



# Sustainability maturity and materiality assessment

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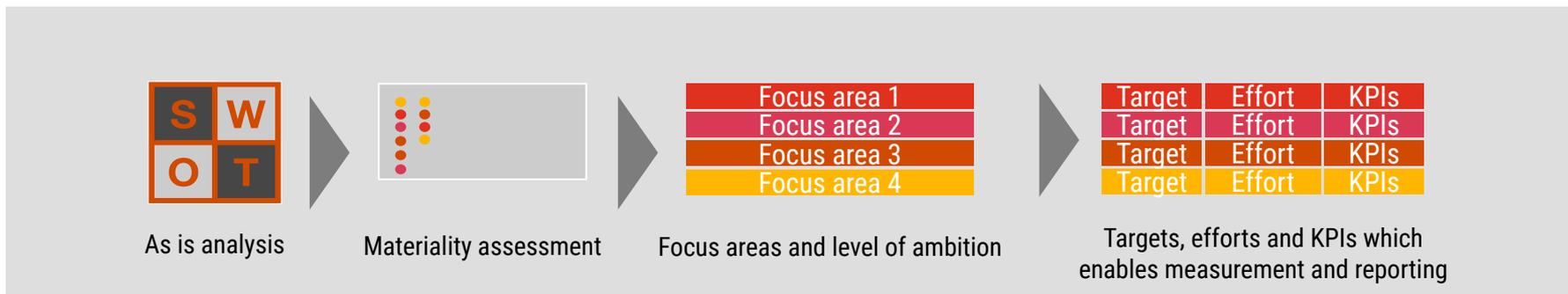
# 1. Project background and methodology



# Overall process

Defined focus areas and a solid data foundation provides insight and structure for targets, efforts and reporting on material ESG topics.

Our process to map the material sustainability topics in a company and develop a strategy for sustainability according to best practice:



# Various stakeholders and experts were involved during the process



## Interviews with internal stakeholders

Interviews with 7 of Brav's employees to get insights of sustainability work in different parts of the organization

Areas like Sourcing & Supply Chain, Management, the Board of Directors, Marketing and HR.



## Interviews with external stakeholders

3 interviews with external stakeholders to get information on how Brav is perceived from the outside

European supplier  
Chinese supplier  
Customer (XXL)



## Insights from industry experts

2 interviews with industry experts to collect information on the industry's and Brav's impact on ESG topics

Framtiden i våre hender  
European Outdoor Group



## Document analysis

Review of internal documents for mapping existing sustainability work

Ethical Trade Report  
Risk Matrix  
Strategy Documents

# The following method has been used to identify Brav's material sustainability topics

## 1 From longlist to shortlist

We developed a longlist of potentially material sustainability topics based on the GRI Topic Standards. Brav then assessed whether we have a potential impact on the various topics and eliminated any topics with a lower likelihood of having a material impact. A shortlist was then made and each topic was assigned to the interviewees.

