

MILES

Policy statement Miles GmbH

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1. Foreword

As a globally operating company, we at Miles are conscious of our responsibility to respect human rights in our supply chain, prevent human rights violations and comply with environmental standards.

Our understanding of acting responsibly encompasses our own business operations, our business relations as well as the impact that indirectly arises in our supply chain.

We are guided by international standards such as the Universal Declaration of Human Rights, the ILO-Conventions, the UN Guiding Principles für Businesses and Human Rights, the OECD-Guidelines for Multinational Enterprises and the UN Sustainable Development Goals (SDGs) as well as the Paris Climate Agreement.

Starting from the supplier selection social and environmental standards are of great importance to us next to price and quality requirements.

Through our parent company Li & Fung we have set up a [Supplier Code of Conduct](#). This Code of Conduct requires our suppliers to comply with the following standards, among others:

- Prohibition of child labour, all workers meet minimum age requirements (15 years or the legal age in the respective country if higher)
- Prohibition of all forms of forced labour
- Right to Freedom of Association and Collective Bargaining
- Respectful treatment and non-discrimination
- Payment of at least the legally required minimum wage
- Adherence to legal working hours
- Responsible hiring and termination practices
- Ensuring Occupational Health and Safety
- Establishment of an environmental management system and minimization of impacts from chemicals, wastewater, waste, air and noise emissions
- Prohibition of unauthorized subcontracting

- Prohibition of corruption and bribery
- Ensuring transparency and access to production facilities
- Availability of valid business licenses.

2. Miles Corporate Responsibility Management System

Our Corporate Responsibility approach for textile suppliers is based on three pillars:

- Compliance with social standards
- Ensuring selected environmental standards
- Ensuring product stewardship based on sustainable product certifications.

The goal of our sustainability approach is to comply with key social and environmental standards in order to minimize, reduce or remediate risks occurring in our supply chain.

As part of our due diligence processes, we at Miles as well as our parent company Li & Fung regularly carry out a risk analysis in order to identify and reduce unwanted side-effects of our business activities. We have defined the above mentioned standards and a range of measures such as audits and trainings to check and promote the implementation of these requirements at the level of direct suppliers. Our contractual partners are required to pass on these requirements to their suppliers.

The key environmental risks in our supply chain include greenhouse gas emissions, water pollution, lack of resource efficiency and waste management as well as the emission of harmful substances. Key social compliance risks relate to wages and benefits, excessive overtime, lack of health and safety, discrimination as well as unauthorized subcontracting.

Implementing social and environmental standards in global supply chains requires a close cooperation between customers, suppliers and relevant stakeholder groups. Among other initiatives and organizations we are a member or cooperate with the following organizations:

- Membership at amfori Business Social Compliance Initiative (BSCI) und Social Ethical Data Exchange (Sedex), who carry out third party audits at our suppliers. In addition, we also accept social audits based on the Social Accountability International (SA 8000) standard
- Member of the International Accord on Fire and Building Safety in Bangladesh with the aim to improve health and safety in the textile industry. The RMG Sustainability Council (RSC) conducts safety inspections, trainings and has established an independent complaints mechanism for workers. We are currently checking our participation in the planned Pakistan Accord with a comparable approach
- Cooperation with local training organizations and NGOs, e.g. the Center for Child Rights and Business (CCR)
- Supplier self-assessments based on amfori BEPI
- Zero Discharge of Hazardous Chemicals (ZDCH) Wastewater Guidelines
- Implementation of the BHive/BVE3 tools for a gradual set up of chemical registers by textile and shoe suppliers.

For further information about our sustainability goals and program please visit our corporate [website](#).

3. Risks in our main production countries for textiles

We are aware of the positive and negative implications of the textile industry in our procurement markets. Due to our global supply chains, we are responsible for keeping the negative impacts on people and the environment as low as possible. According to the „OECD Due Diligence Guidance for Responsible Supply Chains in the Garment und Footwear Sector“ the textile industry offers employment for millions of workers and creates an easy entry into the formal sector. At the same time, due to the rapid growth of the textile industry and strong international competition, the risk of human rights violations and negative environmental impacts occurs. As a responsible company, we want to contribute to keeping the risks and negative impacts on people and the environment as low as possible.

