



**balchem**<sup>®</sup>

Making the World a Healthier Place:  
Our 2019 Sustainability Report



# OUR MISSION

*We made good progress in 2019 with our vision to make the world a healthier place.*

Our two sustainability objectives remain the same as we look to the future:

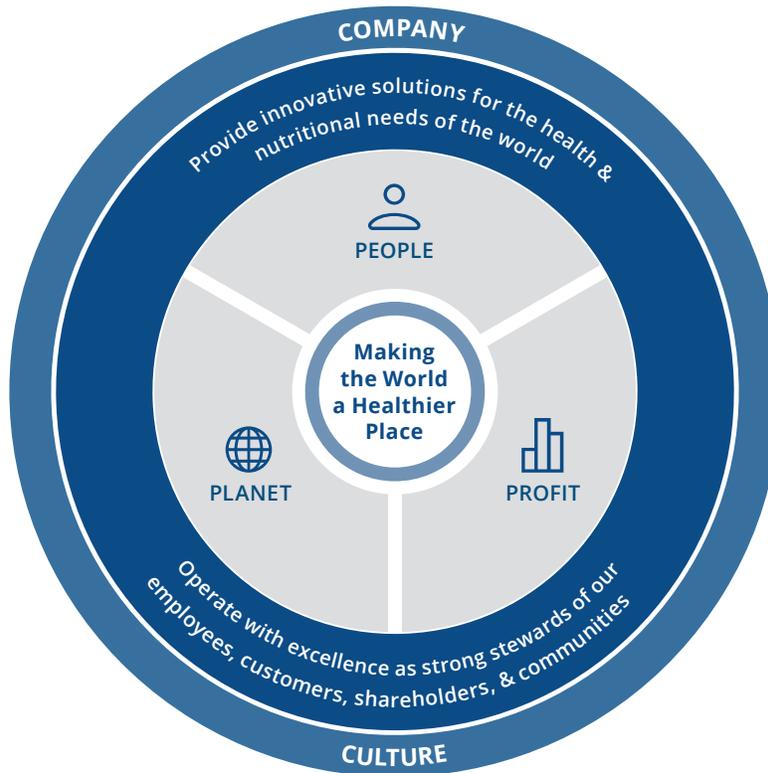
- Providing innovative solutions for the health and nutritional needs of the world
- Operating with excellence as strong stewards of our employees, customers, shareholders, and communities (our stakeholders)

Our vision is clear – to make the world a healthier place. Every day, Balchem is delivering trusted solutions that enhance health and nutrition through science. One of our proud accomplishments is

that we were able to impact 1.4 billion people around the world this year through human nutrition products, and through people being fed by animals supplemented with our vital nutrients.

Our Sustainability Framework focuses on the most critical Environmental, Social, and Governance (ESG) topics relevant to our business and stakeholders. This report highlights our efforts within three pillars: People, Planet, and Profit. We welcome you to join our sustainability journey as we help make the world a healthier place.

## Our Sustainability Framework



## 1.4 Billion People Reached in 2019

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

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## **MESSAGE FROM OUR CHAIRMAN AND CEO**



# MESSAGE FROM OUR CHAIRMAN AND CEO



*Sustainability is at the heart of our company's vision to make the world a healthier place.*

## TO OUR EMPLOYEES, CUSTOMERS, SHAREHOLDERS, AND COMMUNITIES:

For over 50 years, Balchem has developed innovative solutions for the nutritional needs of the world. We do this while operating our facilities and businesses to the expectations of our employees, shareholders, and communities (our stakeholders). Balchem has a long, distinguished history of creativity and innovation, all supported by our vision to make the world a healthier place. At our core we are a health and nutrition company.

I am very proud of the progress Balchem has made to drive forward our sustainability objectives, communicate our successes, and identify areas of priority which are included in this report. Our strategy remains unchanged and we remain focused on our two main objectives: providing innovative solutions for the health and nutritional needs of the world, and operating with excellence as strong stewards of our stakeholders.

Over the past year, we have made good progress by remaining focused on our three sustainability pillars: People, Planet, and Profit. We delivered record financial performance and expanded our global footprint. Our continuous investment in technology

and systems management has resulted in efficiencies with our ESG data collection process and has allowed us to more actively manage those efforts. I am pleased with the continuous strengthening of our Corporate Governance Guidelines and the progress we have made to promote diversity. Our investments in new product development, external studies, and new science development are making a difference for the future advancement of our Human, Animal, and Plant Nutrition businesses. In 2019, approximately 1.4 billion people were positively impacted in some way by our products.

Our employees continue to expand their relationships within their communities and share their time and resources. Balchem supports efforts to find novel ways to help, give back, and build strong places to live. The safety, health, and security of our stakeholders are of primary concern in the operation of our facilities. We have global initiatives to reduce employee injuries with the goal of zero injuries and are proud of the progress we have made over the last several years.

Our sustainability journey is one of continuous improvement. To confirm our commitment to ESG, we continue to actively

## OUR FOUR BUSINESS SEGMENTS



### **Human Nutrition and Health:**

Provides chelated minerals, the essential nutrient choline, vitamins, micro-encapsulation, and food ingredients for the supplement, beverage, dairy, and bakery markets.

**Animal Nutrition and Health:** Supplies science-based animal feed nutritional ingredients and solutions for 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.

**Industrial Products:** Supplies environmentally friendly products for the energy industry.

engage our customers, shareholders, and employees for input on the key priorities for Balchem's sustainability strategy. As you will see in this report, we have continued to make important progress in the areas most critical to ensuring the world is a healthier place.

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

**Ted Harris**  
Chairman and Chief Executive Officer



## **ABOUT OUR REPORT**



# ABOUT OUR REPORT

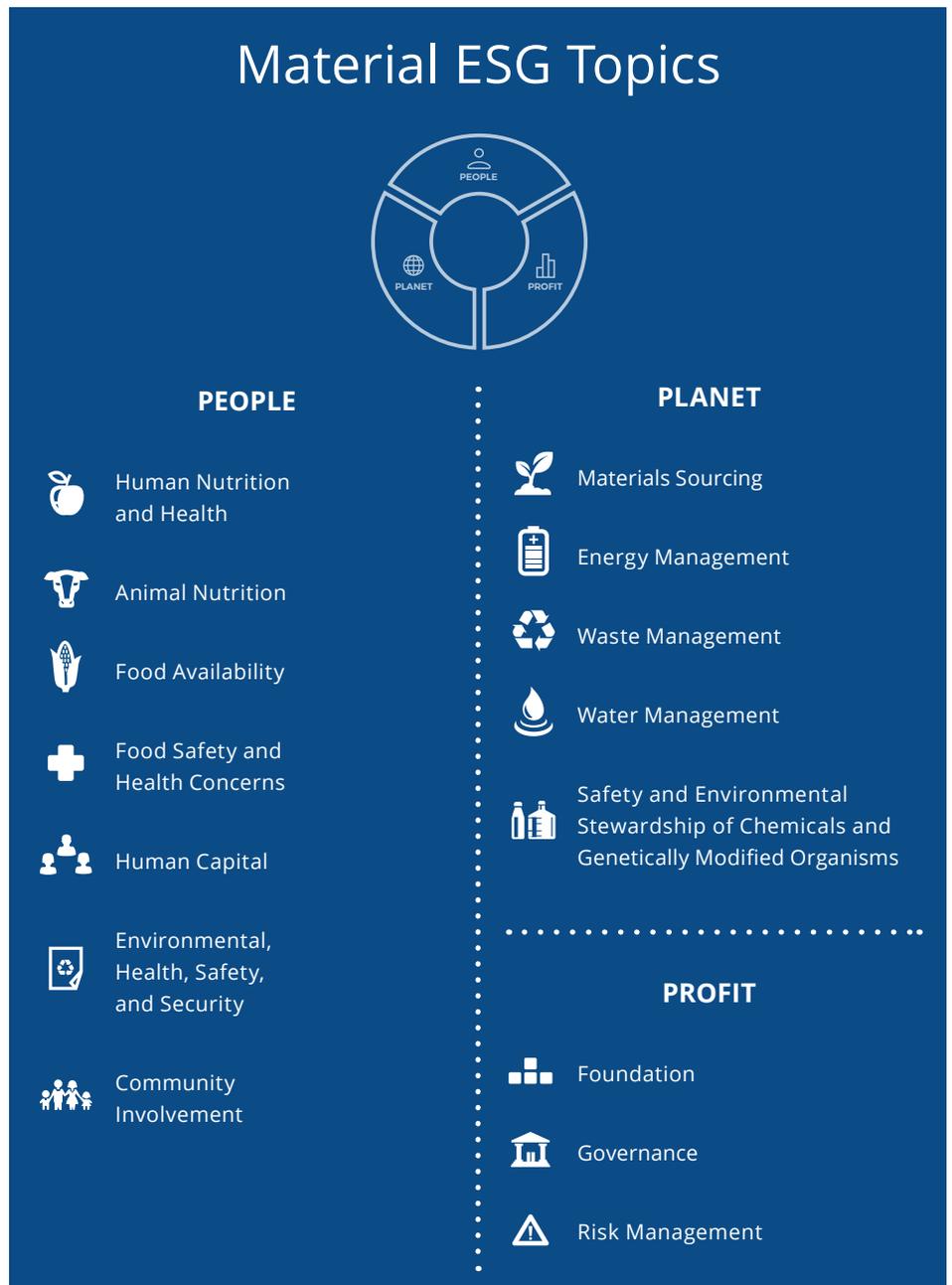
*We are committed to making the world a healthier place by providing solutions for the health and nutritional needs of the world and operating responsibly.*

