



WHEAT

RESPONSIBILITY REPORT
2021



OUR STORY



In 2002, when married couple Charlotte and Peter Galsgaard started Wheat, their aim was to create a Danish children's fashion brand with a clear design DNA and the children in focus. They wanted to make high quality children's clothes with natural and durable materials in a responsible way.

Wheat is known for our strong Scandinavian design traditions, unique hand-drawn signature prints as well as creating designs that focuses on quality and comfort. Each design is therefore carefully tailored and well fitted to the various needs of children and offers a perfect fit that ensures the child's freedom of movement.

But beyond creating collections that inspire parents to buy good quality products for their children, Wheat is dedicated to minimizing our negative impact on the planet and work towards being even more responsible with our production and designs.

SUMMARY FOR 2020

“We have continuously been working on improving our products throughout the years, but have in 2020 done so with an even clearer focus on responsibility”

We can probably all agree that 2020 was a challenging year, where we had to adjust and find solutions for our new normal both privately and professionally. The Covid-19 pandemic meant that several parts of the world were under lockdown throughout the year and our main priority was to make sure that our colleagues, suppliers and customers were safe. Learning how to work together, while being apart, was necessary, but had its challenges. We had to rethink our work processes, when creating new collections and communicating with suppliers, partners and customers, while still staying true to our Wheat-DNA.

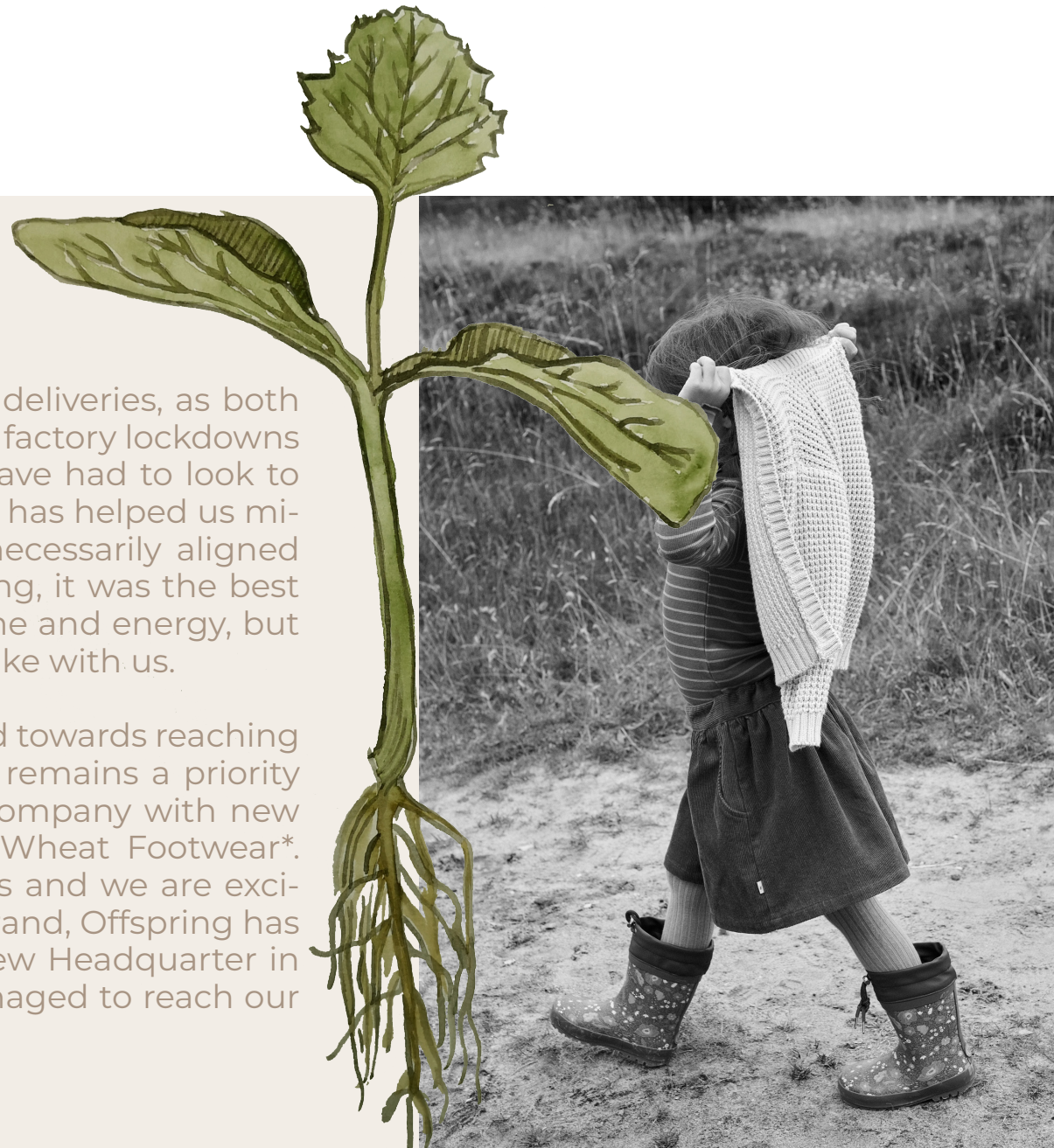
During this time an even stronger need to look inward and focus on our work with responsibility arose. This is a task that requires many resources, but it is important that we dedicate the necessary time to keep moving forward and learning. We have continuously been working on improving our products throughout the years, but have in 2020 done so with an even clearer focus on responsibility. Improving our brand also meant that we needed to start presenting and sharing our goals and results, which we began by working together with consultants from Closed Loop to shape our CSR strategy. This has been an internal process and this CSR report is based on our findings from the strategy.

