

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

2023 Report – Introduction

This report has been prepared by Baymag Inc. ("Baymag") in response to the requirements under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act) for our financial year ending December 31, 2023.

Baymag recognizes that the mining and manufacturing industry plays an important role in preventing and assessing the risk of forced labour and child labour in Canada's supply chain. We acknowledge the risks of forced labour and child labour in the global mining and manufacturing sectors and are committed to continuous improvement in our due diligence, risk assessment, remediation, and training processes.

Baymag is committed to respecting, protecting and promoting the human rights of people impacted by our operations and supply chain, consistent with the International Bill of Human Rights, International Labour Organization's Core Conventions, United Nations Guiding Principles on Business and Human Rights, and OECD Guidelines for Multinational Enterprises.

Organizational structure, activities, and supply chain

Structure

Baymag is a mining and manufacturing company operating in Canada, with approximately 125 employees. While our headquarters are located in Calgary, our plant operations are situated in Exshaw, Alberta and our mine operations are located near Radium Hot Springs in British Columbia.

Baymag is a privately-owned company and member of the Refratechnik group of companies, headquartered in Germany. As such, Baymag is guided by Refratechnik's mission statement "Our actions as a company are not only dictated by what is legal, but far more so by what is also right.". The Refratechnik Group purchased Baymag in 1978. Baymag is not directly subject to supply chain due diligence reporting requirements in another jurisdiction, but its parent, Refratechnik is subject to the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, "LkSG").

Activities

Baymag is a producer of magnesium oxide and offer a fully-integrated approach to the application of magnesium oxide and/or magnesium hydroxide products. This includes a team of professional sales and technical personnel to assist in product selection and development specific to the customer's needs. Magnesite ore from the mine site is converted into magnesium oxide (MgO) and the current total capacity of Baymag's three calciners is 150,000 metric tonnes per annum.

Supply Chains

Baymag procures a range of goods and services for operational, business, and packaging purposes. Our global supply chain reaches across North America, Europe, and Asia. Baymag is committed to mapping our procurement activities and regions to better understand areas of risk.

Steps to prevent and reduce the risks of forced labour and child labour

Baymag as a subsidiary of Refratechnik, has integrated various mandatory and voluntary human rights measures into our business activities.

In the financial year ending December 31, 2023, Baymag engaged with Refratechnik to review and prepare for the implementation of updated versions of the Code of Conduct and Supplier Code of Conduct (expected in 2024).

In 2024, Baymag engaged an external third party to support the company in preparing this report and we dedicated internal resources to ongoing improvements.

Further details on these activities are provided in the following sections of this report.

Policies and due diligence processes

Acting in accordance with applicable laws, other regulations and standards is a fundamental principle of our corporate culture, as a subsidiary of Refratechnik. Specific rules and regulations for individual situations in the professional environment are formulated in Group guidelines and agreements.

Governance

Baymag is committed to strong corporate governance and is committed to establishing roles that are responsible for overseeing the prevention and mitigation of forced labour and child labour in our operations and supply chains.

Policies

As a subsidiary of Refratechnik, Baymag is covered by Refratechnik's policies. Specifically, the Code of Conduct, reissued recently in 2024, as well as the [Policy Statement on Human Rights and Responsibility](#), issued in October 2023.

The Code of Conduct defines the rules and requirements within the Refratechnik Group. It is based on our shared values, for example with regard to our social responsibility, respect for human rights, equal opportunities and occupational health and safety. The Refratechnik Group is committed to creating a safe and healthy working environment for its employees and for all external parties with whom contractual relationships exist. In particular, the Refratechnik Group promotes the provisions of labour law (such as employment and occupational health and safety) and respect for human rights. We reject child labour and forced labour and treat all people with respect. We also comply with the applicable laws to ensure fair working conditions and regulated working hours. We also oblige our suppliers to comply with these principles.

The Refratechnik Group uses raw materials, technical products, packaging materials and services from reliable suppliers. It is always important to Baymag to maintain a trusting and reliable relationship. We work in partnership with our suppliers. All suppliers are required to comply with the binding ethical, social and environmental standards and to pass them on to their upstream value chain. We also require our suppliers to comply with our principles in relation to human rights. Under no circumstances may suppliers of the Refratechnik Group employ children, prisoners or forced labour.

The Refratechnik Group's Policy Statement on Human Rights and Responsibility, which applies to Baymag and our operations, and is based on the following human rights standards and guidelines:

- International Bill of Human Rights incl. the relevant rights from the UN Civil and Social Covenants
- International Labour Organisation's (ILO) fundamental principles and rights at work
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-risk Areas
- UN Convention on Children's Rights
- UN Convention on Women's Rights
- UN National Action Plan for Business and Human Rights (NAP)
- Paris Climate Agreement
- Minamata Convention
- Basle Convention
- Stockholm Convention
- Principles of the UN Global Compact

Suppliers of the Refratechnik Group of Companies are expected to comply with the binding ethical, social, and ecological standards and apply them in their upstream business value chains.

Updates to the Refratechnik Group's Supplier Codes of Conduct detailing obligations related to anti-forced labour and child labour standards were drafted in the reporting period (2023). Therefore, in 2023, Baymag did not have due diligence processes specifically dedicated to the risk of modern slavery in the procurement of goods and services. Finalization and implementation of this Supplier Code of Conduct in Baymag's operations is expected to occur in 2024. This code focuses on consistently incorporating key principles and obligations into the entire supply chain to ensure that fundamental human rights, occupational safety, fair working conditions and environmental protection are respected and upheld throughout the supply chain.

Forced labour and child labour risk

Baymag's operations are located in Canada, which is considered a low-risk jurisdiction, and to date we have not conducted an external assessment of risk of forced labour or child labour across its global supply chains.

Remediation measures and remediation of loss of income

To date, Baymag has not received any complaints relating to forced labour or child labour in our operations or supply chains, and as such has not taken any remediation measures or remediation of loss of income to families as a result of forced labour or child labour. However, as a subsidiary of Refratechnik, Baymag has a Whistleblower Policy that details processes for reporting concerns around human rights violations.

Employee training

In 2023, Baymag did not yet have learning and development resources or activities available for employees specific to modern slavery. As part of corporate training initiatives, Baymag will integrate relevant updates for the employee Code of Conduct and Supplier Code of Conduct to reflect policies and processes specific to mitigation the risk of forced and child labour in operations and supply chains.

Assessing effectiveness

Baymag is strongly committed to continuous improvement of all processes and operations within the company, and this includes human rights and the risk of modern slavery. In 2023, we had not yet established ways to measure the effectiveness and track progress in preventing and reducing risks of forced labour and child labour in our activities and supply chains.

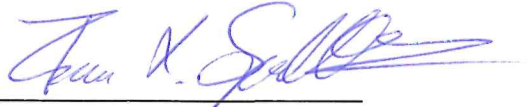
Continuous improvement is deeply ingrained in our culture, and we apply practices such as external audits to inform our operational policies, processes, and performance.

For over 20 years, Baymag has maintained registration to the ISO 9001 Quality Management System Standard, which sets guidelines for quality throughout the company as a whole. Baymag is committed to integrating efforts to continuously improve its prevention and efforts to mitigate the risk of forced labour and child labour in its activities and supply chains.

Approval and attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated in the City of Calgary, Alberta, this 23rd day of May, 2024.



Franz X. Spachtholz
Franz X. Spachtholz, Chairman of the Board, President & CEO
I have the authority to bind Baymag Inc.