



B Lab Statement on Mills B Corp Certification

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for companies involved in large amounts (>5% of annual revenue) of tax litigation:

"Companies that have pending tax litigation of >5% of annual revenue are required to have a tax disclosure statement in line with the Baseline Requirements for US\$5billion+ on their B Corp Profile. This statement will outline the company's strategy for tax litigation and disputes, inclusive of their approach to tax risk and compliance, and their most material litigation topics related to tax. The company would also need to demonstrate that their tax department and other related departments involved in tax litigation, receive regular training on the ethical implications and impacts of responsible tax practices."

Mills is required to disclose a summary of how it complies with the above requirements as a part of its B Corp Certification. For more information on the review process, please refer to B Lab's position statement on Companies that are involved in Substantial (>5% of Annual Revenue) Amounts of Pending Tax Litigation and B Corp Certification [here](#).

Summary of company

Mills is a company based in São Paulo, Brazil, specializing in hiring lifting platforms, heavy equipment (yellow goods and trucks), compressors, generators, and formwork and shoring.

Summary of Mills' tax litigations

Over the past five years, Mills is currently facing 25 ongoing tax litigations initiated by regional tax authorities due to alleged discrepancies. The company categorizes these issues into possible, probable, and remote loss scenarios. The total projected liability from these lawsuits is R\$ 100,721,540.73, which represents more than 5% of the company's annual revenue.

During the same period, Mills reported 19 closed tax litigation cases filed against the company, of which 16 were ruled in the company's favor and 3 were ruled against the company. The financial impact of those closed cases represented 0.6% of the company's annual revenue for that period. The most common issues in these lawsuits stem from inspections conducted at fiscal barriers. These inspections often focus on verifying contract signatures and the submission of relevant shipping invoices. Additionally, there have been disputes regarding expenses related to the acquisition of machinery through leasing.



Mills' policies and practices

The company strictly complies with Brazil's tax and fiscal laws and publicly commits, through its code of conduct, to integrity, accuracy, and compliance with International Financial Reporting Standards (IFRS) accounting standards. The document reinforces that all interactions with governments and tax regulators are conducted honestly and transparently, following the country's laws.

Mills joined the "Litígio Zero" program, launched by the Brazilian federal government in 2023 to enable the resolution of tax disputes through mutual concessions between companies and the government. The program seeks to encourage the quicker and more efficient regularization of tax debts, avoiding the burden of lengthy legal proceedings by offering special conditions, such as discounts on fines and interest, as well as flexible installment plans.

The debts that can be renegotiated are those related to taxes owed to the Federal Revenue Service, and one mandatory condition for joining the program is that taxpayers must waive all appeals. The conditions for joining, discounts, and payment deadlines depend on the risk level of the debt. The "Litígio Zero" program is an ongoing initiative, but its terms change with each new call for applications.

As examples of compliant practices on the matter, the company highlights the following :

1. The company maintains in its governance structure supervisory bodies, such as an external audit, a fiscal council with independent members, a board of directors with independent members, and statutory obligations,
2. The company is subject to and complies with all the rules of the Securities and Exchange Commission of Brazil (CVM), operating in the Brazilian capital market, listed on the B3's Novo Mercado,
3. The company has a Risk, Compliance, and Internal Audit department, responsible for the Integrity Program,
4. It employs professionals in its accounting department with active formal registrations with the Federal Accounting Council, responsible for carrying out accounting records and maintaining supporting documents for the periods required by law. They undergo regular training for professional updating and improvement. Our documents accurately reflect the nature of the transactions and are subject to internal or external audits, including government audits,
5. It provides continuous communication and training to all employees about its Code of Conduct, which governs adherence to best legal compliance practices, available at: <https://www.mills.com.br/programa-de-integridade>,
6. It has independent whistleblowing channels available to all stakeholders, with a management and response process for reported incidents.



B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through [B Lab's Public Complaint Process](#). Grounds for complaint include:

1. Intentional misrepresentation of practices, policies, and/or claimed outcomes during the [certification process](#), or
2. Breach of the core values articulated in our [Declaration of Interdependence](#) within the B Corp Community.