OUR 2021 SO FAR

We have been faced with challenges concerning our deliveries, as both the blockage of the Suez Canal, strikes and harbor and factory lockdowns have affected our logistics. This has meant that we have had to look to other transportation options, in this case by rail, which has helped us minimize further delays. Rail transportation does not necessarily align with our strategy, but due to the delays we were facing, it was the best option given the situation. This has cost resources, time and energy, but has also given us some valuable lessons that we can take with us.

Despite this past year's challenges, we have still worked towards reaching the goals set in our CSR strategy. This has been and remains a priority to us. During this time, Wheat has also grown as a company with new employees and has expanded with a new brand – Wheat Footwear*. Wheat Footwear joined the family with much success and we are excited to see how it will evolve over time. With the new brand, Offspring has officially become a brand house and moved into a new Headquarter in Gentofte. We have learnt a lot along the way and managed to reach our economic goals.

*A separate CSR report is in the making



THE NEW HEADQUARTER

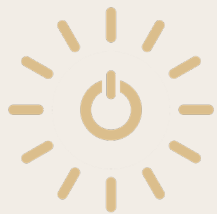




The purpose of the new Headquarter was to create an inspiring and healthy environment for the Wheat-family, where the Wheat and Wheat Footwear teams could work together and beside one another. We focused on using recycled and sustainable materials, when renovating the existing building and are working towards creating an office that is Carbon neutral. The Wheat Headquarter is now up and running with solar panels on the roof and a private fitness center for all the employees. Since the solar cells came into play in mid-august, which are not the sunniest months, we have managed to save what corresponds to 3,7 ton of coal. We look forward to next year, where we will have a better overview of how much we will actually be saving annually. Our goal for next year is for our office to become Carbon neutral, but we will reassess throughout the year to see, if this is a realistic goal.

GOALS REACHED, BUT STILL LOOKING FORWARD

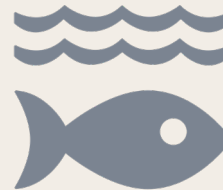
7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



14 LIFE BELOW
WATER



15 LIFE
ON LAND



At Wheat, we have chosen to use the UN's Sustainable Development Goals (SDG) as a stepping stone in our work with responsibility. We have focused on different initiatives, which have been selected based on the negative impact we as a clothing brand has on the planet, and where we can make a difference. These initiatives are connected to SDG's Global Goals 7, 12, 14 and 15. We have chosen these four as our main goals, as it's here we can make the biggest changes. But at the same time, we are directly or indirectly connected to all the 17 Global Goals.

With these goals, we want to continue to take active steps towards working together with our suppliers towards having a higher proportion of renewable energy in our production. It is important to us, to have transparency within our production and creating products with the entire product's lifecycle in mind.

*To learn more about the Sustainable Development Goals go to <https://sdgs.un.org/goals>

TRANSPARENCY WITH SUPPLIERS AND ENERGY CONSUMPTION

Transparency within production is important, when taking steps towards a more responsible energy consumption. This means aligning with our suppliers and working together with them towards having a higher proportion of renewable energy sources in our production.