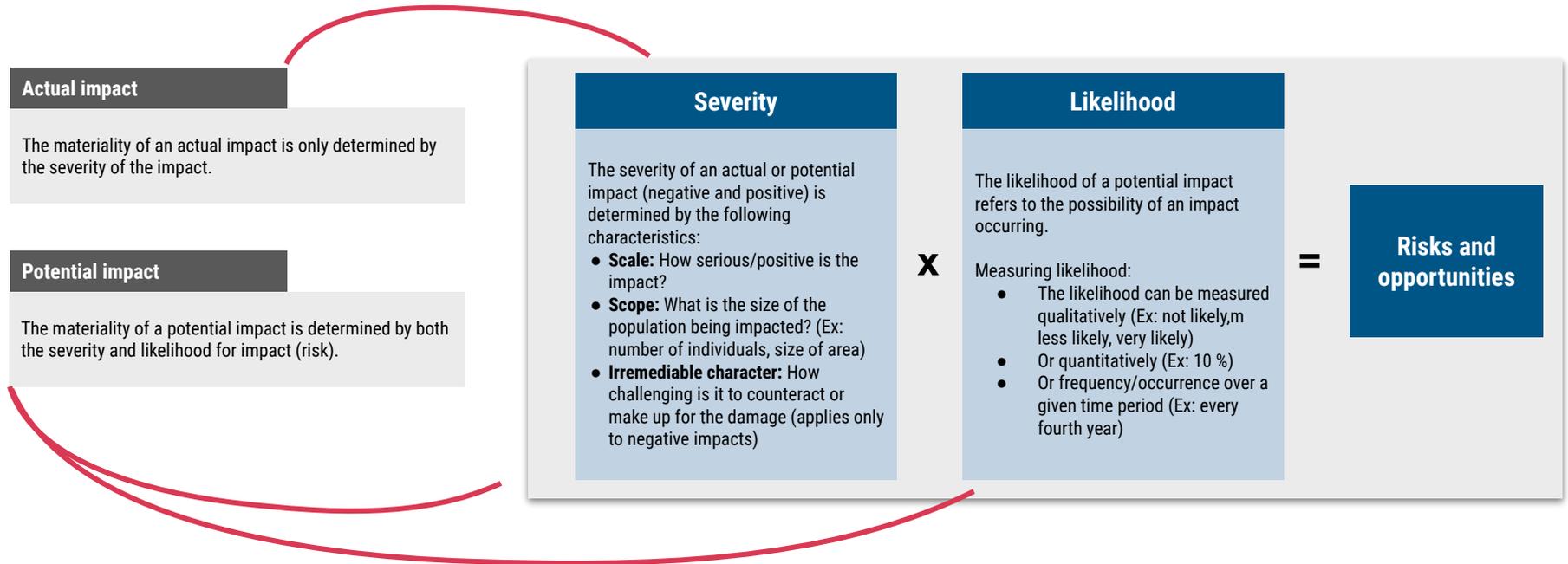
## 2 Materiality assessment through interviews

All shortlisted topics were assessed for their impact based on likelihood and severity in 11 interviews. The interviewees received an agenda with the topics assigned to them in advance, based on their background and expertise.

## 3 Summary of findings and calibration in workshop

Each topic was discussed with several interviewees. This workshop will contribute to the assessment of Brav's impact on the various topics and will produce a final list of material topics, determined by a threshold of at least "medium" impact.

# Materiality is determined based on impact that creates risks (negative impact) and possibilities (positive impact)



# GRI-aligned materiality assessment



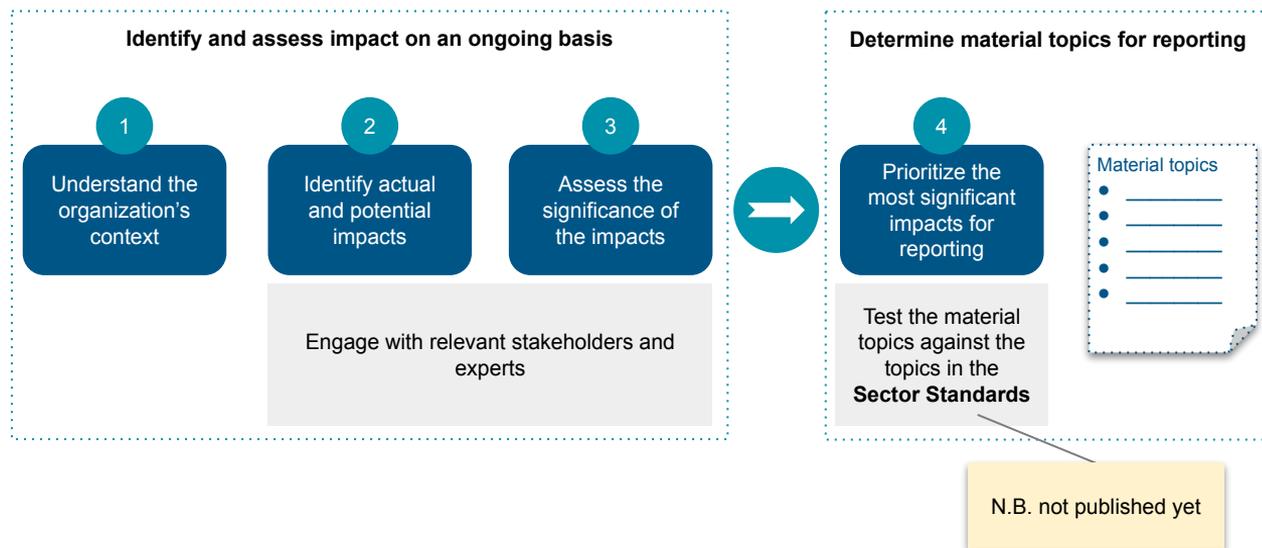
## GRI's new process to determine material topics