In the following sustainability report we highlight our progress made over the last year and demonstrate our dedication to continuous improvement. The topics addressed in this report were identified and prioritized by engaging a wide range of internal and external stakeholders.

Our process included:

- Convening a cross-functional executive steering committee with representatives from business units, finance, investor relations, human resources, research and development (R&D), internal audit, supply chain, and operations
- Reviewing progress with the sustainability steering committee (quarterly) and operating committee (semi-annual)
- Engaging in ongoing interviews with executives and functional leaders around relevant sustainability topics
- Discussing with some of our largest shareholders and customers
- Reviewing leading standards and frameworks such as the *Global Reporting Initiative (GRI)*, *Sustainability Accounting Standards Board (SASB)*, and the *UN Sustainable Development Goals (SDGs)*

This report has been prepared in accordance with the GRI Standards: Core option. Unless otherwise noted, the scope of the metrics and information presented in this report is equivalent to those considered in our annual financial report and includes the operations of all subsidiaries. These metrics reflect the results of 12 months of operations ending on December 31, 2019.



# 3



## MEASURING OUR PROGRESS



# MEASURING OUR PROGRESS

Making the World a Healthier Place



PEOPLE



PLANET



PROFIT



**1.4 billion** – number of people reached per year



**10.7 billion** – number of animals reached per year



**24.7%** – revenue from products developed in the past five years



**1.32** – total recordable injury rate (TRIR)



**0.59 GJ** – energy intensity (GJ of energy per ton of product produced)  
**74,947** – scope 1 and scope 2 greenhouse gas emissions (CO<sub>2</sub>e metric tons)



**\$643.7M** – total revenue



**24%** – hourly employee turnover  
**7%** – salary employee turnover



**10.87 CBM** – water intensity (cubic meters of water withdrawal per metric ton of product produced)  
**0%** – water withdrawal from regions with high or extremely high baseline water stress



**\$160.0M** – adjusted EBITDA\*\*



**76% males, 24% females** – employee diversity



**99%** – hazardous waste reused or recycled  
**75%** – hazardous material suppliers audited in the last 3 years\*



**\$79.7M** – GAAP net earnings  
**\$2.45** – GAAP earnings per share



**78%** – R&D focused on health and nutrition



**100%** – of palm oil sourced certified through RSPO  
**45%** – raw materials from renewable resources



**121%** – free cash flow conversion



**100%** – manufacturing sites with local community engagement efforts



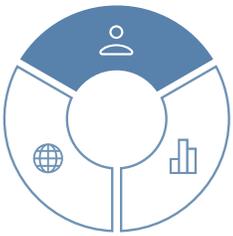
**0** – product recalls



**19.2%** – 5-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 2019. \*Balchem defines hazardous materials as ethylene oxide, trimethylamine, hydrochloric acid, anhydrous ammonia, propylene oxide, and carbon disulfide. \*\*Adjusted EBITDA is defined as earnings before interest, other expense/income, taxes, depreciation, amortization, stock-based compensation, acquisition-related expenses, indemnification settlements, legal settlements, and the fair valuation of acquired inventory.

# 4



**PEOPLE**



# PEOPLE

*“Our goal is to bring together research, quality, and production to reduce the development time to market of new and impactful human nutritional solutions.”*

— Jim Hyde, SVP-GM of Human Nutrition and Health

## HUMAN NUTRITION AND HEALTH

Good nutrition is the foundation of good health, and Balchem’s Human Nutrition and Health (HNH) segment is dedicated to making nutrient-rich products for numerous wellness applications. In line with our commitment for R&D, 78% of our R&D expenditures are focused on health and nutrition, showcasing our continued commitment to advancements in making the world a healthier place.

Our HNH segment is the world leader in providing choline, a human essential nutrient, under the brand VitaCholine® and a broad range of specialty organic chelated minerals for efficient human metabolic utilization under the Albion Minerals brand. Our industry-leading food and beverage portfolio includes products and systems designed to improve production efficiency, reduce waste, and create great-tasting nutrition to enhance the consumer experience.

### CHOLINE BENEFITS

Recent studies demonstrate choline’s broad role in human health, and in May of 2016, the FDA established a Recommended Dietary Intake (RDI) of 550mg/day. With 90% of the US population failing to achieve adequate choline intake, the US Government has defined choline as a key “short-fall nutrient.” In addition, leading medical bodies such as the American Medical Association and the American Academy of Pediatrics have recently issued policy statements highlighting the importance of choline early in life.

To advance the scientific understanding of choline and the important role it plays in human physiology, Balchem established a Research Fellowship at the Nutrition Research Institute of the University of North Carolina, Chapel Hill (UNC). Balchem has also funded research to establish a reliable laboratory biomarker that would help identify those at risk for choline deficiency. In 2017, our study served as the basis upon which UNC received a \$2.6M grant from the US National Institute of Health to expand the choline biomarker work.

Choline plays a key role in neurological and cognitive development, gene regulation, membrane integrity, and lipid transport, which supports liver and muscle health. The importance of choline during pregnancy and early childhood development has been well documented for many years. In fact, VitaCholine was the choline source used in a clinical study at Cornell University which has led to numerous publications on novel benefits to both infants and mothers. Choline is a staple of infant formula and, based on this new and compelling research, is poised to become a key ingredient for prenatal supplements due to its enduring benefits

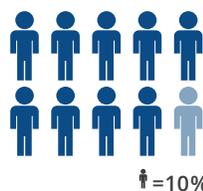
for neurological development in infants, toddlers, and older children. Moreover, new studies are explaining the significant role of choline in adult cognition, vision health, and epigenetic function.

### ORGANIC AND CHELATED MINERALS

In addition to choline, our HNH segment’s chelated minerals portfolio offers a broad range of specialty organic mineral solutions. The portfolio includes iron, magnesium, calcium, and zinc, as well as many other trace minerals, all produced by unique and

78%

of R&D funds are focused on health and nutrition



90%

of the US population does not achieve adequate choline intake



# PEOPLE

specialized methods. Our amino acid chelated mineral compounds are designed to deliver human-grade minerals with improved bioavailability, better tolerability, and lower interaction characteristics.

We are currently developing reactive granulation platform technology, a process for chelating multiple minerals to meet the needs of consumers whose dietary intakes may lead to the need for advanced mineral supplementation. Our scientifically-validated chelates make mineral intake more efficient and accessible to a broad spectrum of consumers, many of whom find it challenging to achieve adequate intakes. Balchem is committed to leading the way in meeting customer expectations for clean-label improvements. An example of which is the development of chelated minerals that remain functionally effective without added flow agents.

