

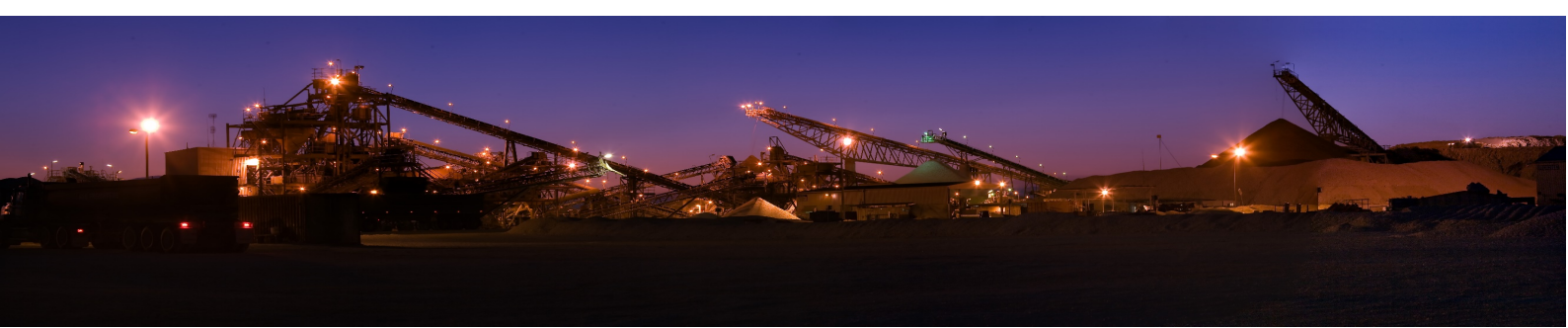


QMAG

QUEENSLAND MAGNESIA

MODERN SLAVERY STATEMENT

FOR PERIOD ENDING 31 DECEMBER 2020



Contents

INTRODUCTION 3

REPORTING ENTITIY 3

OUR APPROACH 4

STRUCTURE, OPERATIONS & SUPPLY CHAINS 5

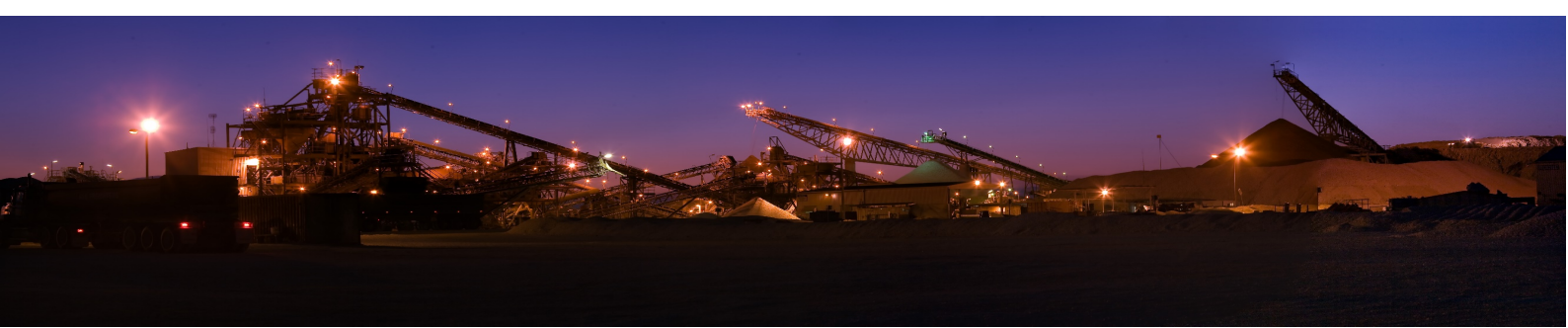
AREAS OF RISK 7

ACTIONS TAKEN & PLANNED 8

EFFECTIVENESS OF ACTIONS TAKEN & PLANNED 9

PROCESS OF CONSULTATION & OTHER RELEVANT INFORMATION 10

STATEMENT APPROVAL 11



INTRODUCTION

Modern slavery is a global issue that is estimated to affect over 40 million people¹. It can take various forms, including the trafficking of people, forced labour, servitude and slavery. The outcome is profound, affecting individuals, families and communities, depriving victims of their basic freedoms. Its impact is global, and no country is immune. QMAG is opposed to slavery in all its forms within our operations, supply chain and our business partnerships. Respect for human rights is integral to our QMAG values, and our vision to be an organisation that creates solutions to make a sustainable difference.

