



CSR

2021/2022 Report

WHEAT



"Finally, we are not perfect. And we promise you that we will make mistakes and make wrong decisions along our journey to become more responsible with our production and designs."

FOUNDERS STATEMENT

Let's be honest. It is no secret that the fashion and textile industry as well as the production of these items have a high negative impact on the environment. We are very aware that we at Wheat are a part of this system. With this knowledge, it is even more important that we strive to do better and think differently about everything from fabrics and production to consumption. Since our company was founded, more than 20 years ago, sustainability has been an integrated part of Wheat's DNA, and the way we have worked with it has developed and evolved with the times. Everyone at Wheat is dedicated to working towards our common goals. So, documenting our journey to become more and more sustainable is a must and it is particularly important to be able to track our improvements, so we can show the world where we are heading. That is the main reason why we believe that this report is more important than any financial report that must be made by law.

In a political environment where it seems like ESG, CSR and sustainability are buzzwords political parties use to capture votes instead of actually making the needed change, it's incredible to see the dedication from everyone within Wheat and how they keep pushing us to do more – and do better.

Our products have always been a main focus for the company through systematic development and production of products that are made from nature's own materials or recycled materials. Using the products as a starting point, we have also started to delve into the opportunities of circular economy, and the possibilities of incorporating circularity in our business model, and how we can ensure that circularity can be part of a viable and healthy business. Over the last couple of months, we have worked on a more circular project with a "take back" program. In our next report for 22/23, we look forward to giving you all a more in-depth description of that.

Finally, we are not perfect. And we promise you that we will make mistakes and make wrong decisions along our journey to become more responsible with our production and designs. But we also promise you that we will be transparent about our mistakes and learn from them. And our transparency will hopefully help others to not make the same mistakes.

Moving forward, we keep on pushing. Upwards and onwards.

About us

Made for many adventures to come

Wheat is children's clothing made to be lived and played in. Wheat is known for our strong Scandinavian design traditions, unique hand-drawn signature prints as well as creating designs that focus on quality and comfort.

The heart of Wheat has always been the children. 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. This is something that is highly prioritized in our design process, as we want to guarantee the right fit on all our products.

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 their adventures.

Danish design

Wheat was founded in Denmark in 2002 and has since become an international brand that is one of the most popular in Scandinavia. Wheat stands out with our unique hand-drawn signature prints, which are represented in all our collections. Every season, our in-house designers take notes from the children's needs and their surroundings to create clothing that is both practical and tells a story.

To ensure that our clothing last season after season, it is important for us to keep the designs timeless and choose high quality materials that make for long-lasting clothing.

Responsibility

Beyond creating our collections, Wheat is dedicated to minimizing our negative impact on the planet and work towards being even more responsible with our production and designs. To ensure that we have a higher proportion of renewable energy sources in our production, we are currently in the process of mapping our suppliers and working with them to take active steps towards a more responsible energy consumption. We know that this is where we can make a great impact.

We support the notion of long-lasting clothes, which can be passed on from child to child. We want to help you take great care of your child's clothes and show how you can make small repairs to make it last longer. We are therefore in the process of creating a space, where you can find various guides and information on how to care and repair to extend the lifetime of your child's clothes for as long as possible. We want to create a community around taking care of what you already own, so it can create value for children for many years.

Transparency within production is also an important step towards creating responsible products, while ensuring safe and ethical working conditions. Year after year, we commit to creating an even more responsible business and want to keep learning more about how we can achieve this goal. We want to do this by keeping a close relationship with all our suppliers.

Based in Denmark

Wheat's Headquarters is based in Gentofte (Denmark), where we have created an inspiring environment for the Wheat-family to grow. When renovating our new office space, it was important for us to focus on using recycled materials and we are currently working towards creating an office that is carbon neutral. The Wheat HQ is now up and running with solar panels on the roof and a fitness center for all the employees.

We have also finished transforming our former warehouse into a new showroom, where we can showcase our collections in beautiful surroundings.



ABOUT US

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most popular in Scandinavia*

SUMMARY



*Wheat Footwear is not included in this CSR report.
In time, they will get their own CRS strategy.*

A challenging year

The end of 2021 has offered us some ups and downs. We entered the financial year 21/22 with a sceptical optimism regarding the vaccine roll-out plan and the decline in the number of Covid-19 cases. Even though we started to see some light at the end of the tunnel, the fashion industry is still affected by lockdowns.