## FOOD AND BEVERAGE

Our HNH segment's food and beverage business has partnered with customers to develop spray-dried and agglomerated lipid nutrition systems for the beverage and sports nutrition markets. These product lines include vegan, non-GMO, and organic solutions to the rapidly developing nutritional food market. Our unique ability to formulate flexible processing technology broadens customer options and accelerates the development of healthy and great-tasting nutritional food solutions.

According to the United States Department of Agriculture (USDA) and United States Environmental Protection Agency (EPA),<sup>1</sup> an important way to reduce food waste is to improve product development, storage, and delivery methods. Balchem contributes to the reduction in food waste through enabling technology like the BakeShure® micro-encapsulated acids we have provided for the baking industry. Our proprietary micro-encapsulation technology helps

baked goods stay shelf-stable longer without preservatives, which translates to less food waste at the retailer and consumer level.

When food and beverage brands want to balance sensory attributes with nutritional benefits, they need customized formulation expertise. Balchem specializes in creating unique sensory experiences that deliver differentiating nutritional benefits in sports nutrition, functional beverages, medical foods, and more.

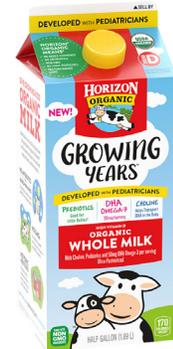


In 2016, we reformulated our food ingredient products to remove partially hydrogenated oils (PHOs). PHOs contain trans fats which raise LDL cholesterol. Elevated LDL levels are associated with increased risk of heart attack. To provide broader nutrition solutions, Balchem is developing reactive granulation platform technology, a process for multiple mineral chelating (CCMG, MLGG, DMCG – all nutritional ingredients for human health).



## Horizon® Organic Growing Years™

In 2019, VitaCholine® provided Choline, a key nutrient included in Horizon® Organic Growing Years™, a new organic whole milk from Danone North America featuring specially selected nutrition for growing kids.



The Horizon® Organic and Growing Years™ trademarks and trade dress are owned by WhiteWave Services, Inc.

1) <https://www.usda.gov/foodwaste/faqs>



# 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, Vice President and General Manager, Animal Nutrition & Health

## ADVANCING ANIMAL NUTRITION AND FOOD AVAILABILITY

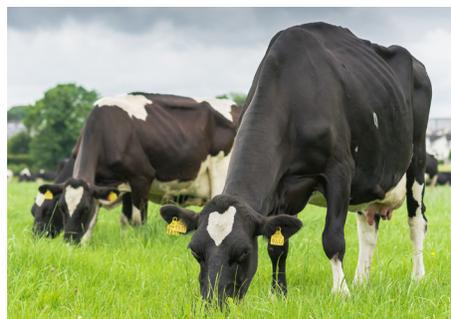
Balchem is dedicated to meeting the nutritional needs of both production and companion animals around the globe. We invest significant resources in our internal R&D efforts, as well as with leading academic institutions in the field of animal science and nutrition. The expanding global population and stress on resources continues to require agriculture to be more efficient and search out new solutions to improve productivity. We are invested in meeting this challenge to ensure a sustainable global food system.

As a leader in animal nutrition technologies, we are driving the innovations that will change our future. We will continue to help livestock producers accomplish more with less, discover unique products that will produce food more efficiently, and move us toward a more secure, sustainable food chain. Our extensive line of specialty nutrients helps support the health and productivity of many animals – ruminants, poultry, swine, horses, aquaculture and companion animals – with products optimized for the unique needs of each species.

Choline plays a vital role in all species, and Balchem is one of its largest producers. It's an essential nutrient for poultry and swine, as it positively affects their health, productivity, and longevity. For the average dairy cow, choline boosts milk production by an additional 1,400 pounds per cow per year, and also helps to ensure the health, growth, and productivity of her newborn calf throughout its life.

In 2019, we refreshed the brand and messaging for our choline line used in swine, poultry, and companion animal diets. The new PuraChol™ brand is more reflective of Balchem's world leadership in choline production. The new name also reinforces Balchem's standards for quality control and purity, ensuring the highest levels of satisfaction from our customers and the highest levels of performance from the animals they feed.

Our Animal Nutrition and Health (ANH) business segment provides nutritional products formulated with natural and nutritional ingredients, including choline chloride, amino acids, minerals, and a variety of other important supplements. Balchem's proprietary microencapsulation and chelation technologies ensure efficient delivery of essential nutrients to pets and livestock. Our animal products contribute to their overall health, growth, and performance, as well as the more responsible use of resources.



## ReaShure®

ReaShure® precision release choline, a major technological breakthrough, protects choline in the cow's digestive tract for time-released, bioavailability, and nutritional efficacy.

- ✓ Higher milk production
- ✓ Fewer metabolic problems
- ✓ Essential nutrient



**1,400** POUNDS

of additional milk produced per cow, per year



# PEOPLE

Our animal nutrition and health products allow for higher protein production, which enables a growing global population to be fed more efficiently and reduces the net total animal environmental footprint.

In 2019, the ANH business segment successfully concluded several years of research with the launch of AminoShure®-XM Precision Release Methionine. AminoShure®-XM utilizes Balchem's new X encapsulation technology to deliver methionine to ruminant animals more efficiently and cost effectively, allowing dairy farmers to produce high-quality milk protein in a less expensive manner, with fewer inputs.

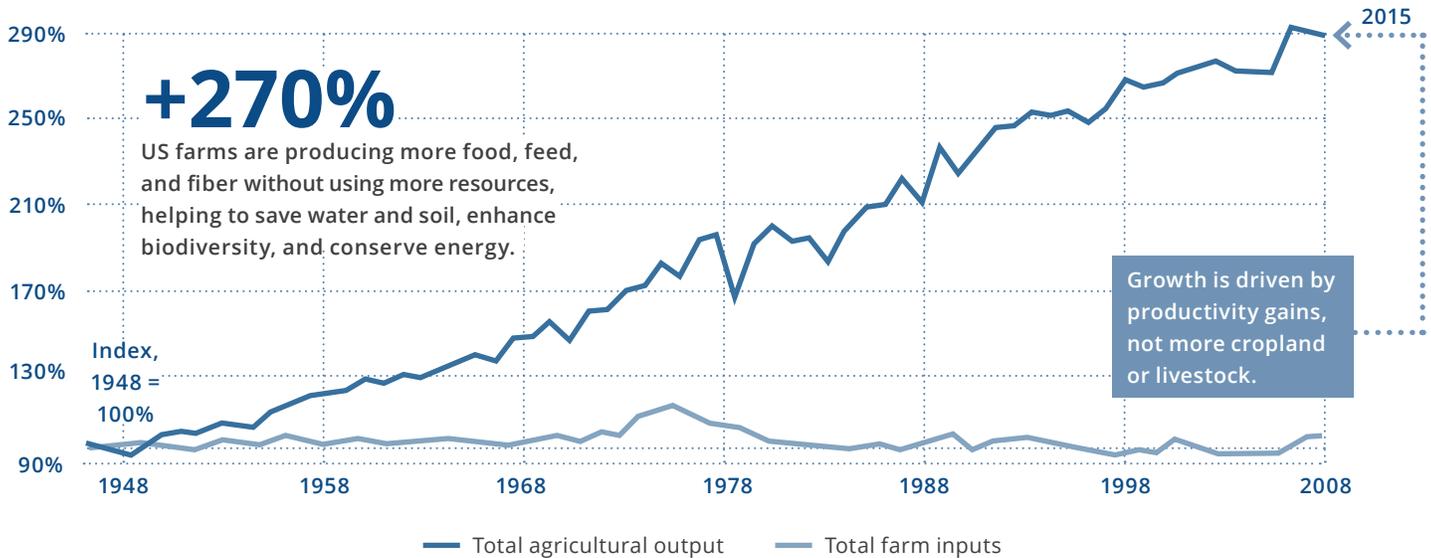
Balchem doesn't only feed animals, we feed plants, too. Our plant micronutrient line provides minerals for crops. Using a unique technology, we solve mineral deficiency in plants by delivering optimal mineral balance directly to the plant through a superior delivery system. The end result is healthier crops with larger yields and improved disease resistance. This approach also reduces the stress on land and water resources.