REPORTING ENTITY

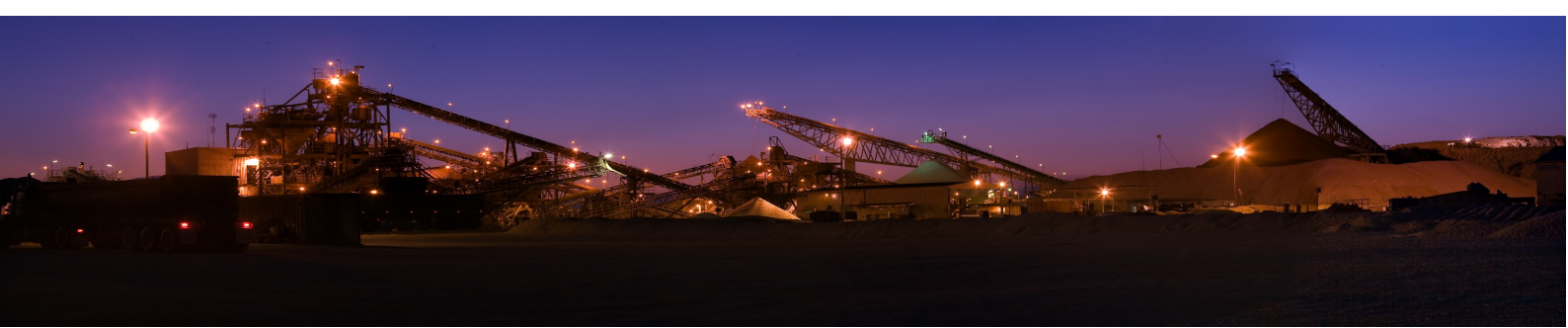
This is a joint modern slavery statement prepared by QMAG Pty Limited ACN 279 111 906 ('QMAG') as the Reporting Entity on behalf of the entities comprising QMAG & it's subsidiaries in accordance with the mandatory criteria for modern slavery statements in section 16 of the Modern Slavery Act 2018.

QMAG's subsidiaries comprise (together 'QMAG');

- QMC (Kunwarara) Pty Ltd ACN 009 643 216 ('QMCK');
- QMCH Pty Ltd ACN 111 293 433 ('QMCH');
- QMC (Refmag) Pty Ltd ACN 003 858 099 ('QMCR'); and,
- Queensland Magnesia Pty Ltd ACN 010 823 588 ('QMPL').

The registered office of the QMAG Group is at 246 Boundary Road, Parkhurst, QLD 4702.

¹ International Labour Office (ILO) & Walk Free Foundation 2017, Methodology of the global estimates of modern slavery: Forced labour and forced marriage, Available from: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_586127.pdf [7 April 2021].