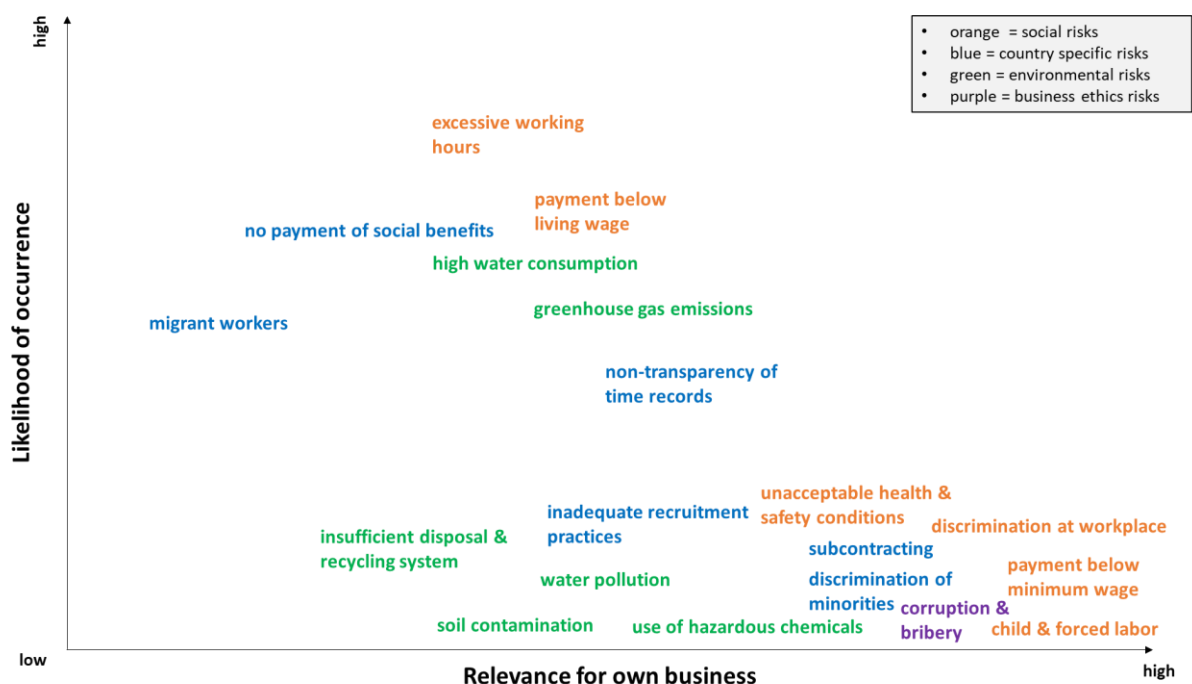
We are therefore committed to creating transparency about our supply chain. We strive to identify and analyze the existing risks and take appropriate countermeasures.

As a first step of our risk assessment, we have been guided by international sources about our main sourcing countries as well as the social and environmental risks actually encountered in our textile supply chain.

Looking at our business operations, the following groups are considered to be especially vulnerable: Women, minorities/migrant workers, children and young workers below the age of 18 as well as contract/temporary and homeworkers. These groups of workers have a higher risk to face bad working conditions in the factories and to be a victim of discrimination or exploitation.

3.1 Classification of key social and environmental risks

Based on our internal and external audits we have identified our main social and environmental risks for our key procurement markets Bangladesh, China, Pakistan and India and have documented these risks in a materiality matrix. We have also included key business ethic risks in the matrix below. Risks are assessed based on both likelihood of occurrence and business relevance. With regard to the likelihood of occurrence, we have already considered the measures in force to counteract the known risks:



Social risks are shown in orange, environmental risks in green and sector specific risks of the textile industry in our key production countries in blue. We also listed the main business ethics risks in purple. The past years have raised our awareness that some risks emerging from political framework conditions and pandemics are largely beyond our sphere of influence. Along with this, it is importance for us to emphasize that the risk analysis represents a snap shot. We will newly identify, assess and prioritize our risks at regular intervals.

3.2 Countermeasures

As an extension of the risk analysis, we have conducted an analysis of the grievance mechanism at our textile suppliers. Based on the available amfori BSCI data, the majority of complaints relate to payment of wages, benefits and overtime as we have also identified through our risk analysis. Our local teams follow-up with the production facilities about pending wages, benefits and overtime payments. To increase our influence on suppliers and reach sustainable improvements, we are interested to receive long term and regular business. Altogether, we can only achieve this jointly with our customers.

With regard to promoting living wages we have conducted an analysis of the wage level at our textile suppliers based on amfori BSCI data. Currently our local teams are verifying this data. At this point, our audits focus on checking compliance with minimum wages. Altogether, we as an importer don't have an influence on the pricing done by our customers or the wage setting of our suppliers. Gradually increasing the wage level of the workers at our suppliers towards a living wage, will only be possible through a joint approach of national governments, unions, suppliers and the main international textile sourcing companies.

Working hours and overtime is checked regularly during our internal and external audits. Suppliers are asked to make continuous improvements to comply with legal, customer and Miles requirements.

Another risk area is subcontracting. Through our detailed onboarding process, we try to keep the supply chain as transparent as possible and document each production step. Before orders are placed, we and our sourcing department request all necessary information from the supplier. To increase transparency, we conduct audits and spot checks and closely cooperate with our quality assurance department. Our local teams are aware that audits are a snapshot and sample based, but can build on many years of experience. Besides monitoring improvement measures at factory level, it is important for us to create a business relation at eye level. Our aim is to create an atmosphere of trust, so that suppliers are willing to share current challenges and find solutions.

Occupational Health and Safety is part of every internal and external audit. Besides, we are a member of the International Accord for Bangladesh. With an issue as important as health and safety cooperating with other stakeholders is of great importance. We know from experience that the best results can be achieved when different stakeholder groups have the same goals and pool their resources.