## AminoSure®-XM Precision Release Methionine

AminoShure®-XM Precision Release Methionine delivers the next generation in precision amino acid balancing technology. It protects methionine from degradation in the cow's rumen for timed release, and increases bioavailability and nutritional efficacy post-ruminally.

### Benefits of AminoShure®-XM:

- Greater efficiency
- More milk protein – lower feed inputs
- Reduced environmental impact



\*Source: American Farm Bureau and United States Department of Agriculture's Economic Research Service





# PEOPLE

## FOOD SAFETY

Food safety is the foundation of our product quality, and we continuously strive to go above and beyond. To achieve this, Balchem maintains robust quality programs at our operating sites which are regularly audited by the appropriate regulatory agencies and independent certifying bodies, including expertise from the Food and Drug Administration (FDA), Safe Quality Food (SQF), United States Pharmacopeia (USP), International Safe Feed/Safe Food (FAMI-QS), and others. Some of our unique product lines require additional certification audits for specific quality requirements, including kosher, non-GMO, and others. In 2019, to support our compliance objectives, we expanded

our capability for self-audits by establishing and staffing a full-time corporate internal quality auditing function.

We continuously invest in improving our quality and food safety programs. In November 2018, we opened a new state-of-the-art analytical and microbiology lab in Ogden, UT that expanded our testing and product development capabilities. The lab supports both our food and supplement product lines, and serves our other North American sites with testing capacity and technical support for test protocol development. We take pride in finding ways to improve the quality of our products every day.



Balchem continues to invest in people and technology in our new state-of-the-art chemistry and microbiology lab built at our Ogden, UT site. Supporting our food and supplement product lines, the lab serves our other North American sites with testing capacity and technical support for test protocol development.



product recalls issued

## NEW ANALYTICAL AND MICROBIOLOGY LAB IN OGDEN, UTAH



Physical testing



Microbiological testing



Product stability testing and environmental chambers



Wet chemistry and particle size testing



# PEOPLE

## RAW MATERIAL SUPPLIERS

Quality continues with our suppliers. We recognize that we need to partner with the right suppliers to ensure product availability and integrity.

We have an active raw material quality sourcing approval program. The program includes an evaluation of the supplier's quality program and the material being supplied, as well as verification of the supplier's preventative approach to food safety risks. In the food safety evaluation process, we consider how the product is made, how it is distributed, and the intended use. In 2019, we completed on-site audits of higher

risk suppliers and external warehouse qualification audits to ensure our raw material suppliers are in accordance with our metrics.

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.



In 2019, we launched an additional program to further increase the prevention of foreign material in finished products. We also characterized short shelf life materials to increase the quality of our products. Through the evaluation of our raw materials, procedures, and processing systems, we identified a number of best practices to reduce risk, including:

- Incoming raw material testing
- Raw material and container handling
- Material screening techniques
- In-line detection devices

## HOW WE MANAGE QUALITY THROUGHOUT OUR SUPPLY CHAIN



Step 1: Raw material sourcing, evaluation, and approval



Step 2: Site quality assurance program



Step 3: Transportation supplier qualification



### SUPPLIER SCORECARD



Quality tracking



Corrective action



Follow-up site audit



# PEOPLE

*Balchem is committed to providing a safe and collaborative work environment that encourages the growth and development of all employees.*

## HUMAN CAPITAL

Our employees are our most valued asset and fundamental to our success. We strive to develop employee skills and knowledge. The employee experience begins with an online onboarding portal, detailed information regarding Balchem’s benefit program offerings, and employee handbook that provide extensive information on company policies. Training is facilitated through our online system and features employee self-service training modules that document the understanding and completion of assigned or required training. This system provides training for job-specific technical knowledge, regulatory requirements, and company policies, including Balchem’s Code of Conduct, anti-harassment and discrimination, foreign corrupt practices, antitrust, and various other compliance topics.

Our sponsored Employee Continuing Learning program offers a broad base of assistance for employees, including learning and development courses. Employees have access to healthy lifestyle discounts through our Wellness Center, as well as debt, legal, and financial counseling. Peak performance training and multiple online services and courses enable our employees to choose their own learning paths and work to achieve their future goals for education, finances, and overall well-being.

To ensure development of Balchem’s future leaders in 2019, we added leadership programs via the Thayer Leadership Development Group and eCornell. The Thayer Leadership Development Group, which is offered through West Point, provides

a leadership curriculum focused on character, knowledge, and action. eCornell, a leader in online learning, contributes to our leadership development efforts through their leadership and expert-led courses. Our female leaders have an opportunity to take executive leadership courses with Cornell professors and other female leaders. This learning opportunity creates a unique community of female leaders and helps cultivate competencies and skills for career advancement throughout Balchem.

We are continuously working to extend education and outreach opportunities beyond Balchem to the community at large, including engagement with local schools to highlight various career opportunities or local industry councils to collaborate and

share best Human Capital practices within our industry. We provide financial support for employees to pursue degree programs, and on an annual basis, we award scholarships to support the education of employees’ children through the Balchem Sons and Daughters Scholarship Program. During 2019, we doubled the number of scholarships provided to further demonstrate our commitment to education and supporting the educational needs of our employees’ children.



**BALCHEM SONS AND DAUGHTERS SCHOLARSHIP PROGRAM**

Since the program’s inception in 2005, Balchem has proudly awarded \$118,000 in scholarships to children of employees, helping them to achieve their educational goals. In 2019, we doubled the number of annual scholarships offered, awarding 10 scholarships totaling \$20,000.



**EMPLOYEE SUCCESS**

Employee success starts with the expectation that all Balchem employees practice our core values:

-  Always doing the right thing
-  Collaborating and growing together
-  Staying focused on the customer
-  Thinking big and acting small
-  Playing to win



# PEOPLE

Through our Balchem Women's Impact Network (BWIN), we offer a platform for all women at Balchem to feel empowered and have an opportunity to thrive both professionally and personally. The BWIN group meets regularly and shares a wide array of topics addressing leadership, business success, and networking.

Our annual performance review process is an important, objective-based dialogue to foster continuous growth and development by providing an opportunity to establish goals and deliver feedback relative to each employee's performance. Balchem's annual review process is 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 Board.

We are dedicated to providing full-time employees with a competitive compensation

package that includes medical, dental, vision, and prescription benefits in addition to a 401K matching program. Balchem also provides financial support for health and wellness programs such as online financial wellness content, sponsored weight loss programs and subsidized gym memberships. We also provide generous time off and leave benefits, which are important to help ensure employees can enjoy a healthy balance between work and family time.

Diversity and inclusion are important elements of Balchem's Human Resources strategy. In 2019, Balchem joined Women in Manufacturing, the only national trade organization in the US dedicated to providing support to women in the manufacturing industry. This organization assists us in increasing the diversity of our candidate pools, and, in 2019, the percentage of female hires in our manufacturing operations increased by 35% over the prior year.



## BALCHEM WOMEN'S IMPACT NETWORK (BWIN)

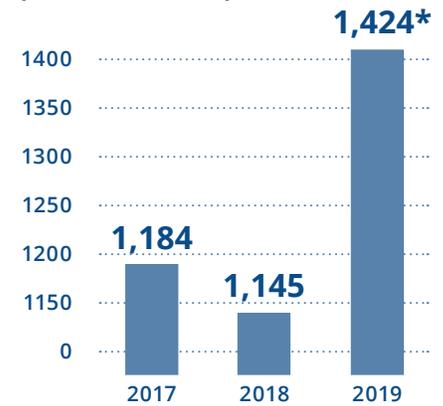
**Established:** 2018

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

**Mission:** To build a platform that informs, develops, and empowers all of us to thrive both professionally and personally.

**Current Membership:** 116

## EMPLOYEE HEADCOUNT (AS OF 12/31/19)



\*Increase in headcount result of the Chemogas and Zumbro acquisitions in 2019.