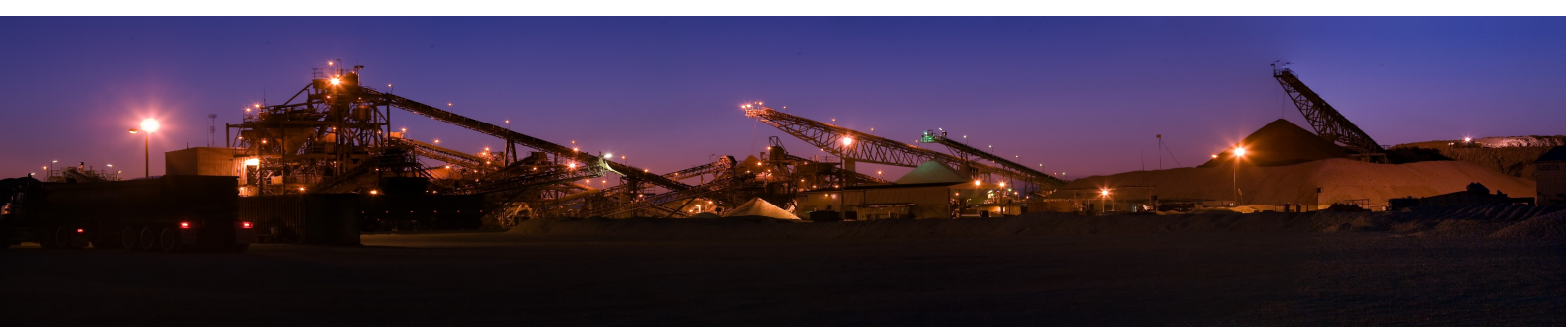
OUR APPROACH

The term modern slavery describes situations of serious exploitation in Australia and abroad such as trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour. It does not include substandard working conditions or underpayment of workers; however, these practices are also illegal and harmful and may be present in situations of modern slavery. QMAG recognises that respecting and proactively promoting human rights and freedom is an integral part of our business and is a key component of our broader sustainability strategy.

QMAG operates wholly within Australia, which has democratic governments with high standards of governance and strong legislative systems that support human rights, national employment standards, privacy, anti-corruption, and non-discrimination. However, QMAG exports/imports to/from customers/agents/suppliers across a wide range of geographic regions which introduces additional third-party risks and governance concerns.

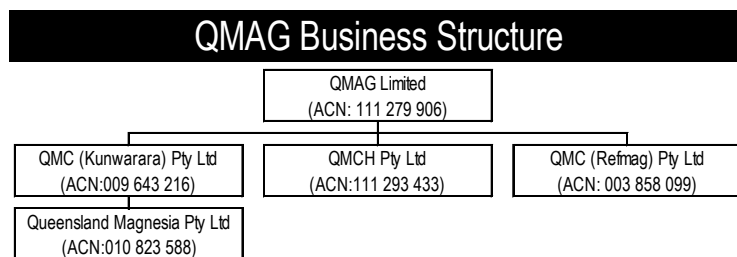
QMAG is committed to implementing and monitoring ongoing practices which support human rights with reference to the UN Guiding Principles on Business and Human Rights and the Australian Modern Slavery Act 2018 ('The Act').

This statement outlines our approach to identify and address the risk of modern slavery practices in our operations and supply chains and details our processes for conducting human rights and modern slavery due diligence within our supply chains for the financial year ended 31 December 2020.



STRUCTURE, OPERATIONS & SUPPLY CHAINS

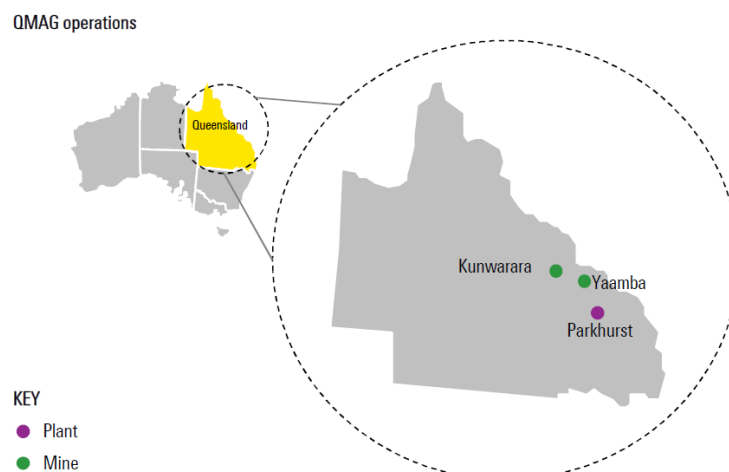
QMAG is a mining and mineral processing company that operates in Australia. It comprises QMAG (the holding company), QMCK, QMCH, QMCR and QMPL and is a private proprietary limited company with its sole shareholder being Refratechnik Holding GmbH, a company based in Germany. The QMAG Pty Limited organisational structure is as follows:



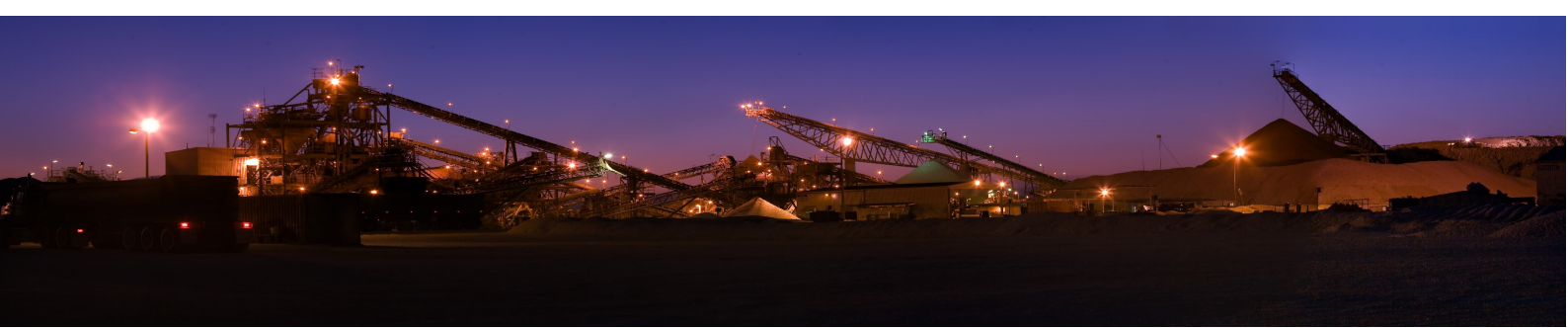
QMAG operates two areas of production in and around Rockhampton, in Central Queensland. The principal activities of QMAG during the year included:

- Mining and pre-processing of magnesia at our mine sites in Kunwarara & Yaamba, QLD; and
- Manufacture and package caustic calcined magnesia, dead burned/sintered magnesia and electro-fused magnesia at our Parkhurst, QLD site; and
- Facilitating the distribution and export of final products, both bulk and packaged, domestically and globally through a network of logistics partners.

Our products are used in the refractory, metalliferous, agricultural, and chemical industries.



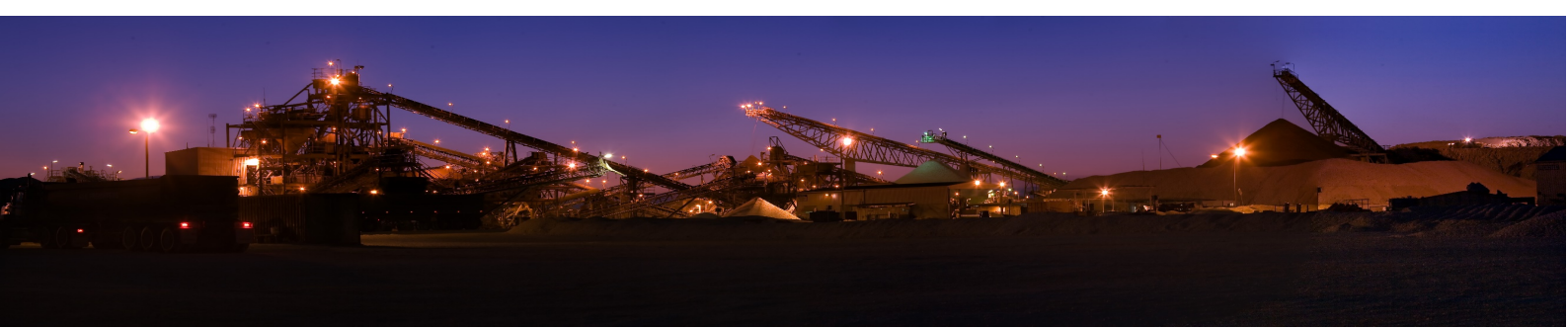
At 31 December 2020 QMAG directly employed approximately 210 employees/labour hire staff in Australia across our two operations.