Our production has continued to be affected by lockdowns in China, where multiple suppliers have been closed due to isolation requirements for weeks at a time. The staggered lockdowns of the different regions in China have given additional challenges for our suppliers' supply chain. With all these challenges in mind, we are very pleased with how our suppliers have handled the lockdowns, as we know that they have done everything they could to reach on time deliveries.

We have also experienced an extension in production time, as it has been harder for our suppliers to ensure production slots at their partners as well as delays in their supply chains. The longer lockdown periods in our production countries have also made fewer skilled workers accessible.

The freight prices have remained at a high level. This is partly due to the lack of accessibility, which has made it harder for us to get our goods home. It has been very difficult to ensure shipping containers and space on the vessels. This, along with congestions in harbors around the globe, have made on time delivery one of the biggest challenges. However, at the end of this financial year, we have seen signs of improvement.

SUPPLIEN MAFPING



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Supplier mapping

We value a great long-term relation with our suppliers and want to keep focusing on working with responsible and transparent suppliers. We are therefore in the process of mapping out all our suppliers throughout our value chain to gain a clearer overview of our production.

All our suppliers 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.

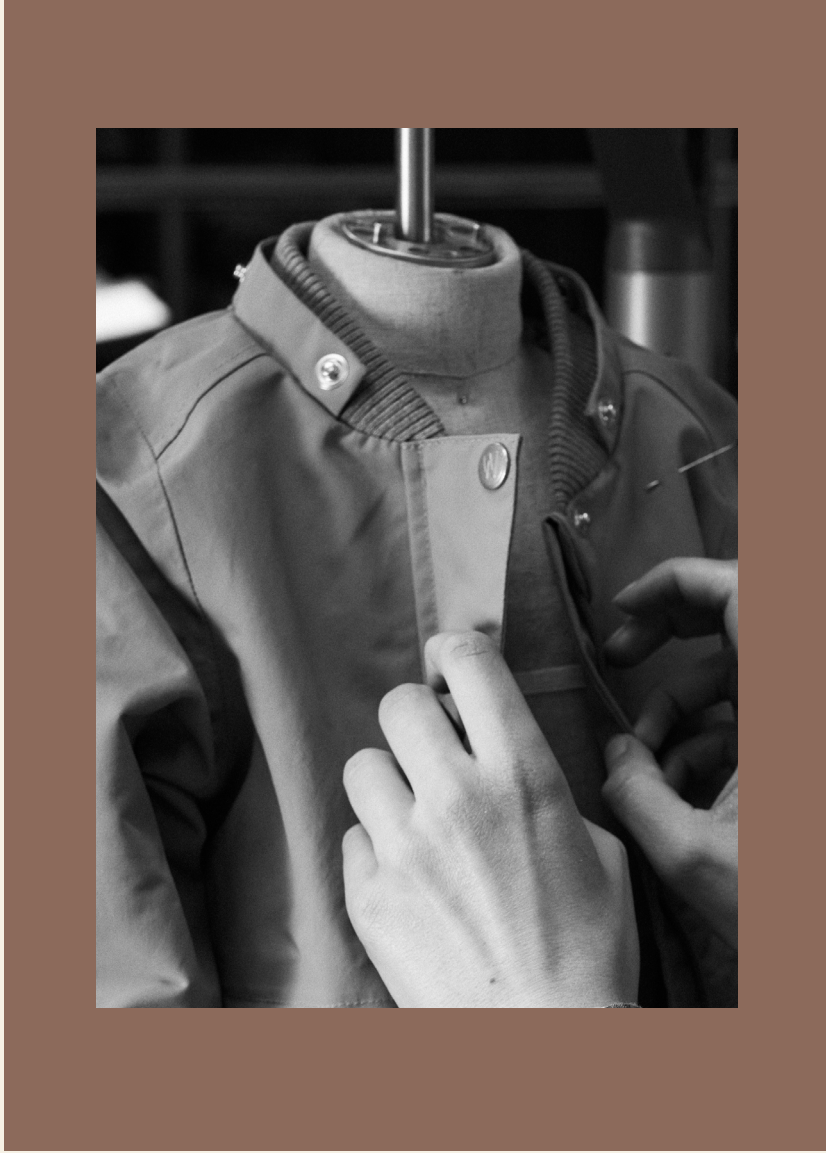
We have begun mapping out our suppliers in tier 2, but we have not come as far as we would have liked. The reason for this is both due to our limited resources internally, but also due to the challenges we face because of the recent pandemic, which still causes lockdowns at our suppliers as well as at our suppliers' suppliers. It has therefore been difficult to get their partners to prioritize the mapping and we have not been able to travel to visit our suppliers. In general, it has been a difficult time for suppliers due to the aftermath of Covid-19.