St. Louis BWIN group and office celebrate International Women's Day

### Employee turnover

2019	24%	7%
	HOURLY	SALARY

2018	23%	10%
	HOURLY	SALARY

### Employee diversity (gender)

2019	76%	24%
	MALE	FEMALE

2018	76%	24%
	MALE	FEMALE

### Management positions (gender)

2019	77%	23%
	MALE	FEMALE

2018	78%	22%
	MALE	FEMALE

### Board of Director positions (gender)

2019	87%	13%
	MALE	FEMALE

2018	100%	0%
	MALE	FEMALE



# PEOPLE

*We aim to provide a safe and secure work environment, achieve zero injuries, and avoid worker exposure to harmful conditions.*

## ENVIRONMENTAL, HEALTH, SAFETY, AND SECURITY

Protecting the workplace environment and the health and safety of our employees, contractors, visitors, and neighbors is our top priority. In 2019, 11 of our 24 sites completed the year without a recordable injury, with our leading site achieving seven years without an incident. We continually upgrade our facilities to reduce risks and establish procedures with appropriate personnel protection for the safety of our employees. We expect all employees, visitors, and contractors to take active personal ownership for their safety and the safety of others. Our safety program is structured around five pillars: process safety, personal safety, industrial hygiene, transportation safety, and environmental safety.

We believe engaged employees will make the difference in meeting our objectives. In 2019, our programs focused on driving higher ownership and engagement from employee and contractor, as well as greater participation and communication. To ensure participation and communication we enacted an open-door policy, site suggestion boxes, safety huddles prior to work, an anonymous corporate concern hotline, and employee site safety surveys. Our sites have standing safety committees with both employee and management participation that monitor Stop Taking Avoidable Risks (STAR) observations, prioritize risk reduction efforts, and drive our safe work recognition programs.



*Cereal packaging line automation*



### ENABLING SAFE ENVIRONMENTS WITH AUTOMATION

Balchem products come in many packages. Handling and moving these packages increase the risk of repetitive motion injury. In 2019, Balchem invested additional capital to fully automate the packaging of cereal products at our facility in Lincoln, NE. This project was recently completed and has eliminated the risk of injury from the fast-paced repetitive movements that were previously required, and upgraded the facility to enable the continuing supply of high-quality, world-class products to our customers.



### STOP TAKING AVOIDABLE RISKS – STAR

In 2019, we expanded our STAR program commitment, a behavior-based program to help employees identify safe and risky behaviors in our work practices, by setting a goal of observations per month for every employee and rewarding employees with the best observations. We received over 7,000 safety observations in 2019 from the Balchem sites that were employed to reduce risk and engage employees in safe work practices.



# PEOPLE

Balchem conducts Job Safety Assessments (JSAs) to review the work environment for potential risks and to identify the necessary safety requirements. Our STAR program encourages employees to make observations and provide input on steps to improve our operations and create safe working conditions. We believe that good safety practices should be celebrated and have implemented a recognition and reward program for outstanding safety suggestions and model behavior at our sites. In 2019 we launched the Safety Day program where all employees at a facility spend the day training on safe practices, learning to recognize risks, assessing work places for risks, and building the safety culture. We held safety days in six locations, and the program will continue in 2020.



## SAFETY DAY

We are all responsible for our safety and our fellow worker's safety. We have been holding Safety Days where we take a full day with all employees and train, identify opportunities for risk reduction, and develop our skills in avoiding risks.



## REDUCING LIFTING INJURY RISKS

Lifting is a part of our daily operations. In 2019, we installed lifting assist devices in seven of our plants with the goal of reducing the heavy lifts in our facilities by 50% over the next 3 years.

## TOTAL RECORDABLE INJURY RATE\*



\*Rate defined by recordable injuries per 200,000 hours worked.



Faribault Plant Safety Day



Ogden Plant



# PEOPLE

## COMMUNITY INVOLVEMENT

At Balchem, we pride ourselves in being members of the communities in which we work and continuously strive to support the local communities in a variety of ways. Various members of our team serve on community advisory panels and local emergency planning committees. This allows us to work side by side with city and county leaders to develop strong community emergency protocols and communication. We have several team members serving as volunteer firemen and emergency medical technicians. This interaction enables us to share developments and growth of our facilities with our fellow community members while addressing any question or concerns they may have.

During 2019, members from our corporate office partnered with the Food Bank of the Hudson Valley, which is dedicated to alleviating hunger while preventing the waste of wholesome food. The Food Bank of the Hudson Valley is a branch of the Regional Food Bank of Northeastern New York and a member of Feeding America, the national food bank network. Working in partnership with the food industry, the Food Bank collects large donations of unmarketable, but still edible, food and distributes it to charitable agencies feeding hungry people in a six-county region. Balchem volunteers sorted food and re-boxed items appropriately to be weighed and placed on pallets, which were then delivered to nonprofit organizations such as food pantries, senior centers, shelters, after-school programs, soup kitchens, low-income day care centers, and others.

Balchem also strives to be active within our community schools by participating in programs such as Backpack Buddies. This program is a partnership with United Way to provide supplemental food to children in need, with the goal of making an impact on hunger within the designated counties.

Members of the county and local community pack bags of food and deliver them to the students in the county elementary schools on a weekly basis.

We also look to help enrich our schools by volunteering to speak to students during career fairs. In 2019, Verona hosted teachers from area schools as part of Missouri State University Teacher Externship Program. This program partners employers and educators in an effort to connect classroom academic knowledge to real world business and industry application.



*Food Bank of the Hudson Valley*



*Defiance Plant Backpack Buddies*



*Pallets repurposed by Turning Point Program - Covington Plant*



*Verona Plant Career Day with Missouri State University*

### TURNING POINT PROGRAM



During 2019, Balchem employees from our Covington manufacturing facility participated in the Allegheny County Public School Turning Point program, in which the plant provided used pallets that were painted and sold to fund the school's programs of choice.

### BRIDGETON COMMUNITY YARDWORK



In May of 2019, employees from our Bridgeton manufacturing facility spent the day volunteering with their families for their community. Tasks included performing yard work for the elderly and physically challenged.

# 5



**PLANET**



# PLANET

*We are committed to responsible sourcing and to encouraging our suppliers to employ sustainable practices.*

## MATERIAL SOURCING

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

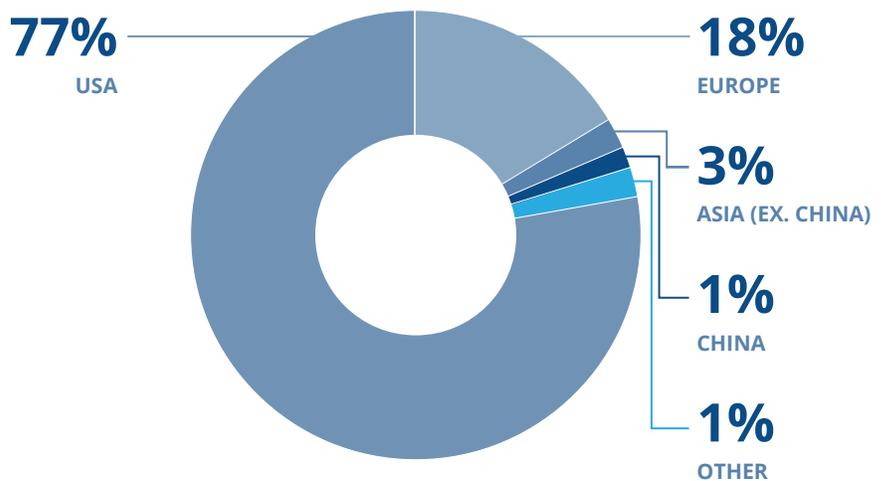
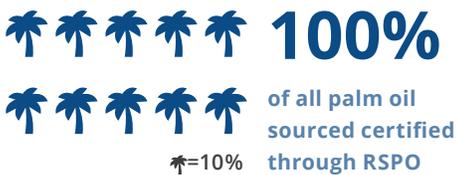
We are committed to aligning our supply chains to source regionally and finding sources that are near our facilities. Our commitment not only reduces our carbon footprint by reducing the energy used in transit, but also increases the strength of our supplier network by bringing us closer to our upstream sources, allowing us to ensure quality, compliance, and strength of supply. This principle is illustrated through the fact

that 95% of our raw materials originate in the United States or Europe, where the majority of our production occurs.