With Global Goal 7, the goal is to ensure access to affordable, reliable, sustainable and modern energy for all. We want to contribute to more sustainable energy both locally and globally, while phasing out fossil fuels. Our aim is to support sustainable energy sources, choose Carbon reduced transportation and make our Headquarter Carbon neutral.

We have been working on mapping out our overall Carbon emission, which is a complex task, as we have had to divide our value chain into smaller sections to get a clearer overview. We have divided our accounts for the company's Carbon emission into three scopes:

Scope 1: Direct emissions from the company's day-to-day running from our headquarters

Scope 2: Indirect emissions from electricity bought and used by the company

Scope 3*: Indirect emissions from the suppliers, use of the product and disposal of the product

*Scope 3 is typically 5-6 times bigger than scope 1 and 2 together.

Studies show that more than 80 percent of Carbon emissions in relation to production of clothing can be found with our suppliers in scope 3, which we do not have direct control over (2).

*Source: Apparel and footwear sector science-based targets guidance





Our suppliers are placed in Bangladesh, China and India. Once the scope with the most emission is located, we can then look at the different stages of production, also called Tiers, to see where the emission is largest. This can vary from country to country and from fiber to fiber. To get the most accurate overview, we have divided our supply chain into four tiers:

Tier 1: Production of clothing

Tier 2: Production of materials

Tier 3: Processing of raw materials

Tier 4: Sourcing of raw materials

It is important to us to know our suppliers and we see it as valuable to have a great long-term relation between the two. We have managed this with most of our suppliers and want to keep focusing on working with responsible and transparent suppliers. All of our supplier in tier 1 are mapped and we will continue to map out our suppliers in the other tiers as well as new suppliers that may become part of the Wheat family.

”50% of our suppliers currently use a 50% or higher share of renewable energy in their production, which we are proud of.”

In relation to this, we also want to take active steps towards having a higher proportion of renewable energy sources in our production. We are currently working together with our suppliers to make this happen. 50% of our suppliers currently use a 50% or higher share of renewable energy in their production, which we are proud of. Our long term goal is that 100% of our suppliers reach 50%, but this will be a lengthy process. It is important to us to invest the time and energy necessary to help them reach our common goals instead of looking for new suppliers. With that being said, it can of course become a necessity to look for new suppliers, if it is not possible to reach this goal. To ensure that the transition will be more obtainable for our suppliers our initial goal is that 65% of our suppliers will use a 50% or higher share of renewable energy by medio 2024.



RESPONSIBLE PRODUCTS AND MATERIALS

We see it as an honor to design clothing with the children in focus. Children should have the freedom to move and play comfortably in durable materials that can last all of their adventures. We want to create responsible products in responsible materials with the product's entire life circle in mind.

A responsible product for us is:

- Organic, FSC certified or made with recycled fibers
- Produced by suppliers with at least 50% sustainable energy
- Possible to repair
- Durable for at least 4-5 years
- Possible to recycle

The focus of Goal 12 is to ensure sustainable consumptions and production patterns. We want to contribute to an as responsible production as possible as well as encourage our customers to resell, repair and take care

care of our products. This is to ensure that they last for as long as possible, as too many clothes end up at the back of the wardrobe or as waste. We want to support the notion of long-lasting clothes, which can be passed on from child to child. We want to help our customers take great care of their clothes and show how they can repair it to make it last longer.

The materials we use for our products are chosen based on what fits the product's design and function the best, and to ensure that we reduce the product's carbon footprint as much as possible. This means minimizing our use of animal derived materials in our collections and prioritize organic and recycled materials.

Many fibers used in clothing cannot be recycled, as they are mixed and cannot be split up. We aim to use monofibres when possible or mixed fibers that can be recycled.

Below you can see an overview of fiber consumption based on quantities produced, which is an overview of the fibers used in the Spring/Summer 2021 collection.



MATERIALS

On the next page you can see an overview of the fibers used in our Spring/Summer 2021 collection, which are products that were made available from December 2020 and onwards. The overview shows the distribution of fibers in percentage in the collection, which is based on the produced quantities. We have also added in the overview for Spring/Summer 2020 for comparison. We have chosen to show the overview for Spring/Summer 2020 together with Spring/Summer 2021, as they are easily comparable with a similar use of fabrics.

We have managed to reduce our consumption of conventional cotton from 5% in the Spring/Summer 2020 collection to 1% in the Spring/Summer 2021 collection. With the reduction in the conventional cotton consumption, we see an increase in our consumption of organic cotton, which has increased by 2%.

