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2023-2024 Transparency act report for Kappa Bioscience, a Balchem company

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1. Purpose and scope

This report has been compiled to provide information about the policies and procedures in place at Kappa Bioscience, a Balchem company, in accordance with the Norwegian Transparency Act section 5 relating to safeguarding of human rights and decent working conditions.

2. About Kappa Bioscience

Kappa Bioscience was founded in Oslo, Norway in 2006 and is involved in the synthesis of pure, all-bioactive vitamin K2 MK-7, an essential vitamin needed to direct calcium around our bodies, support immunity, and keep hearts, bones, and lots of other things healthy.

From vitamin K2 and turn-key solutions, to research and marketing initiatives, to product launches and growth strategies, Kappa Bioscience believes in doing it right. We respect, support and acknowledge the fundamental human rights, labor rights and decent working conditions. That means developing products and services that set new standards of excellence, made with integrity, and through close collaboration. Together with their partners, Kappa Bioscience is helping the health and nutrition industry turn a corner, without cutting corners.

Kappa Bioscience was acquired by Balchem Corporation (NASDAQ:BCPC) in June 2022.

3. About Balchem Corporation

Balchem Corporation develops, manufactures and markets specialty ingredients that improve and enhance the health and well-being of life on the planet, providing state-of-the-art solutions and the finest quality products for a range of industries worldwide. The company reports three business segments: Human Nutrition & Health; Animal Nutrition & Health; and Specialty Products. The Human Nutrition & Health segment delivers customized food and beverage ingredient systems, as well as key nutrients into a variety of applications across the food, supplement and pharmaceutical industries. The Animal Nutrition & Health segment manufactures and supplies products to numerous animal health markets. Through Specialty Products, Balchem provides specialty-packaged chemicals for use in healthcare and other industries, and also provides chelated minerals to the micronutrient agricultural market.

4. Labor & Human Rights Policies

There are multiple policies applicable throughout the Balchem group with Standard policy on a majority of labor or human rights issues:

- Endorsement of the United Nations Global Compact (UNGC)
- Labor & Human rights policy on diversity, equal opportunity & inclusion
- Labor & human rights policy on child labor, forced labor and human trafficking
- Labor & human rights policy on social dialogue
- Labor & human rights policy on working conditions



DOING IT RIGHT

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- Labor & human rights policy on employee health & safety.

The Human Rights policy specifically outlines its commitment to respect human rights throughout the value chain and is part of our global sustainability strategy. Specifically, we are committed to upholding human rights and freedoms as defined by the International Bill of Human Rights, including the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at work.

5. Sustainability

Sustainability is at the heart of Balchem's higher purpose of making the world a healthier place. The program is included within the Corporate Social Responsibility initiative. Sustainability Team consists Steering Committee, 2030 Goals Team, Program Manager and Data Owners.

In 2023, Balchem corporation received a "Bronze" Ecovadis sustainability rating. (Reference: EVID: ZT381658).

Additionally, Kappa Bioscience, Norway, is registered with the SEDEX with manufacturing of food products as primary activity. Secondary activity at site is manufacturing of chemical products. As of April 2024, Kappa has an overall score of 3.3.

6. Due diligence with respect to human rights and decent working conditions

At Kappa, several actions have been in place to improve working conditions at workplace:

We have a partnership with a Company Health service provider that we can use for any work related issues concerning physical, psychosocial, ergonomical, chemical etc.

We have Employee Safety representatives, elected by the employees that they can turn to for work related issues/topics. The safety representatives ensure that the employer is following the Norwegian Workers Act and all other relevant legislations and regulations.

We provide annual health checks for all employees, and provide options for vaccination, and private health insurance.

We follow the Norwegian Workers Act that have high standards for what is expected as an employer.

There is compliance with the requirements of local and national laws related to health and safety standards. There is a written health and safety policy document that is communicated to all workers.

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Kappa sites are certified to GFSI compliant Food safety system certification (FSSC 22000 and IFS Broker). Worker and representative participation has been included in the design of our health and safety management system. Measurable health and safety performance objectives have been defined.

As part of the Balchem group, Kappa manufacturing site is obliged to conduct equipment safety inspections or audits on a regular basis. Women development, mentorship, and/or sponsorship programs are in place.

All employees are required to abide by Balchem's Code of Business Conduct and Ethics, which sets clear expectations about ethical behaviour and compliance with laws. Mandatory Code of Conduct training is provided to all employees annually and ways for employees to ask for help and notify the company of misconduct, including violations of the law or the code are facilitated.

Following measures help to contribute to employee satisfaction and safe working environment:

- Flexible organization of work (eg. remote work, flexi-time)
- Health care coverage of employees in place
- Grievance mechanism on discrimination and/or harassment issues
- Awareness training regarding diversity, discrimination, and/or harassment
- Formalized process in place to assess and document risks related to employee health and safety
- Formalized process in place to assess and document employee health & safety risks, considering change of operations / activities (e.g. change management)
- Employee health & safety risk assessment
- Grievance mechanism on child labor, forced labor and/or human trafficking issues
- Regular assessment (at least once a year) of individual performance
- Two-way communication system in place to facilitate employee voice regarding working conditions
- Provision of skills development training
- Setting of individual career plan for all employees
- Training of employees on health and safety risks and best working practices

Suppliers are expected to adhere to our Supplier Code of Conduct which defines our commitment to protecting human rights and ensuring safe work environments throughout our supply chain. Suppliers are required to treat all people with dignity and respect to ensure that their supply chains are free from discrimination, violence, and unfair labor practices in all locations.

These standards are derived from the OECD guidelines for Multinational Enterprises and the eight fundamental conventions defined by the International Labour Organization.

Suppliers are qualified and evaluated according to internal procedure which includes the following:

- i All suppliers are classified based on the corruption perception index in the respective country of origin in 5 levels: Very low, Low, Medium, High, Very high.
- ii Ethical Questionnaire: All approved level 3 suppliers and high-risk suppliers are also asked to complete a questionnaire related to their business practices/ethical business standard as part of the supplier qualification procedure. The questionnaire is based on the ETI base code

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(<https://www.ethicaltrade.org/eti-base-code>). The questions are, for the most part, relevant to the risks that are to be assessed.

The Supplier risk assessment consists of country risk rankings on corruption, global rights and human rights and rule of law. The latter is based on the Global Economy index: https://www.theglobaleconomy.com/rankings/human_rights_rule_law_index/. The source for the ranking is Fund for Peace's Fragility index and the ranking reflects the numbers for its human rights and the rule of law indicator, which measures a set of rights and country conditions. The indicators from the fragility indexes form a useful starting point for the initial assessment of general risks of adverse human rights impact under the Transparency Act.

7. Focus in 2023 and plans for 2024

Kappa Bioscience is committed to respect human rights and decent working conditions throughout our own operations and the supply chain. This report lists policies, guidelines, procedures, and other governing documents that form a useful starting point to mitigate the risk of adverse impact .

We understand the inherent risks associated with industry and product should also be part of the information gathering at the initial stage. For the most part these documents do not address the handling of actual and potential adverse impacts on fundamental human rights and decent working conditions. Our plan is to expand these to include addressing adverse impact on human rights and decent working conditions in 2024.

8. References

Balchem 2023 sustainability report
 Balchem's Modern Slavery and Human trafficking statement
 Human Rights Policy
 Balchem Code of Business Conduct and Ethics
 Balchem Supplier Code of Conduct
 SEDEX registration of Kappa Bioscience
 HSE Manual of Kappa Bioscience
 PRP-09A-009 Questionnaire ethical acting
 PRP-09A-001 Supplier qualification procedure