Balchem remains a committed member of the Roundtable for Sustainable Palm Oil (RSPO), as well as a member of Sedex. Through our commitments as a member of RSPO, we source 100% of our palm oil needs from renewable (mass balance) sources. 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. We are committed to ensuring compliance with SMETA at all of our facilities.

We view our suppliers as integral partners in our supply chain, and in 2019, we updated our Supplier Code of Conduct. This document, to which we now require confirmation of compliance from all active suppliers, is based on Balchem’s core values, and requires commitment to sustainable business practices.

As part of our commitment to responsible sourcing and exercising due diligence, Balchem works closely with chemical suppliers to audit their facilities. 75% of these suppliers have been audited within the last three years, which is up from 70% in our last sustainability report.



Regional diversity in raw materials and supplies



# PLANET

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

## ENERGY MANAGEMENT

Balchem utilizes low energy-intensive processes to manufacture our products. Reducing energy consumption is environmentally sound and a good business practice. Each year we identify key opportunities to upgrade and modernize our energy systems and our sources, as well as opportunities to efficiently use energy in our processes and facilities.

In 2019, a number of significant energy reduction projects were realized. Our Slate Hill manufacturing site was upgraded from a single-phase electrical system to a more energy efficient three-phase system, which enables multiple systems in the plant to be equipped with variable speed drives and allows for more efficient power utilization. As a result, the manufacturing site realized a 12.7% reduction in electrical energy consumption while producing 11.8% more pounds of food ingredient encapsulated products in 2019.

At another major site, Bridgeton, we modernized a portion of its lighting systems by replacing conventional fixtures with more efficient LED fixtures. The upgraded fixtures not only contributed to a measurable reduction in consumption of electrical energy, but they also increased the lumen in the improved areas, resulting in a safer and more pleasant work environment. Bridgeton will continue with its lighting upgrades in 2020 with a goal of achieving a 3% energy saving for the plant and an improved work environment.



### 12.7%

reduction in electrical energy consumption at our Slate Hill site



*Sleepy Eye Boiler*



*LED lighting in Bridgeton Plant*



## SLEEPY EYE BOILER

The Sleepy Eye site completed their replacement of an older boiler in 2018 as an energy improvement opportunity. The new boiler gas efficiency increased from 75% to 86%. For 2019 operations, the efficiency increase was confirmed to use 7.5% less natural gas per kilogram of product produced.



# PLANET

*Balchem facilities work to reduce waste products and, with local businesses, to reuse and recycle packaging.*

## WASTE MANAGEMENT

Our Covington site identified high waste generation levels in several product lines in 2019. The site worked with our technologists to develop raw material specifications and process operating parameters to reduce variation and the amount of solid waste generated during the production of PetShure® product lines. This resulted in a more consistent product that generated a reduction of over 44,000 pounds of solid waste.

The Bridgeton and Verona manufacturing sites moved to reusable plastic pallets for product pre-weigh setups and in-process transfer drums. The plastic pallets are easy to clean and last longer than alternative pallets. The Verona manufacturing site also uses dedicated totes for intern transfer of product in the production of dry choline, which allows the totes to be reused numerous times.



**99%**

of hazardous waste has been reused or recycled

**75%**

of hazardous material suppliers were audited in the last three years<sup>2</sup>

2) Balchem defines hazardous materials as ethylene oxide, trimethylamine, hydrochloric acid, anhydrous ammonia, propylene oxide, and carbon disulfide.



*Plastic pallet used for movement of in-process materials*



# PLANET

## WATER MANAGEMENT

Balchem uses water in both our products and during the manufacturing process. By changing the way we think about our water usage, we will continue to improve our water efficiency. In 2019, we focused on process water efficiency opportunities. Our St. Gabriel manufacturing site replaced its main cooling tower and completed the re-furbishment of the process scrubber systems. The efficiency of the new cooling tower resulted in significant energy savings, and when combined with improvements to the process scrubber, we achieved a 18.2% reduction in water consumption. We also reduced the required chemical water treatment for each system by lessening the amount of fresh makeup water to the process system.

We pride ourselves on actively looking for water consumption and energy usage savings projects. During 2019, Balchem took on steam improvement projects to improve condensate returns to the boilers in three manufacturing sites: Bridgeton, Ogden, and Verona. We aim to save water by recycling, reduce energy by recovering the heat, and decrease the amount of additives needed to condition the boiler water at each site.

# 10.87 M<sup>3</sup>

water intensity (cubic meters of water withdrawal per metric ton of product produced)

# 0%

water withdrawal from regions with high or extremely high baseline water stress



Water consumption reduction via an upgraded cooling tower in St. Gabriel, LA

# 6



**\$ PROFIT**



# PROFIT

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

— Ted Harris, Chairman and CEO

## OUR FOUNDATION

We are committed to operating responsibly and efficiently to ensure our long-term business success.

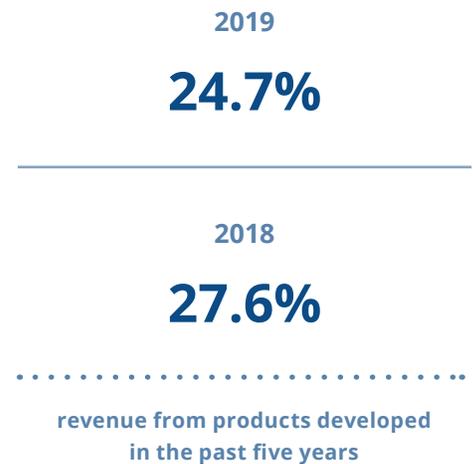
Over Balchem’s 50-plus year history, we have focused on creating long-term value which helps ensure our financial sustainability. Our ambition is to build a stronger and more vibrant company that meaningfully contributes to making the world a healthier place by delivering trusted, innovative, and science-based solutions to the nutrition, food, sterilization, and energy markets. We are operating responsibly and efficiently to ensure our long-term business success, and providing the service, quality, and technology that enables our customers to win with their customers. As a result, we have built a reputation for delivering results to all of our stakeholders.

In 2019, we delivered record financial performance while maintaining a strong capital structure. We are continuously making progress on choline, mineral, and amino acid nutritional understanding and awareness, and our investments in new product development, external studies, and new science development are making a difference for the future advancement of our human, animal, and plant nutrition franchises. Our investment in external research and studies are also making a difference, including work we are doing with our partners within the HNH industry on child cognition, the development of a choline bio-marker, the exploration of the synergies between Choline and DHA absorption, the development of next-generation mineral chelates, the development of a unique treatment for autism, and all of the work we are

investing in to explore the broad ranging benefits of choline, mineral, and amino acid nutrition for monogastric and ruminant species within ANH.

Balchem continues to actively pursue synergistic acquisitions which complement our organic growth strategy. As a result, we have expanded our global competitive position. In 2019, we completed the acquisitions of Chemogas N.V. (Chemogas) and Zumbro River Brand, Inc. (Zumbro). Our integration of Chemogas into our Specialty Products segment enables Balchem to offer worldwide service and support to our medical device sterilization customers. Zumbro specializes in developing, marketing, and manufacturing agglomerated and extruded products for the food and beverage industry and is a market leader in high-protein and specialty extruded snacks, cereals, and crisps, marketed under the brands Z-Crisps®, Whey-Os™,

Whey-Vs™, and Z-Texx Complete™. Zumbro has been integrated within Balchem’s Human Nutrition and Health segment and enhances our broad portfolio of nutritional solutions in the food and beverage industry.



*Bridgeton Production Team staying focused on the customer*



# PROFIT

## OUR GOVERNANCE

We have established leading practices in corporate governance. Each of Balchem's directors, other than our Chairman and CEO, Ted Harris, is independent, as defined by the National Association of Securities Dealers Automated Quotations (NASDAQ) Marketplace Rules. All directors have attended 100% of our Board and Board Committee meetings during the course of the last ten years. We strongly encourage directors to also attend the annual stockholder meeting, and 100% of our directors attended the annual meeting last year. By switching to a virtual annual meeting, we hope to increase attendance of shareholders and interested parties to the annual meetings while also reducing materials and cost. These practices are designed not only to satisfy regulatory requirements, but to provide effective company oversight and management.