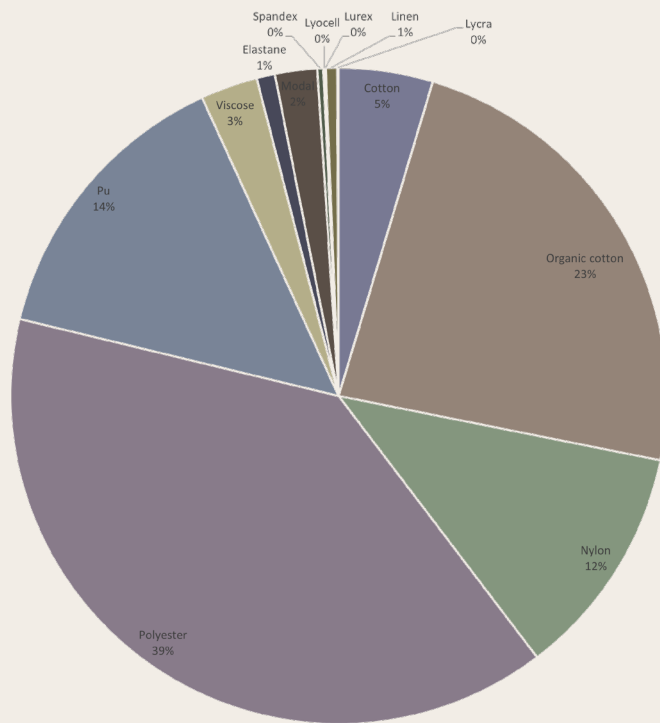
We primarily use nylon and polyester in our outerwear products. With the Spring/Summer 2021 collection, we changed the shell fabric of our technical outerwear, as well as our limited spring delivery thermo outerwear, to recycled materials. This meant that we reduced our use of conventional polyester by 35%, and that we went from a consumption of 12% conventional nylon in the 2020 collection to just under 1% in 2021 collection.

When we look at the two seasons, we see that the consumption of modal and viscose are very similar. However, there is a small increase in the modal consumption. We use modal in our rib product group and the increase is based on increased orders, as the available options for this product group has gone down from the 2020 collection to the 2021 collection.