### New GRI requirements

GRI's method for identifying material topics was updated in October 2021 and will apply from the reporting year 2023. This is taken into account in the materiality assessment at hand to ensure that Brav complies with the new reporting requirements.

The following points are key changes in the GRI standard related to the assessment of materiality:

1. The company's impact on different topics is the only criterion for assessing materiality.
2. A materiality analysis is no longer presented in a matrix with importance for stakeholders on the y-axis and importance for the company's goal achievement on the x-axis. Material topics are presented in a list based on actual and potential impact.



# Topics discussed with the different interviewees

11 interviews were conducted with different stakeholders and experts to ensure sufficient insight and knowledge to assess Brav's impact on each topic

## Internal

### Management

- Anti-corruption
- Tax
- Emissions
- Waste
- Supplier Environmental Assessment
- Freedom of Association and Collective Bargaining
- Supplier Social Assessment
- Marketing and labeling

### Sourcing & Supply Chain

- Minimum wage
- Anti-corruption
- Materials
- Energy
- Water and effluents
- Biodiversity
- Emissions
- Waste
- Occupational Health and Safety
- Child labor
- Forced or Compulsory labor
- Customer Health and Safety

### HR

- Occupational Health and Safety
- Freedom of Association and Collective Bargaining
- Marketing and Labeling
- Customer Privacy

### Board of directors

- Anti-corruption
- Materials
- Emissions
- Waste
- Supplier Environmental Assessment
- Supplier Social Assessment

### Marketing

- Occupational Health and Safety
- Freedom of Association and Collective Bargaining
- Marketing and Labeling

### NGO social and environmental conditions

- Minimum Wage
- Materials
- Water and Effluents
- Biodiversity
- Emissions
- Waste
- Occupational Health and Safety
- Freedom of Association and Collective Bargaining

## External

### Suppliers (Chinese and European)

- Minimum Wage
- Energy
- Water and effluents
- Biodiversity
- Waste
- Occupational Health and Safety
- Freedom of Association and Collective Bargaining
- Child labor
- Forced or Compulsory Labor

### Customer (retail)

- Emissions
- Waste
- Supplier Environmental Assessment
- Supplier Social Assessment
- Customer Health and Safety
- Marketing and Labeling
- Customer Privacy

### Industry Association

- Materials
- Water and effluents
- Biodiversity
- Emissions
- Waste
- Supplier Environmental Assessment
- Supplier Social Assessment
- Customer Health and Safety



