

2024 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

2024 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, 2024. Throughout this report, “we”, “us”, and “our” refers to Baymag Inc.

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 business headquarters are 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.”

Activities

Baymag is a producer of magnesium oxide and engages in 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 assisting 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 160,000 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, 2024, Baymag engaged with Refratechnik to review and begin implementation of the updated Global Code of Conduct (reissued in 2024) and prepare to implement the updated Supplier Code of Conduct (reissued in 2024, with finalization and implementation expected in 2025). In line with the commitments outlined in our previous report, we have continued to make progress on areas identified for improvement, including enhancements to internal processes, supplier oversight, and employee training.

Since early 2024, Baymag engaged an external third party to support the company in preparing its annual reports and we have dedicated internal resources to ongoing improvements.

In 2024, Baymag advanced its efforts to help reduce the risk that forced, or child labour exists in its supply chain through the following measures:

- Developing a “Modern Slavery and Human Trafficking Compliance” contractual clause to be listed in Baymag’s Purchase Order Terms and Conditions.
- Developing and implementing an anti-forced labour clause within the Global Code of Conduct. This Code defines the rules and requirements for all employees of Refratechnik and its subsidiaries. It is based on shared values, relating to social responsibility, respect for human rights, equal opportunities and occupational health and safety, and forms the foundation of our behavior and our culture. Employees are required to sign-off on the Code.
- Conducting an internal Supplier Risk Assessment that evaluated all vendors against identified high-risk categories.
- Developing a Supplier Modern Slavery and Human Trafficking Compliance Questionnaire that is mandatory for all suppliers identified as high-risk.
- Developing a Quality System Questionnaire that is mandatory for all suppliers identified as high-risk.
- Implementing employee training on the updated Global Code of Conduct, which includes content on modern slavery. This training will become mandatory for all employees.

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, 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 that oversees 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 Global Code of Conduct, reissued recently in 2024, the Declaration of Principles for Social Responsibility and Human Rights, issued in December 2024, and the Supplier Code of Conduct, reissued in 2024, with finalization and implementation expected in 2025.

The Global 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. In 2024, the Global Code of Conduct was updated to include the “Prohibition of slavery, forced and compulsory labour.”

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 with third parties. We work in partnership with our suppliers. All suppliers are required to comply with the 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, or prisoners, or forced labour.

The Refratechnik Group’s Declaration of Principles for Social Responsibility and Human Rights, which applies to Baymag and our operations, takes into account the following human rights standards and guidelines:

- The principles of the UN Global Compact
- The United Nations Universal Declaration of Human Rights
- The conventions and recommendations of the International Labour Organization (ILO) on labour and social standards
- The International Labour Organization (ILO) Declaration of Principles concerning Multinational Enterprises and Social Policy

Suppliers of the Refratechnik Group of Companies are expected to comply with these ethical, social, and ecological standards and apply them in their upstream business value chains. In 2024, we developed a “Modern Slavery and Human Trafficking Compliance” contractual clause to be listed in Baymag’s Purchase Order Terms and Conditions. This clause requires the vendor to

- comply with all applicable laws, regulations, and standards regarding modern slavery
- confirm that neither the vendor nor its suppliers engage in any form of modern slavery
- implement effective systems to ensure compliance, and
- notify Baymag of any suspected or actual breaches.

The Refratechnik Group’s Supplier Code of Conduct was updated to include obligations related to anti-forced labour standards in the reporting period for (2024). Finalization and implementation of this Supplier Code of Conduct in Baymag’s operations is expected to occur in 2025. This Supplier Code of Conduct 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. In 2024, Baymag conducted an internal Supplier Risk Assessment that evaluated all vendors against identified high-risk categories (geographic location, industry, and compliance history). Geographic location considered regions with higher reported instances of child labour, industry considered sectors known for higher risks, such as agriculture, textiles, or mining, and compliance history considered vendors’ track record with labour laws and regulations.

In addition, Baymag developed a Supplier Modern Slavery and Human Tracking Compliance Questionnaire that is mandatory for all suppliers identified as high-risk. The Questionnaire requires the vendor to provide information surrounding its relevant policies, risk assessments, supplier monitoring, training provision, and incidents of modern slavery.

In the reporting period, Baymag also developed a Quality System Questionnaire that is mandatory for all suppliers identified as high-risk. This questionnaire requires the supplier to provide information on their internal systems, processes, and documentation.

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 is subject to Refratechnik's Whistleblower Policy that details processes for reporting concerns around human rights violations.

Employee training

In 2024, Baymag began implementing employee training on the updated Global Code of Conduct, which prohibits slavery, forced, and compulsory labour. Training included an overview of the Refratechnik Group's commitment to protecting human rights, human rights prohibitions including child labour and forced labour, and mechanisms to report concerns or possible indications of violations of the Code. This training is mandatory for all employees.

Assessing effectiveness

Baymag is strongly committed to continuous improvement of all processes and operations within the company, and this includes processes relating to human rights and addressing modern slavery risks. In 2024, we had not yet established a plan to measure the effectiveness and track progress in preventing and reducing risks of forced labour and child labour in our activities and supply chains.

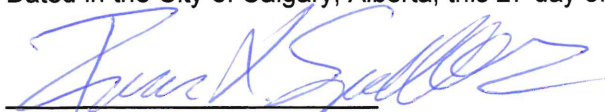
Continuous improvement is deeply ingrained in our culture, and we apply practices such as external audits to inform our operational policies, processes, and performance.

For over 20 years, Baymag has been registered to the ISO 9001 Quality Management System Standard, which sets quality guidelines for the company as a whole. Baymag is committed to integrating efforts to continuously improve its efforts to prevent and 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 27 day of May 2025.



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