QMAG's supply chain operates in a global context. Domestically, QMAG procures services through several different advisory services (e.g. Energy management, auditing, legal, and consulting, etc.), labour hire services (e.g. Operators, cleaners, trades people, etc.), contract services (e.g. mining, maintenance, engineering, and fabrication, etc), and distribution services (e.g. inter-warehouse transport, containerisation services, import and export advisory services, etc.).

From an international perspective, QMAG procures a range of goods from international locations, including, but not limited to, Europe, Canada, China, and Mexico. Items that are imported include products that are used as part of the processing/manufacturing process; such as graphite electrodes from China and India, high purity magnesia from Mexico, packaging from India and original equipment manufacturer (OEM) and specialised equipment required for operating the plant or laboratory.

Whilst not the subject of this report, for completeness, QMAG's product sales are supplied to our customers domestically and internationally via a network of logistic partners that provide road, rail and shipping services. Most of our exports are issued to customers at their destination and are used in the refractory, hydrometallurgical and agricultural industries.



AREAS OF RISK

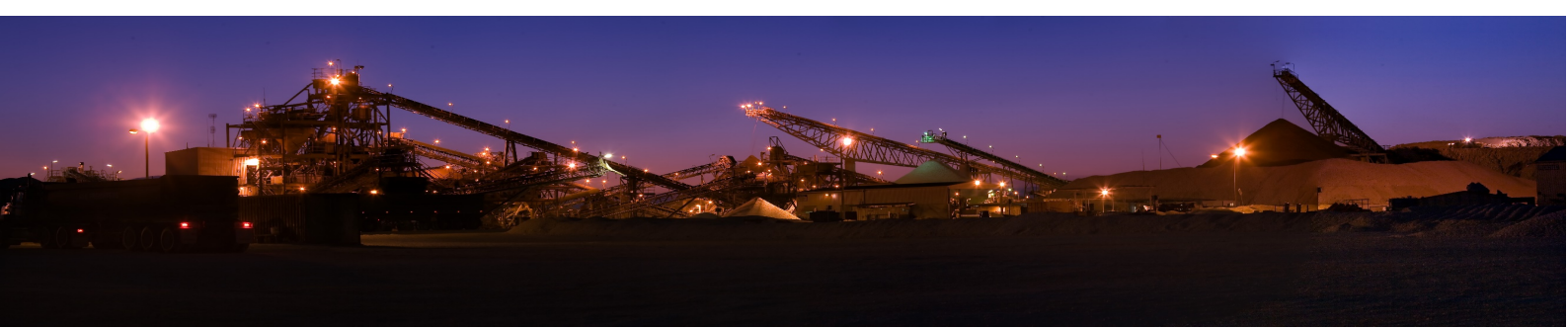
Areas where there is a potential for modern slavery and/or associated risks are:

- suppliers who may use products purchased or manufactured in high-risk countries; and
- internationally flagged import and export logistics vessels; and
- products purchased which are manufactured in high-risk countries.

QMAG has conducted an initial review of the risk of modern slavery in relation to our business critical and higher-risk direct suppliers, with no apparent remediation actions required regarding modern slavery. From a base of 624 suppliers, 92 percent (or 572) are in Australia, and overall expenditure is similarly distributed with 95 percent of third-party suppliers being spend on Australian based suppliers.

In the next year (2021), QMAG plans to extend the review into an investigation of the direct suppliers and critical indirect suppliers from a more thorough perspective. This will be done following the implementation of an Ethical Supplier Code of Conduct, and updated terms & conditions which will specifically provide for the ability of auditing (refer below for details). In following years, QMAG expects to extend the investigations to other suppliers and customers specifically focusing on their locational risk profile (see below).