## 2. SWOT analysis



# Brav

Reporting	Material topics or focus areas	Sustainability goals, measures and strategy
<p><b>Reporting standards</b></p>  <p><b>Referenced SDGs</b></p>  <p><b>Carbon accounting</b></p> <p>Scope 1    Scope 2    Scope 3</p> 	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• <b>Pollution &amp; Resources</b></li> <li>• <b>Climate Change</b></li> <li>• <b>Animal welfare</b></li> <li>• <b>Water Security</b></li> <li>• <b>Biodiversity</b></li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• <b>Human Rights &amp; Community</b></li> <li>• <b>Customer Responsibility</b></li> <li>• <b>Labor Standards</b></li> <li>• <b>Health &amp; Safety</b></li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• <b>Tax transparency</b></li> <li>• <b>Risk management</b></li> <li>• <b>Anti-Corruption</b></li> <li>• <b>Corporate Governance</b></li> </ul>	<p><b>Goals</b></p> <ul style="list-style-type: none"> <li>• Reducing its eco footprint by reducing carbon footprint, water consumption, and waste in its value chain</li> <li>• Utilize suppliers, materials and transportation with minimal impact on people, nature and animals</li> <li>• Integrate responsible business practice end-to-end in the value chain</li> <li>• Drive the industry forward through partnerships with selected organizations and external partners</li> </ul> <p><b>Measures</b></p> <ul style="list-style-type: none"> <li>• Implementing principles for circular product life cycle. Ex: repair centre</li> <li>• Develop competence among all employees in sustainability best practice</li> <li>• Implementing new technologies to eliminate the need for sales samples</li> <li>• Establish sales and purchase processes which assures responsible ordering to manufacturers</li> </ul> <p><b>Strategy and vision</b></p> <p><i>"We act responsibly, and by 2024 we are considered to be at the forefront i selected areas in sustainable business practices."</i></p>

## Sustainability maturity



Brav reports to Ethical Trade Norway and discloses several salient issues, goals and status. Furthermore, Brav elaborates on its ESG strategy, goals and measures in the strategy document for 2021-2024. Brav is in the process of measuring its carbon footprint (including material Scope 3 emissions), but currently lacks external reporting on selected KPIs - something that also applies to other areas. Brav's product portfolio has varying degrees when it comes to how sustainability is communicated to the consumer, with Lundhags at the more mature end and Helsport and Toko at the lower end.

# Brav already has a built-in sustainability focus, but is subject to a challenging industry

## STRENGTHS



## WEAKNESSES



Brav has defined a **sustainability strategy** for 2021-2024 covering a wide range of ESG issues

Brav has experience with internal and external **reporting routines** for sustainability information, including reporting to the Ethical Trade Initiative

Brav's sustainability function is integrated into the supply chain department, signaling that sustainability is **embedded in the overall organization**

**Brav's owner** is willing to support sustainable development and has first-hand experience from another portfolio company (Elopak)

Brav's recent sustainability work demonstrates **awareness of the key challenges** in the industry and the risk profiles of each country of production

Brav's current portfolio consists of a number of **different products and manufacturers**, making sustainability more difficult to fully control

There is uncertainty as to the industry's **willingness to strategically prioritize sustainability** at higher prices (sourcing, material choices, etc.)

Brav currently lacks quantified targets for their ESG issues and actual results (KPIs) reporting, but this is expected to change in the coming years once GRI reporting is live

With a strong focus on **carbon accounting** (including key Scope 3 emissions), Brav currently lacks reporting on its emissions, but plans to do so in the next reporting period

Brav publishes a **list of its suppliers**, but lacks details to make it a trackable list of suppliers (e.g. by adding location)

# Changing consumer trends create new opportunities, but also raise expectations

## OPPORTUNITIES



**Consumers' increased focus on sustainability** can create a competitive advantage if all material ESG aspects are properly integrated into the product portfolio

Brav already has experience with repair models and plans to expand the service, which creates a good basis for **circular economy business models**

Brav can become a **preferred business partner** by being transparent and providing comprehensive ESG insights to its suppliers, customers (retail) and other cooperation partners

The outdoor industry consists of seasonal products that speak for rental services and business models of the **sharing economy**

By positioning Brav as a sustainability-oriented company, Brav can improve its **employer branding** and attract like-minded talent

## THREATS



**Higher consumer expectations** also mean increased commercial risk if Brav does not appropriately address all material ESG aspects

**Increased regulatory focus at EEA level** on producer responsibility and circular economy, which poses a risk to *business as usual* in the apparel industry

The textile sector is characterized by an industry that is currently dependent on production outside Europe and is at **greater risk of poor working conditions**, violations, etc.