Our Board and management, who are experienced in the businesses and markets we serve, are compensated to enhance shareholder value. The compensation

system outlined in our annual proxy statement – <https://www.balchem.com/investor-relations/> – is designed to align management and director compensation with financial results and shareholder return.

To oversee the Sustainability Framework and prioritization process, we convened a cross-functional executive steering committee, led by the Chairman and CEO, with representatives from business units, finance, investor relations, human resources, R&D, internal audit, law, supply chain, and operations. The charter of the Board's Corporate Governance and Nominating Committee (CG&N Committee) requires that group to consider corporate social responsibility matters, and, in the past 18 months, we updated this charter to more explicitly place responsibility for ESG matters within the purview of this committee. These considerations include reviewing Balchem's activities and practices regarding ESG matters significant to Balchem's businesses. There is also a periodic review of the company's ESG strategy,

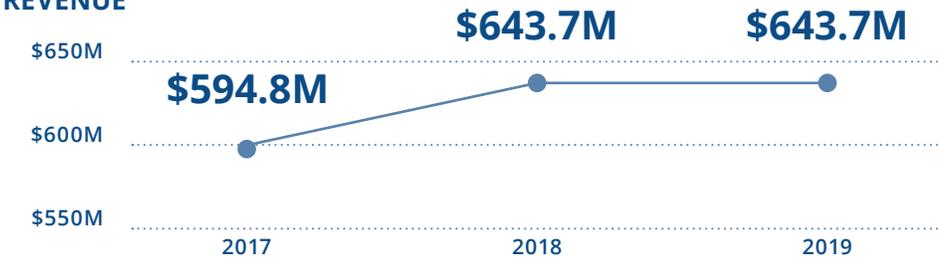
initiatives, and policies. The CG&N Committee receives updates from the management committee responsible for significant ESG activities.

Additionally, in terms of our corporate governance over the past year, we have:

- Updated and amended our Corporate Governance Guidelines to more accurately reflect our company's commitment to seeking and electing diverse board members.
- Elected to our Board, Joyce Lee, who has immense experience as a senior executive in leading companies in the Animal Health industry.
- Increased our gender diversity on our Board to 13% women.

In addition to our Sustainability Framework, we have adopted a Code of Ethics for Senior Financial Officers that applies to Balchem's Chairman and Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer and Treasurer. We have also adopted a Code of Business Conduct and Ethics applicable to all of our employees and directors. The Code of Ethics for Senior Financial Officers and Code of Business Conduct and Ethics are available at <https://www.balchem.com/investor-relations/>.

## REVENUE



## ADJUSTED EBITDA\*



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

# 19.2%

 (1,917 bps)

TSR measured from 2015 to 2019

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



# PROFIT

## RISK MANAGEMENT

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. Our Board provides direct risk oversight and the Board's Audit Committee provides direct oversight of our Enterprise Risk Management (ERM) program. Our ERM program is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Integrated Framework. Our Board, Audit Committee, and management regularly discuss our major risk exposures, the potential impact, and the management of these risks. The Audit Committee receives and arranges for the Board to receive periodic reports from management on areas of material risk, including financial, operational, legal, regulatory, and strategic risks.

While we do not have a Chief Risk Officer, the Audit Committee receives regular reports from the member of management tasked with understanding and monitoring key risk mitigation. The Chairman of the Audit Committee reports to the full Board with respect to Balchem's risk management efforts, which enables the Board to monitor risks and oversee risk mitigation efforts. The Compensation Committee also evaluates risk related to our compensation program.

2019

# \$79.7M

GAAP net earnings



## ESG FRAMEWORK POLICIES

As part of our continued risk management and governance practices, Balchem has several policies in place related to our ESG framework:

- Anti-bribery Policy
- California Consumer Privacy Act Policy
- Code of Business Conduct and Ethics
- Corporate Statement on the California Supply Chain Act
- Corporate Statement on Conflict Minerals
- Environmental Compliance Policy
- Risk Management Policy
- Safety and Health Policy
- Supplier Code of Conduct



## GAAP EARNINGS PER SHARE



## FREE CASH FLOW CONVERSION



# CONCLUSION



*We are dedicated to a sustainable future for our customers, suppliers, employees, communities, and shareholders where we live and work.*

We hope that Balchem's 2019 Sustainability Report allows for a better understanding of how we integrate sustainability into our strategy, operations, and business decisions. The focus, priorities, and actions outlined in the report form the foundation of our commitment, and we are proud to share these achievements. We are dedicated to a sustainable future for our customers, suppliers, and

stakeholders where we live and work. As we grow, we will continue to promote these principles broadly along the entire value chain, to develop new ideas and technologies that help us work smarter, and to help build a world that is a better place to live. For more information about Balchem Corporation, please visit [www.balchem.com](http://www.balchem.com).

# 7



## APPENDIX



# APPENDIX: GRI INDEX

## GRI INDEX

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

Disclosure Number      Description      Location and Notes

### GRI 102: GENERAL DISCLOSURES 2016

#### ORGANIZATIONAL PROFILE

102-1	Name of the organization	<i>Our Mission</i>
102-2	Activities, brands, products, and services	<i>Message from Our Chairman and CEO</i>
102-3	Location of headquarters	<a href="#">2018 Annual Report</a>
102-4	Location of operations	<a href="#">2018 Annual Report</a>
102-5	Ownership and legal form	<a href="#">2018 Annual Report</a>
102-6	Markets served	<a href="#">2018 Annual Report</a>
102-7	Scale of the organization	<a href="#">2018 Annual Report</a>
102-8	Information on employees and other workers	<i>People – Human Capital</i>
102-9	Supply chain	<i>Planet – Material Sourcing</i>
102-10	Significant changes to the organization and its supply chain	<i>About Our Report</i>
102-11	Precautionary principle or approach	<i>Profit</i>
102-12	External initiatives	Included throughout the report



# APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
<b>ORGANIZATIONAL PROFILE (CONTINUED)</b>		
102-13	Membership associations	<p>Management is officers or members of, or support, the following associations:</p> <ul style="list-style-type: none"> <li>• American Chemical Council – Ethylene Oxide Safety Task Group</li> <li>• American Chemical Council – Ethylene Oxide/Ethylene Glycols Management Committee</li> <li>• American Chemical Society</li> <li>• American Dairy Science Association</li> <li>• American Feed Industry Association</li> <li>• American Institute of CPAs (AICPA)</li> <li>• American Registry of Professional Animal Scientists (ARPAS)</li> <li>• American Society of Quality</li> <li>• EU Association of Specialty Feed Ingredients and their Mixtures (FEFANA)</li> <li>• Hudson Valley Council of Industry</li> <li>• Institute for Feed Education and Research (IFEEDER)</li> <li>• Poultry Science Association</li> <li>• The Council for Responsible Nutrition (CRN)</li> <li>• The Institute of Internal Auditors (IIA)</li> <li>• US Poultry Federation</li> </ul>
<b>STRATEGY</b>		
102-14	Statement from senior decision maker	<a href="#"><i>Message from Our Chairman and CEO</i></a>
102-15	Key impacts, risks, and opportunities	Included throughout the report, by topics
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	<a href="#">Balchem Corporation Code of Business Conduct and Ethics</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Balchem Corporation Code of Business Conduct and Ethics</a>



# APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
<b>GOVERNANCE</b>		
102-18, 101-20, 102-27	Governance structure	<i>Profit – Our Governance</i>
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	<i>Message from Our Chairman and CEO</i>
102-41	Collective bargaining agreements	Balchem has established good working relationships at the Verona, MO, Marano Ticino, Italy, and Bertinoro, Italy sites. In 2019, approximately 10% of our employees were represented by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	<i>About Our Report</i>
102-43	Approach to stakeholder engagement	<i>About Our Report</i>
102-44	Key topics and concerns raised	<i>About Our Report</i>
<b>REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	<a href="#">2018 Annual Report</a>
102-46	Defining report content and topic Boundaries	<i>About Our Report</i>
102-47	List of material topics	<i>About Our Report</i>
102-48	Restatements of information	There have been no changes in reporting from the previous year.
102-49	Changes in reporting	There have been no changes in reporting from the previous year.
102-50	Reporting period	<i>About Our Report</i>
102-51	Date of most recent report	<i>About Our Report</i>



# APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
<b>REPORTING PRACTICE (CONTINUED)</b>		
102-52	Reporting cycle	<i>About Our Report</i>
102-53	Contact point for questions regarding the report	<a href="mailto:sustainability@balchem.com">sustainability@balchem.com</a>
102-54	Claims of reporting in accordance with the GRI	<i>Appendix – GRI Index</i>
102-55	GRI content index	<i>Appendix – GRI Index</i>
102-56	External assurance	There is no external assurance obtained over the People and Planet pillars. Profit financial data that is listed in the 10-K has been audited.