Choosing the right certifications

At wheat, sourcing the right materials for our clothing and ensuring a responsible work environment within our production have always been part of our core values.

We have decided which certifications we want to pursue and have gradually started the application process. Choosing the right certifications is an on-going process that takes time. We want to keep acquiring more knowledge on this subject and which certifications that are right for us. But for now, we know which certifications we want to implement in the foreseeable future.

CERTIFICATIIONS



CERTIFICATIIONS

NESSPONSIBLE PRODUCT



RESPONSIBLE PRODUCT

The responsible product

The focus of Sustainable Development Goal 12 is to ensure sustainable consumptions and production patterns. We want to create responsible products in responsible materials with the product's entire life cycle 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

This definition works well with our goal of creating responsible products that are durable, recyclable and made in a responsible manner.

However, we have learned that some of these goals contradict each other. This is for instance the case, when it comes to our classic ribbed fabric. Our products made in this ribbed fabric live up to what we believe to be a responsible product, as it is very durable and can last for at least 4-5 years. The problem lies in the fact that although it can be recycled, it cannot be recycled into a new version of the same product. The composition makes so that this is not possible, but it is also what gives these products the good qualities mentioned above. Looking forward we expect that the recycling processes for textiles will develop and improve, so that it will be possible to recycle more textile products. We will continuously keep us updated on the developments within new recycling methods.

Our current CSR strategy is a three-year strategy from 2021 to 2024, which these CSR reports are based on. This means that within the next year and a half, we will be working on a new CSR strategy, where we will be looking into if our definition of a responsible product is optimal or if we need to redefine it. It is important to us that we still focus on making products that are recyclable, but that it's not at the expense of the products' durability.

Materials

The materials we use for our products are chosen based on what fits the product's design and function the best, while prioritizing the use of natural, organic and recycled materials.

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 for us to only use materials that make sense for our products and customers.

On the next page, you can see an overview of the fibers used in our Autumn/Winter 2021 and Spring/Summer 2022 collections, which are products that were made available from July 2021 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 Autumn/Winter 2020 and Spring/Summer 2021 for comparison.

Looking at the fiber split based on produced product quantities, we can see that there is significant progress in our goal to reduce our usage of conventional polyester and nylon. From Autumn/Winter 2020/Spring/Summer 2021 to Autumn/Winter 2021/Spring/Summer 2022, we have gradually converted all polyester and nylon in our outerwear programs to be recycled, and for the Spring/Summer 2022 season all polyester and nylon used were recycled. For our swimwear range, we had already converted to recycled material for the Spring/Summer 2021 collection.

This year, we have reached and exited our goals of the proportion of used organic cotton and recycled nylon. As for recycled polyester, we did not reach our goal, which is due to price difficulties for some of the outerwear product groups for the Autumn/Winter 2021 season. We could not reach the minimums that were required for the recycled polyester with all suppliers, and therefore the prices, if we had converted, would not have been manageable. But these issues were settled for the Spring/Summer 2022 season, where the separated Spring/Summer 2022 diagram shows that we did not use any conventional polyester.

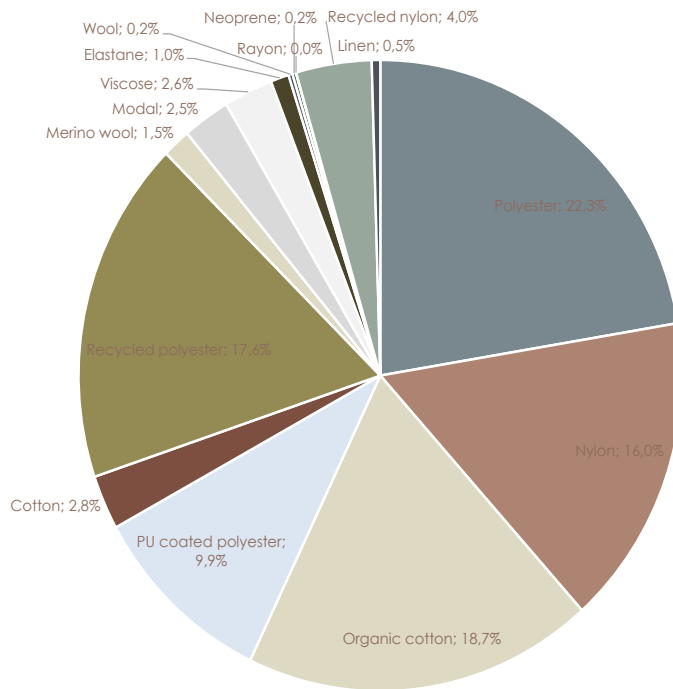
As shown in the diagram, we have chosen to have two inputs for recycled polyester. One is recycled polyester and the other is PU coated recycled polyester. This is because the PU coating cannot be separated from the polyester so that it will be possible to recycle the coated polyester material, so we have chosen to separate it in our data.