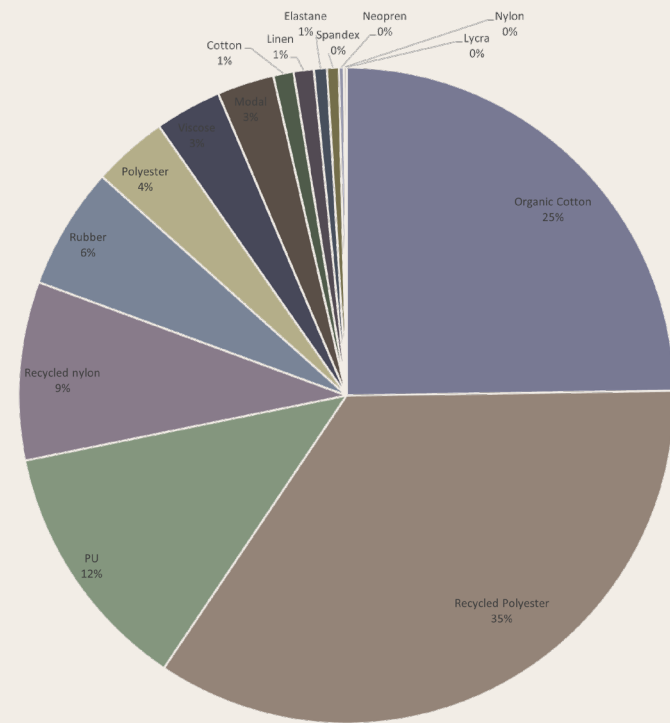


FIBER SPLIT BASED ON PRODUCTS QTY

SPRING/SUMMER 2020



SPRING/SUMMER 2021



CHOOSING THE RIGHT MATERIALS

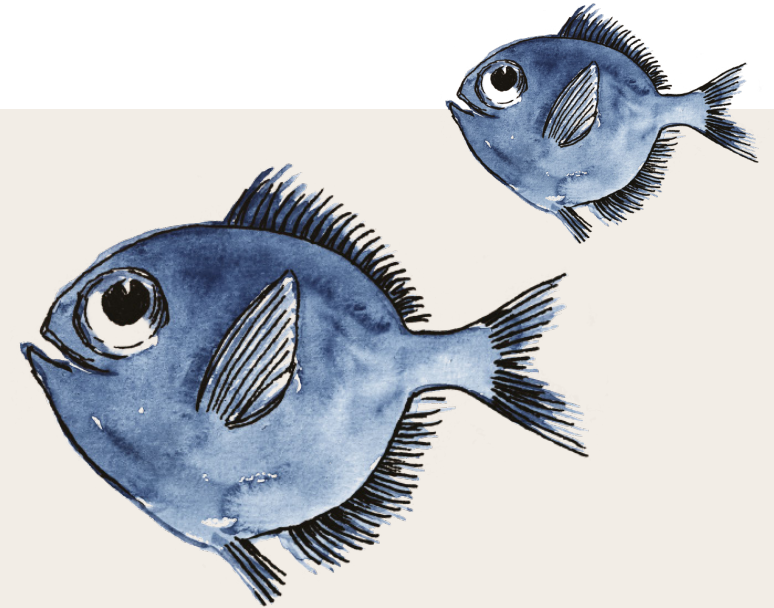
“It is important to us to only use materials that makes sense for our products and costumers.”

At Wheat, we have always focused on choosing the right materials for our products and to keep improving these choices, as our understanding of the right materials change over time. This is an ongoing process, where we are constantly learning what the better materials are for our different products, and how they are treated to make sure that we consider the product’s entire life circle.

We always get certificates on our organic and recycled fabrics from our suppliers to ensure that the materials used in our products are in fact that. It is important to us to only use materials that makes sense for our products and costumers.

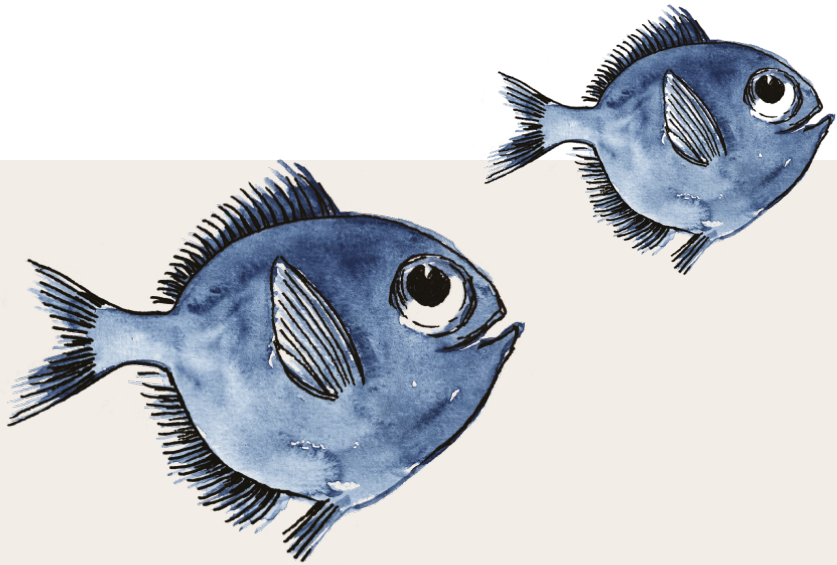
REDUCING THE USE OF PLASTIC AND CHEMICALS

We want to be a part of reducing the pollution of plastic and chemicals into the ocean. The aim of Global Goal 14 – life below water – is to conserve and sustainably use the oceans, seas and marine resources for sustainable development. Our focus is on textiles such as polyester and nylon, which is damaging for life below water. We know that synthetic fibers release microfibers into the ocean and is harmful for the environment, which is the reason why we only use these synthetic fibers, when there is no better alternative available. This is for example in our rainwear, snowsuits and thermo wear. These product groups are all very important to us, and we are working on converting them to recycled polyester or nylon. With the climates that we are operating in, and with a focus on making durable outerwear that is suited for an active childhood, we are yet to find better suitable materials than polyester and nylon. Converting to recycled materials will not solve the challenge with microfibers that are released into the oceans, as recycled synthetic fibers release microfibers just like non-recycled synthetic fibers. But by converting to recycled fibers, we can actively take a stance against using new resources to produce new materials, when the technology for recycling is available.