## GRI 301: MATERIALS 2016

### GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	<i>About Our Report</i> 2019 acquisition data is not included in energy, water and waste management metrics.
103-2	The management approach and its components	<i>Planet – Material Sourcing</i>
103-3	Evaluation of the management approach	<i>Planet – Material Sourcing</i>

### TOPIC-SPECIFIC DISCLOSURES

301-1	Materials used by weight or volume	<i>Planet – Material Sourcing</i> Total volume of materials (lbs): Renewable – 315.9M Non-renewable – 390.9M
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# APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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## GRI 302: ENERGY 2016

### GRI 103: MANAGEMENT APPROACH 2016

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

### TOPIC-SPECIFIC DISCLOSURES

302-3	Energy intensity	<i>Planet – Energy Management</i>
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## GRI 303: WATER AND EFFLUENTS 2018

### GRI 103: MANAGEMENT APPROACH 2016

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

### MANAGEMENT APPROACH DISCLOSURES

303-1	Interactions with water as a shared resource	We performed water scarcity research (refer to <i>Planet – Water Management</i> ) and determined that there is no water withdrawn from high water stress areas.
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# APPENDIX: GRI INDEX

Disclosure Number      Description      Location and Notes

## MANAGEMENT APPROACH DISCLOSURES (CONTINUED)

303-2	Management of water discharge related impacts	Balchem works with local municipalities as facilities discharge water into municipal sources, except for one location which is tightly controlled. We do not operate any plants that are located in high-stress water regions. The results of the water stress analysis (refer to <i>Planet – Water Management</i> ) were shared with the steering committee, who oversees water management stewardship.
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## TOPIC-SPECIFIC DISCLOSURES

303-3	Water withdrawal	<p><i>Planet – Water Management</i></p> <p>Total water withdrawn M<sup>3</sup>: 2019 – 3,857,133</p> <p>Water intensity (cubic meters withdrawn per metric ton of products produced): 2019 – 10.87 2018 – 11.5 2017 – 12.7</p>
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## GRI 305: EMISSIONS 2016

## GRI 103: MANAGEMENT APPROACH 2016

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

## TOPIC-SPECIFIC DISCLOSURES

305-1	Direct (Scope 1) greenhouse gas emissions	<i>Planet – Energy Management</i>
305-2	Energy indirect (Scope 2) greenhouse gas emissions	<i>Planet – Energy Management</i>
503-4	Greenhouse gas emissions intensity	<p>Total greenhouse gas emissions intensity (metric tons/revenue in millions): 2019 – 116 2018 – 115 2017 – 120</p>



# APPENDIX: GRI INDEX

Disclosure Number	Description	Location and Notes
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## GRI 306: EFFLUENTS AND WASTE 2016

### GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	<i>About Our Report</i>
103-2	The management approach and its components	<i>Planet – Waste Management</i>
103-3	Evaluation of the management approach	<i>Planet – Waste Management</i>

### TOPIC-SPECIFIC DISCLOSURES

306-2	Waste by type and disposal method	<i>Planet – Waste Management</i> Total weight of hazardous waste (metric tons): 113.0
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## GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

### GRI 103: MANAGEMENT APPROACH 2016

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

### MANAGEMENT APPROACH DISCLOSURES

308-2	Negative environmental impacts in the supply chain and actions taken	<i>People – Food Safety</i> 8 out of 12 hazardous material suppliers were audited in 2019; 75% of total hazardous waste suppliers have been audited in the past three years.
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# APPENDIX: GRI INDEX

Disclosure Number      Description      Location and Notes

## GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

### GRI 103: MANAGEMENT APPROACH 2016

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

### MANAGEMENT APPROACH DISCLOSURES

403-1	Occupational health and safety management system	<i>People – Environmental, Health, Safety, and Security</i>
403-2	Hazard identification, risk assessment and incident investigation	<i>People – Environmental, Health, Safety, and Security</i> Refer to JSAs and STAR program
403-3	Occupational health services	<i>People – Environmental, Health, Safety, and Security</i> Refer to JSAs and STAR program
403-4	Worker participation, consultation and communication on occupational health and safety	<i>People – Environmental, Health, Safety, and Security</i> Refer to JSAs and STAR program
403-5	Worker training on occupational health and safety	<i>People – Environmental, Health, Safety, and Security</i> 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 on safety related activities. Our leadership and Environmental, Health, Safety, and Security professionals receive continuing education.
403-6	Promotion of worker health	<i>People – Human Capital</i>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<i>People – Environmental, Health, Safety, and Security</i>

### TOPIC-SPECIFIC DISCLOSURES

403-9	Work-related injuries	<i>People – Environmental, Health, Safety, and Security</i>
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# APPENDIX: GRI INDEX

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

### GRI 103: MANAGEMENT APPROACH 2016

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

### TOPIC-SPECIFIC DISCLOSURES

405-1	Diversity of governance bodies and employees	<i>People – Human Capital</i>
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## GRI 413: LOCAL COMMUNITIES 2016

### GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	<i>About Our Report</i>
103-2	The management approach and its components	<i>People – Community Involvement</i>
103-3	Evaluation of the management approach	<i>People – Community Involvement</i>

### TOPIC-SPECIFIC DISCLOSURES

413-1	Operations with local community engagement, impact assessments, and development programs	<i>People – Community Involvement</i>
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# APPENDIX: SASB INDEX

## SASB INDEX

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

Code	Description	Location and Notes
<b>SUSTAINABILITY ACCOUNTING STANDARDS BOARD</b>		
<b>GREENHOUSE GAS EMISSIONS</b>		
RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	<i>Measuring Our Progress and Appendix</i>
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	<i>Planet – Energy Management</i>
<b>WATER MANAGEMENT</b>		
RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	<i>Measuring Our Progress and Appendix</i>
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	<i>Planet – Water Management</i>
<b>HAZARDOUS WASTE MANAGEMENT</b>		
RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	<i>Measuring Our Progress and Appendix</i>
<b>COMMUNITY RELATIONS</b>		
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	<i>People – Community Involvement</i>



# APPENDIX: SASB INDEX

Code                      Description                      Location and Notes

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (CONTINUED)

### 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	<i>Measuring Our Progress</i>
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	<i>People – Environmental, Health, Safety, and Security</i>

### 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	<i>Profit – Our Governance</i>
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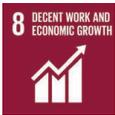
# APPENDIX: SDG INDEX

## SDG INDEX

This report reviewed the SDGs as one of the key inputs for our material ESG topics. Our material ESG topics relate to the following SDGs. For more information on the SDGs, visit <https://sustainabledevelopment.un.org/sdgs>.

### SUSTAINABLE DEVELOPMENT GOALS INDEX

#### PEOPLE



Environmental, Health, Safety, and Security  
Human Capital  
Community Involvement



Human Nutrition and Health



Animal Nutrition  
Food Availability

#### PLANET



Energy Management



Water Management



Waste Management  
Safety and Environmental Stewardship of Chemicals and Genetically Modified Organisms  
Materials Sourcing Practices (e.g., palm oil)  
Food Safety and Health Concerns