Country	Identified risk
Brazil	Forced labour
India	Migrant and forced labour
Indonesia	Migrant and forced labour
Malaysia	Migrant and forced labour
Mexico	Forced labour
P.R China	Freedom of associations, forced labour and excessive overtime
Tanzania	Child forced labour
Thailand	Migrant and forced labour
Turkey	Migrant and forced labour



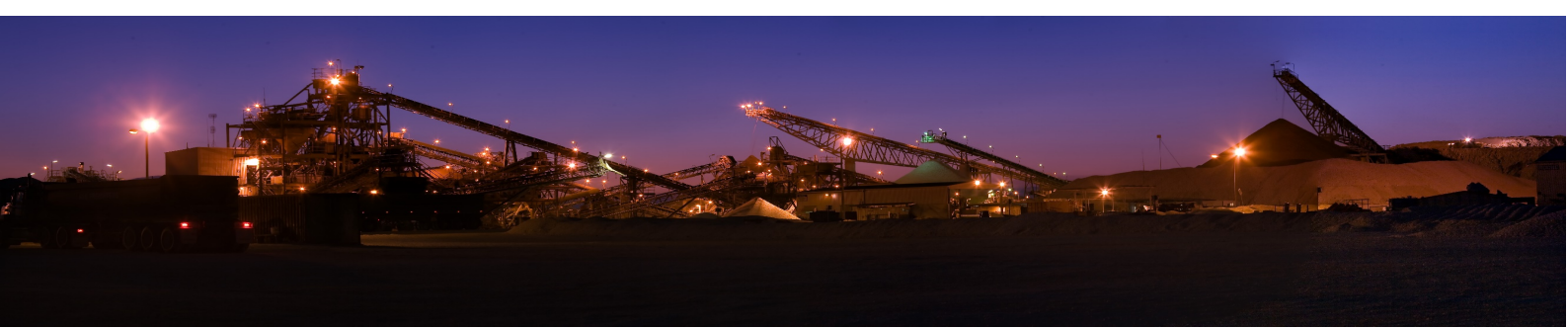
ACTIONS TAKEN & PLANNED

QMAG has undertaken an initial risk assessment of modern slavery in our operations and supply chain and will continue to monitor the effectiveness of actions being taken to assess and address modern slavery risks.

Through 2021, QMAG will develop and implement the following policies and processes to ensure risks are identified and mitigated:

- **Human Rights Policy** to ensure companywide adherence to the principles of the International Bill of Rights, ILO Declarations & UN Guiding Principles on Business and Human Rights.
- **Supplier Code of Conduct** setting our expectations around issues such as:
 - Labour and Human Rights
 - Modern Slavery
 - Health and Safety
- **Ethical Supplier Statement** to be signed by suppliers to ensure their compliance and adherence to the rule of laws surrounding labour rights.
- Standard Supply and Purchase **Terms & Conditions** updated to include Modern Slavery clauses.
- New Supplier Validation Checklist
- Develop and implement a **Supplier Audit Process** designed to provide assurance to QMAG that suppliers are adhering to the principles of our **Code of Conduct** and **Supplier Statement**.
- **Regular Training** for business leaders and their teams on ethical behaviour and modern slavery.

Each of the above policies will be provided to a supplier group, distributed internally via email and our internal networks, and be part of our tendering and recontracting processes for new suppliers. An audit will be undertaken for existing suppliers to ensure behaviours are in line with QMAG expectations and our Code of Conduct. This will be overseen by a Modern Slavery Working Group.



EFFECTIVENESS OF ACTIONS TAKEN & PLANNED

As this is the first reporting period for Modern Slavery, QMAG's focus has been around education and awareness, and establishing a framework and action plan to ensure continuous improvement.

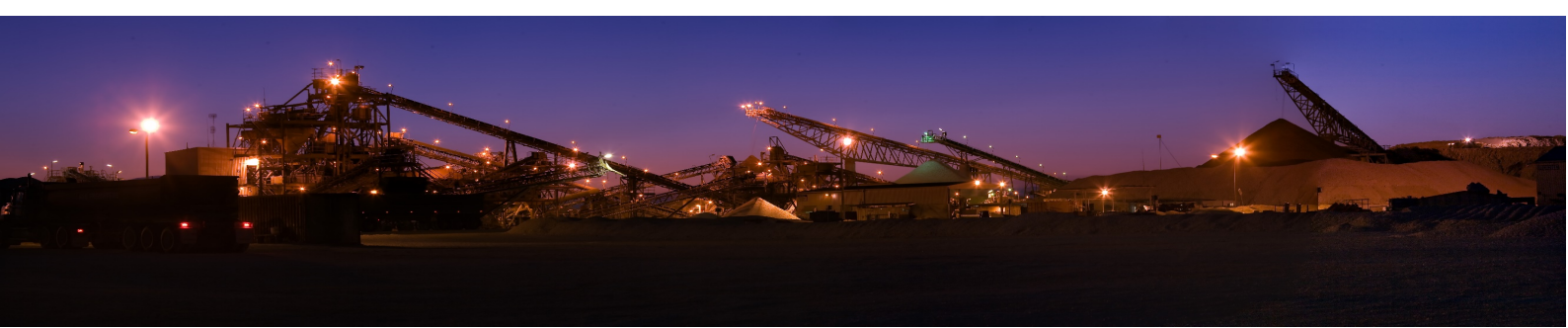
Managing the risk and assessing the effectiveness of QMAG's actions, requires ongoing commitment and collaboration with our suppliers and the industry. To manage this an internal Modern Slavery Working Group has been created.