MINI ESSENTIALS



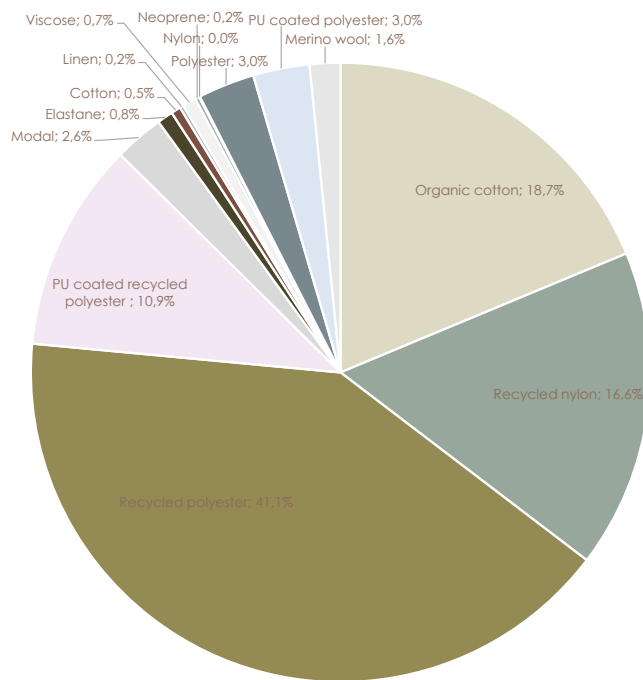
MATERIALS

AUTUMN/WINTER 2020 + SPRING/SUMMER 2021



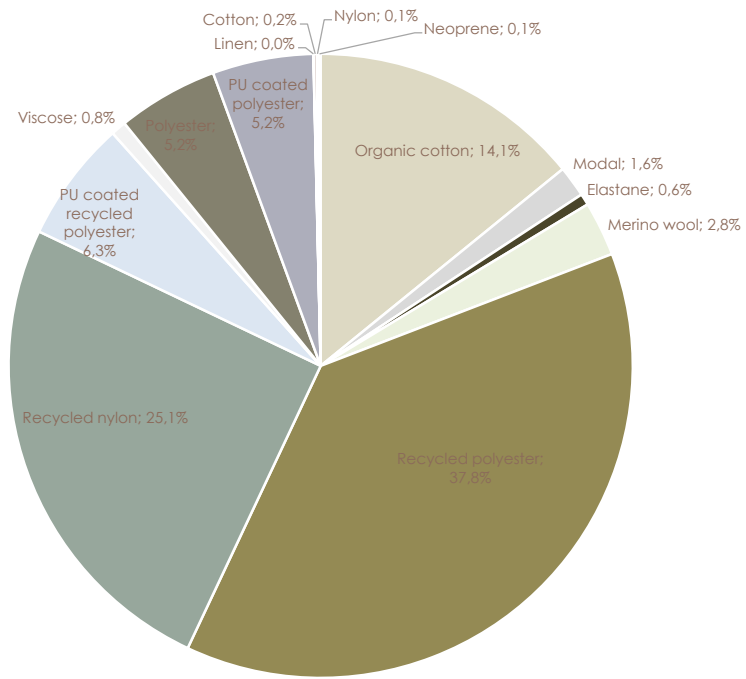
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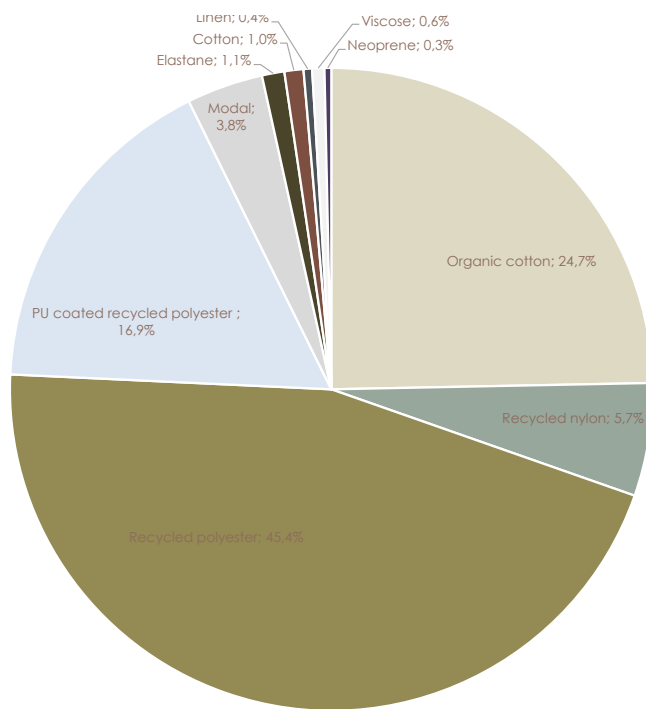
AUTUMN/WINTER 2021 + SPRING/SUMMER 2022

