

2022 Transparency act report

for Kappa Bioscience AS

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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 AS 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® AS 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® AS 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® AS 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. Sustainability

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

The sustainability strategy focuses on the most critical Environmental, Social, and Governance (ESG) topics relevant to the business and stakeholders. The Sustainability report highlights efforts within three pillars: People, Planet, and Profit. The sustainability journey is one of continuous improvement. To confirm commitment to Environmental, Social, and Governance (ESG), Balchem continues to actively engage customers, shareholders, and employees for input on the key priorities for the sustainability strategy.

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Balchem is a member of the United Nations Global Compact, confirming their support of their Ten Principles on human rights, labor, environment, and anti-corruption. Commitment to the United Nations Global Compact Principles is another step in the continuous sustainability journey and achieving the vision of making 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 our impact on 1.4 billion people through human nutrition products, and through people being fed by animals supplemented with vital nutrients. Our two sustainability objectives include:

- 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

5. Governance of human rights

A. Code of Conduct

The CoC sets out the company's requirement that its employees act in accordance with these policies and do not participate in any activity that negatively impacts human rights or decent working conditions. All employees are obliged to follow code of ethics and conduct. For this training is given on the procedure.

This includes topics such as:

- I. Compliance with laws and guidelines
- II. Anticorruption
- III. Money Laundering and Fraud
- IV. Conflicts of interest
- V. Fair competition
- VI. Data protection and confidentiality
- VII. Protection of intellectual property
- VIII. Food safety & quality
- IX. Environmental protection
- X. Zero tolerance of discrimination
- XI. Zero tolerance of modern slavery
- XII. Freedom of association
- XIII. Compliance organization

B. Business Policy

We have embedded responsible business conduct into enterprise's policies. Following sections are already included in our policy:

- I. Personnel responsibility and workplace safety
- II. Sustainability and Environmental responsibility
- III. Ethics
- IV. Customer focus
- V. Continuous improvement

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

A. Supplier Qualification Program

All 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 (<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 2022 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 2022 and plans for 2023

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 2023.

8. References

Balchem sustainability report
SOP-008 Code of ethics and conduct
SOP-062 Food safety Policy
PRP-09A-010 Supplier risk assessment
COMP-TMP-10 FFVA and mitigation plan
PRP-09A-009 Questionnaire ethical acting
PRP-09A-001 Supplier qualification procedure