We have worked, and are still working, on converting to recycled polyester, as the carbon footprint is significantly lower for recycled polyester compared to conventional polyester*. We continue to search the market for better and more responsible materials whilst simultaneously making more responsible choices with the materials that we already use.

*Textile Exchange: “2025 Recycled Polyester Challenge”. Link: <https://textileexchange.org/2025-recycled-polyester-challenge/>



“(...)we saved 663 individual polybags for the sales collection that we presented in the Spring of 2021.”

The plastic in our packaging is also an issue that we are working on a solution for. In the first half of 2021, we have attended seminars to learn about alternative options for packaging, but we are still not sure what the best solution for us is. But it is and will continue to be a focus point for us. An immediate thing that we have been able to do to use less plastic, is to have our outerwear sales samples packed without individual poly bags. This means that we saved 663 individual polybags for the sales collection that we presented in the Spring of 2021. However, all the boxes are lined with a big plastic bag to protect the clothing from the outside conditions in transit. In the coming year, we will be focusing on collecting the data to see the impact of this initiative and the exact amount of plastic saved in this process. We will also look into whether we can do the same for the rest of our sales samples. We have discussed whether we could eliminate the polybags completely, but this is not compatible with our warehouse. It is our current assessment that it could also lead to damaged products, which would not be sellable.

CHEMICALS



The use of chemicals cannot be avoided when it comes to producing clothing, but we do our part to make sure that we comply to the regulations placed to protect people and the planet. We have compiled a Restricted Substance List (RSL) together with Bureau Veritas, which is a guideline that supports our work to minimise the use of chemicals that are harmful to people and the environment. The chemical substances mentioned in the list are either restricted or forbidden by law in European countries, Canada, Norway or by national legislation in Denmark or Germany. The RSL is renewed and signed every year by Wheat and our suppliers. You can find the list on our website.

POLYESTER



The material we use the most in Wheat's outerwear collection is polyester. Our focus has been on using recycled polyester instead of virgin polyester, which we have succeeded in doing with most of our outerwear products. We have managed to achieve our goal of 90%.

NYLON

Another material used in Wheat's outerwear collection is nylon. Here our focus has been on converting from virgin nylon to recycled nylon on most of our outerwear product, which we have succeeded. We have also managed to meet our goal for 2021 Q3/Q4 of 90%, as 98% of the nylon used in Wheat's SS21 collection was recycled.



PROTECTING LIFE ON LAND



The purpose of Global Goal 15 is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. We want to contribute to ending deforestation and restore exhausted soil. Our focus is on the textiles, we use in our products, such as cotton and viscose, which can have a negative impact on the quality of the soil and deforestation.



COTTON



The primary material used in Wheat's main collection is cotton, and we have over a longer period worked on converting from conventional cotton to organic cotton. We are currently looking into the possibility of using recycled cotton but are yet to find a quality that matches the organic cotton we use now.

In 2021 Q3/Q4, we exceeded our goal of 90%, as 96% of the cotton used in Wheat's Spring/Summer 2021 collection was organic cotton.

15 LIFE ON LAND



CELLULOSE



Cellulose fabrics can be very resource demanding to produce, which is why we are dedicated to phasing out all conventional viscose and modal. We do not have a high usage of cellulose fabrics in our collections, 6% for our Spring/Summer 2021 collection, so it is not as easy to phase out. With smaller volumes it is more difficult to convert to more responsible options, as it is difficult to reach minimums, so we will have to look into whether phasing out the products is a better option. The goal is that all conventional cellulose fabrics are phased out of collections develop in 22/23.



OUR NEXT
STEP



Supplier mapping – we will continue our work with mapping out our suppliers in Tiers 2 and 3.

Certifications – we will look further into the certifications that we have at Wheat and determine, which are best suited for us. It is important to be certified, but it is also just as important to choose the right certifications. This is of high priority for us in the year to come.

Care & repair guides – we will start working towards creating care and repair guides for our customers. We want to create a community, where we can help one another to take great care of our clothes and show how we can repair it to make it last longer.

Plastic – we will continue to work towards reducing our use of plastic in for instant our packaging or convert to recycled or other responsible alternatives. We also want to convert to recycled polyester and nylon for the remaining of our outerwear collection.

New Headquarter – we will continue our work with the new Headquarter, where some of the next steps will be to create an inspiring outdoor area with raised beds and greenhouses. We will also start building our new showroom in what was previous our warehouse beside the Headquarter, which will be an exciting addition to the office.



THANK YOU

WHEAT