AUTUMN/WINTER 2021



FIBER SPLIT

FIBER SPLIT



SPRING/SUMMER 2022

LONG-LASTING



LONG-LASTING

Extending the lifetime of our garments

We believe in long-lasting clothes that can be passed on from child to child when they out-grow it. Our designs are therefore made in durable and recycled or natural materials that can last all the children's adventures.

To make sure that our designs live up to the criteria set for creating a responsible product, we want to ensure that we provide our customers with the right information, so they can take great care of our products. To help extend the lifetime of our garments, we have focused on creating different guides on how to repair and care for our products.

We want to increase our focus on how to make our products last longer and create a space where we encourage our consumers to take better care of the garments to prolong their lifetime. Within this space, we are currently working on two projects, which are our "Care guide" and "Repair guide".

Care and Repair guides

As part of Sustainable Development goal 12, we want to encourage our customers to repair, resell and take care of our products. We want to help our customers take great care of their clothes and show them how they can make small repairs to make them last longer.

We are in the process of creating a Care guide with information about the different materials and how to care for them. This is something we plan on finishing within the next financial year.

In June 2022, we launched our Repair guides ("Brug & Fix guide"). For these guides, we have dedicated a page on Wheat's website, where we have made some quick and easy guides that can help our customers extend the lifetime of their child's clothes for as long as possible. This is of course an on-going project, where we will keep working on more guides on how to repair and care for our clothing. We already have more guides in the pipeline that are ready to launch soon.

Our long-term plan for the Repair guide is to collaborate with creative and talented people, who we can learn from and who can help us create even more guides – and perhaps some cool embroidery and mending workshops in the future.

CARE AND REPAIR



CARE AND REPAIR

PLASTIC



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Plastic

We have continued to work towards reducing our use of plastic in for instance our packaging. We have changed our direct-to-consumer packaging from plastic to FSC certified paper. When choosing the new packaging, it was important for us that our shipping bags have double closure, so they can be reused for any possible returns.

We have also been working on converting to recycled polyester and nylon for the remainder of our outerwear collection, as most of the materials used are already recycled. All the main fabric, lining and padding are made in recycled polyester or nylon from Spring/Summer 2022 and moving forward, while there are some trimmings, which we, from a financial point of view, have a hard time converting to recycled materials. However, this continues to be a priority for us – we are just not sure when it can be done.

Supplier mapping – we will continue to keep a close dialog with our suppliers regarding our work with mapping out our suppliers. It is important for us to get a full overview of our supply chain, so we can ensure that all our partners meet the requirements we as a company have. If it continues to be difficult for us to visit our suppliers due to travel restrictions, then we have to consider other alternatives such as local audits. Audits are also a part of the certification processes we are currently working on.

Certifications – we will work on the certification processes of the GOTS, GSR and RWS certifications. This doesn't mean that we don't already use certified materials, but that we would like to have the certifications ourselves to ensure better transparency within our production.

Plastic – we will continue to focus on working towards minimizing our use of plastic. We cannot eliminate the plastic used in our packaging, but we want to find a solution, where we can use as little as possible. This is something that we are currently looking into.

Transportation of goods – we would like to initiate a clarification of how much impact our transport constitutes. Regarding our logistics, the last couple of years have been about surviving – both in relation to prices and to secure space, so that deliveries could be made on time. Now we hope that the indications we see in relation to the challenges that have been in the logistics market will loosen up a bit, so that we can allocate time to examine our impact from transportation of goods and how we can optimize it.

Resell – another project we have started working on is a “take back” program, where we focus on the circularity of reselling clothing to prolong the products' lifespan. The aim is to implement a space on our webshop, where our products can be resold.

NEXT STEPS



Thank you!