The working group comprises the following positions:

- Head of Finance & Procurement
- Head of Supply Chain & Logistics
- Procurement Lead
- Health and Safety Lead

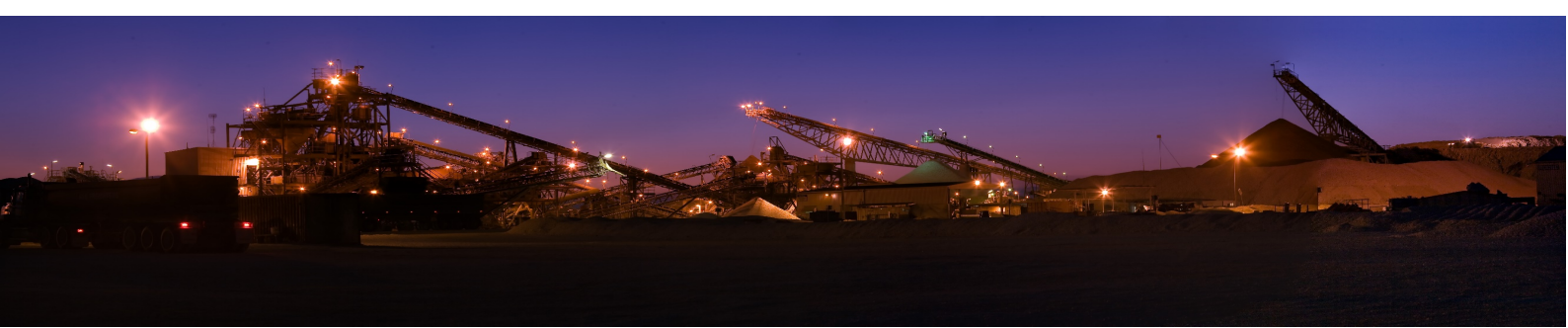
The combined perspectives of those in these positions will enable QMAG to ensure a diversity of technical knowledge and opinion and allow a more diverse approach to policy oversight and supplier controls. It has been planned that such a group will meet, at least, quarterly to review policy adherence and ensure that prior commitments made to the group are being completed.

It is anticipated, that over the next year, QMAG will be able to gauge the effectiveness of actions taken & planned. This will be achieved by reporting on training packages delivered to those who procure goods and services throughout the business, able to review new and current supplier assessment matrixes, and report on the number of supplier audits that have been conducted throughout the year.



PROCESS OF CONSULTATION & OTHER RELEVANT INFORMATION

In preparing this statement, relevant employees of the QMAG Group were consulted and provided with an opportunity to review the statement. This statement has been made on behalf of QMAG as well as all other controlled subsidiaries. It has been reviewed and approved by the Senior Leadership Team and the QMAG Board of Directors. All subsidiaries within the QMAG Group are covered by the same company policies, procedures, and systems, including those relating to supply chain management, ethical sourcing, employment, and human resource management. Our approach to tackling modern slavery is applied to the whole of the QMAG Group.



STATEMENT APPROVAL

This statement was approved by the board of QMAG Pty Limited and all subsidiaries as outlined in this statement.

Dr. Christoph Beyer
Managing Director
May 2021

Mr. Peter Lowe
Managing Director
May 2021

