



balchem®

Making the World a Healthier Place — Our 2018 Sustainability Report Executive Summary

OUR MISSION

Every day, Balchem is delivering trusted solutions that enhance health and well-being through science. The two objectives of our sustainability strategy directly support our mission of making the world a healthier place: providing innovative solutions for the health and nutritional needs of the world, and operating with excellence as strong stewards of our employees, customers, shareholders, and communities (our stakeholders). In developing our Sustainability Framework, we worked closely with our stakeholders to identify the Environmental, Social, and Governance (ESG) topics most relevant to our business.

One of our proud accomplishments is Balchem’s impact on 1.3 billion people each year through human nutrition products, as well as people fed by animals supplemented with our vital nutrients.

Our report highlights our efforts within three pillars: People, Planet, and Profit. We welcome you to join our sustainability journey to make the world a healthier place.

Our Sustainability Framework





















1.3 Billion People Reached in 2018

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.

MEASURING OUR PROGRESS



PEOPLE	PLANET	PROFIT
 1.3 billion – number of people reached per year	 10.2 billion – number of animals reached per year	 27.6% – revenue from products developed in the past five years
 1.06 – total recordable injury rate (TRIR)	 0.61 GJ – energy intensity (GJ of energy per ton of product produced) 73,726 – scope 1 and scope 2 greenhouse gas emissions (CO ₂ e metric tons)	 \$643.7M – total revenue
 23% – hourly employee turnover 10% – salary employee turnover	 11.5 CBM – water intensity (cubic meters of water withdrawal per metric ton of product produced) 1.8% – water withdrawal from regions with high or extremely high baseline water stress	 \$159.9M – adjusted EBITDA**
 76% males, 24% females – employee diversity	 99% – hazardous waste reused or recycled 70% – hazardous material suppliers audited in the last 3 years*	 \$78.6M – GAAP net earnings \$2.42 – GAAP earnings per share
 75% – R&D focused on health and nutrition	 100% – of palm oil sourced certified through RSPO 43% – raw materials from renewable resources	 127% – free cash flow conversion
 100% – manufacturing sites with local community engagement efforts	 0 – product recalls	 21.1% – 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 2018. *Balchem defines hazardous materials as Ethylene Oxide, Trimethyl Amine, 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.