To support our suppliers and minimize risks, our local teams regularly offer trainings to our suppliers on topics such as wages and benefits, health and safety and non-discrimination.

For particularly sensitive and far reaching risks such as child labor or discrimination at the workplace our local teams additionally build on the expertise of local NGOs. In this context, specific trainings for management and employees are offered or we are supported to track that minors attend school and receive a compensation.

Regarding environmental risks, we support the goals of the Paris Agreement on reducing carbon emissions and global warming significantly below 2 degrees. To meet this goal, we regularly determine

our carbon footprint and define improvement measures. We strive to reduce our company's carbon emissions by 85% until 2050 compared to our 2015 baseline.

Regarding the production of our textile-/ shoe products, we follow the requirements of the Greenpeace DETOX Commitment. We carry out regular wastewater and sludge analysis and monitor the results related to the wet processing facilities (e.g. dye works, washing facilities and tanneries) that process our main materials. A team of trained experts is on hand to provide local support in Europe and in our procurement markets. When designing products, we intend to use raw materials with the lowest possible impact on the environment and that ideally are recyclable.

Part of our company processes and the design of our products is the goal to reduce avoidable packaging. Among several goals, we strive to reduce plastic packaging by 50% till 2025 compared to 2015. In wood based materials and packaging, our goal is to fully use FSC certified products. Due to customer requirements, we are preparing ourselves to exclusively offer and use sustainable cotton from 2025 onwards.

4. Monitoring of social and environmental requirements at our production facilities

At the beginning of each business activity, our business partners are required to sign the LF Code of Conduct (CoC). This step is intended to limit potential risks from the onset. Our local teams support the production facilities with trainings and onsite visits in order to raise awareness about the social and environmental requirements and indicate improvement measures. We regularly check the results of third party audit reports carried out at our suppliers and analyze the results of our internal audits and customer audits. Based on these different information sources, we define and prioritize the current risks in our supply chain.

In our main procurement countries Bangladesh, China, Pakistan and India, we have our own offices. Through a close cooperation with our local teams, we receive a comprehensive picture of the situation at our production facilities. Every supplier needs to run through a systematic onboarding process. After successful onboarding into our supplier pool, we have established different control mechanisms in order to check compliance with social and environmental standards. Our local teams conduct yearly announced and unannounced internal assessments at our production facilities. In addition, third party audits (e.g. based on BSCI, Sedex, SA 8000) must be valid throughout the whole production process. Besides, our customers run yearly or twice yearly audits. All necessary improvement measures are documented in a Corrective Action Plan and followed-up with the suppliers.

Each wet-processing facility requires a valid waste water test report. Besides, the main production facilities need to confirm the Miles Restricted Substances List (RSL). Furthermore, we hold e.g. the following certifications for textiles: Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Organic Cotton Standard (OCS). We are also a member of Better Cotton (BC) and Cotton made in Africa (CmiA) and offer such labelled products to our customers.

5. Grievance mechanisms and remedy

Miles has to this date not set up a complaints mechanism that is directly accessible for workers at Miles suppliers or other stakeholders.

Li & Fung has established a company-wide incident system to inform about critical incidents at our global suppliers. This includes information about e.g. strikes, fires or individual cases of child labour. The investigation and processing of these cases is either done by the LF Vendor Compliance Team or the local Miles CR-staff.

Based on amfori BSCI data, we have carried out an analysis of the existing grievance mechanisms at factory level and compared this data with the available information of our local teams. Accordingly, all Miles textile suppliers have set up at least a simple communication channel (e.g. a complaints box). Some suppliers have already established several complaints channels and partially have also set up a grievance committee and/or a register on the basis of which they document and follow-up on workers' complaints.

The Accord in Bangladesh is currently our key back-up grievance mechanism. Workers at Miles textile suppliers can raise complaints through the [RMG Sustainability Council \(RSC\)](#). In case of violations against health and safety the RSC leads the remediation. For all other complaints the local Miles team in Bangladesh takes over the investigation and strives to ensure that complainants receive the demanded remedy (e.g. payment of outstanding wages) and are protected from retaliation. Currently we are checking our participation in the planned Pakistan Accord.

Beyond that, Miles has joined the amfori [Speak for change](#) program in Vietnam. From 2020-2022 this pilot project aimed at providing all potentially affected parties access to a complaints mechanism. In future, we are considering to participate in the roll-out to Turkey, Bangladesh and India. Besides, amfori BSCI plans to set up grievance mechanisms in key supplier countries of amfori members.

6. Reporting

In our annual sustainability report, we inform about key human rights and environmental risks arising from our business activities. We also describe our main measures in terms of prevention and remedy. The Miles Managing Director is responsible for ensuring compliance with this policy statement. The department for Vendor Compliance and Sustainability regularly informs about the risk management conducted for our supply chain and supports with the implementation of this policy statement.

Hamburg, March 2023



Ulrich Mayer

Managing Director Miles GmbH