Upcoming reporting requirements in Norway (åpenhetsloven) will require Brav to have a **good insight into its supply chain**, which Brav already addresses in its ETI reporting

Given society's focus on sustainability and expectations of what a company should report on, there is a risk of **greenwashing**, e.g. focusing on an issue that is not material

### 3. Materiality assessment



# Material topics for Brav

MATERIALITY THRESHOLD

Above

Below

	Environmental	Social	Economic
	Materials	Occupational Health and Safety - Suppliers	Anti-corruption
	Energy	Freedom of Association and Collective Bargaining - Suppliers	Marketing and Labeling
	Biodiversity (incl. animal welfare)	Forced or Compulsory Labor	
	Water and Effluents	Supplier Social Assessment	
	Emissions	Customer Health and Safety	
	Waste (circularity)		
	Supplier Environmental Assessment		
		Occupational Health and Safety - Own	Market Presence (minimum wage workers)
		Freedom of Association and Collective Bargaining - Own	Tax
		Child Labor	
		Customer Privacy	

Topics considered immaterial



# Immaterial GRI Topics

As described in the methodology section, several GRI topics were excluded from the impact assessment as they were deemed immaterial without the need for further assessment.

Tema	Explanation for elimination of the topic
<b>GRI 201: Economic Performance</b>	Not relevant: given the ownership structure and industry
<b>GRI 203: Indirect Economic Impacts</b>	Not relevant: given the industry and majority of production in other countries
<b>GRI 204: Procurement Practices</b>	Not relevant: "204-1 Proportion of spending on local suppliers". "Local suppliers" would focus on Norwegian and the other European suppliers (where Brav is registered).
<b>GRI 206: Anti-competitive Behavior</b>	Not relevant: industry with many players
<b>GRI 401: Employment</b>	Not relevant: there were no previous cases of high employee turnover
<b>GRI 402: Labor/Management Relations</b>	Not relevant: there are no planned major operational changes
<b>GRI 404: Training and Education</b>	Not relevant: large parts of the value chain are outside of Brav's own organization.
<b>GRI 405: Diversity and Equal Opportunity</b>	Not relevant: not considered material for Brav's employees. Reporting on this issue is already covered through ARP reporting. Women's rights in the supply chain will be treated as a separate topic.
<b>GRI 406: Non-discrimination</b>	Not relevant: not considered material for Brav's employees. The topic can be addressed through other supply chain specific topics.
<b>GRI 410: Security Practices</b>	Not relevant: no risk related to operations in Norway/European countries
<b>GRI 411: Rights of Indigenous Peoples</b>	Not relevant: this topic can be related to production in China and working conditions for Uyghurs and is covered by 409 Forced or Compulsory Labor
<b>GRI 413: Local Communities</b>	Not relevant: is covered by other topics, e.g. water and minimum wage
<b>GRI 415: Public Policy</b>	Not relevant: low risk related to operations in Norway and other European countries

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4. Opportunities  
and expectations



# The interviewees outlined various opportunities for Brav's sustainability work



## Norwegian Quality

Brav owns part of the Norwegian heritage (Swix & Kvikk Lunsj for the Easter holidays) and some expect all of Brav's products to live up to that heritage by being made of Norwegian and responsibly sourced materials. Example: Ulvang products should be made of Norwegian wool.



## Packaging

Reducing the amount of packaging for each product to allow each container to hold a larger volume of goods during shipment.



## Sharing Economy

The outdoor industry has great opportunities for rental service and sharing economy, especially for seasonal products that consumers use less often, such as tents and sleeping bags.



## Communication

Brav should increase external communication of its existing sustainability efforts. This is especially true for certifications that enable consumers to make informed choices and choose sustainable products over cheaper and unsustainable products. This also applies to product labels and other sustainability-related information.



## Optimized Production

Brav should strive to avoid overproduction and in return contribute to a more responsible textile industry. This is an area that could set Brav apart from competitors and mark an important move in the textiles portion of Brav's product portfolio. Brav can consider introducing a KPI to measure progress towards zero overproduction.

# The interviewees expect Brav to focus on a range of issues



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