchem has developed several technical and business process standards that sites use to model their procedures. Refer to JSAs, GEMBA walks, and that STAR observation program for more information. <p>Worker participation, consultation, and communication regarding occupational health and safety</p> <ul style="list-style-type: none"> • People – Environmental, Health, Safety & Security (EHS&S) Policy • Refer to JSAs, GEMBA walks, and the STAR observation program for more information. <p>Worker training on occupational health and safety</p> <ul style="list-style-type: none"> • People – Environmental, Health, Safety & Security (EHS&S) Policy • 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. <p>Worker health promotion</p> <ul style="list-style-type: none"> • People – Human Capital <p>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <ul style="list-style-type: none"> • People – Environmental, Health, Safety & Security (EHS&S) Policy <p>Worker related injuries</p> <ul style="list-style-type: none"> • People – Environmental, Health, Safety & Security (EHS&S) Policy
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APPENDIX: GRI INDEX

Disclosure Number Description Location and Notes

MATERIAL TOPICS

DIVERSITY AND EQUAL OPPORTUNITY

3-3	Management of material topics	About Our Report, People – Human Capital Diversity of governance bodies and employees • People – Human Capital
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LOCAL COMMUNITIES

3-3	Management of material topics	About Our Report, People – Community Involvement Operations with local community engagement, impact assessments, and development programs • People – Community Involvement
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APPENDIX: SASB INDEX

SASB INDEX

Code	Description	Location and Notes
SASB		
GHG EMISSIONS		
RT-CH-110A.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Measuring Our Progress, 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
ENERGY MANAGEMENT		
RT-CH-130A.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, and (4) total self-generated energy	<ul style="list-style-type: none"> Total energy consumed within the organization: 1,211,000.00 GJ Percentage grid electricity: 16.87%
WATER MANAGEMENT		
RT-CH-140A.1	(1) Total water withdrawn, (2) total water consumed, and (3) percentage of each in regions with high or extremely high baseline water stress	Measuring Our Progress, Appendix
RT-CH-140A.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Planet – Water Management
HAZARDOUS WASTE MANAGEMENT		
RT-CH-150A.1	Amount of hazardous waste generated and percentage recycled	Measuring Our Progress, Appendix
COMMUNITY RELATIONS		
RT-CH-210A.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	People – Community Involvement
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
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 & Security (EHS&S) Policy
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



APPENDIX: SDG INDEX

SDG INDEX

All UN 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 of 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 about our SDGs, visit <https://sustainabledevelopment.un.org/sdgs>.

SUSTAINABLE DEVELOPMENT GOALS INDEX	
PEOPLE	
	Animal Nutrition & Health Food Availability Specialty Products
	Human Nutrition & Health Specialty Products
	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 (i.e., palm oil, coffee, and cocoa) Food Safety and Health Concerns
	Energy Management
	United Nations Global Compact Participant



ABOUT OUR REPORT

PRIORITY SDGs

2 ZERO HUNGER



ZERO HUNGER

We have positively impacted over 1.4 billion people with our health and nutrition-based products.

3 GOOD HEALTH AND WELL-BEING



GOOD HEALTH AND WELL-BEING

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

— **Ted Harris**, Chairman, President and Chief Executive Officer

5 GENDER EQUALITY



GENDER EQUALITY

Balchem is committed to improving diversity and building an inclusive culture throughout our company.

6 CLEAN WATER AND SANITATION



CLEAN WATER AND SANITATION

The combination of efficiencies and significant changes in our use of process water will ensure that we achieve our 2030 goal to reduce global water use by 25%.

7 AFFORDABLE AND CLEAN ENERGY



AFFORDABLE AND CLEAN ENERGY

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

8 DECENT WORK AND ECONOMIC GROWTH



DECENT WORK AND ECONOMIC GROWTH

We believe that protecting the safety, health, and welfare of our employees and communities is the right thing to do.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to responsible raw material sourcing and are continuously looking for ways to improve our energy efficiency and reduce our environmental impact.

13 CLIMATE ACTION



CLIMATE ACTION

By 2030, Balchem commits to reducing our GHG emissions and global water usage by 25%, versus our 2020 baseline.

17 PARTNERSHIPS FOR THE GOALS



PARTNERSHIPS FOR THE GOALS

In 2020, Balchem joined the UN Global Compact, confirming our support of their Ten Principles on human rights, labor, environment, and anti-corruption.