

# Closed Sustainability Report 2023

**CLOSED**

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01

## Message from the board

Dear Readers,

In our new Sustainability Report, we take a closer look at the year 2023 and our efforts towards becoming a more sustainable company.

In the past year, we reworked our Responsible Sourcing Strategy, which is embedded within our Responsible Business Conduct policy. We have also further increased the proportion of eco-friendly materials and introduced sustainable innovations. Our goal remains to produce our collections under fair labour conditions, with less of an environmental impact – while never compromising our high quality.

Together with the Fair Wear Foundation, we continued to advocate for humane working conditions in the textile industry in 2023. Several third-party audits were performed at our production sites in Turkey and China. In Italy and Romania, we collaborated on improving safety in the factories and educating workers about their labour rights.

Due to the pandemic, wars, high inflation and various other crises, the prices of raw materials and labour continued to increase. This is very challenging for the whole industry. Under no circumstances, will we allow the current situation to have a negative impact on the wages of our suppliers' employees. Rather, we will pass on the rising costs of our products to our customers in a responsible manner. We are working on a transparent pricing strategy in order to be able to offer fair prices and at the same time keep a better eye on employee wages.

Find more details on the following pages!

Gordon Giers

Til Nadler

Hans Redlefsen

*Almost 90% of our products  
are made in Europe.*



# Sustainability news at Closed in 2023

To get started, we share some of our latest sustainable achievements at a glance. Find more details in the respective chapters.

## Almost 90% made in Europe

89% of our products in 2023 were made in Europe, close to our main markets. The majority of our partners use local fabrics for their respective products. By keeping transport routes between suppliers short and avoiding air transport wherever possible, we minimise our carbon footprint.

## More than 66% A BETTER BLUE

More than three thirds of our jeans (men's: 71.5%; women's: 67.1%) in our 2023 spring/summer and autumn/winter collections were from our eco-denim line A BETTER BLUE – produced with sustainable materials, low-impact dyeing techniques and gentle washing methods.

## Eco-friendly innovations

In winter 2023, we were the first fashion brand to introduce outerwear with the Bio-Alloy™ technology by BioFabbrica, a joint venture partnership for sustainable material solutions between the American biotech company Modern Meadow and the Italian textile supplier Limonta. Our parkas are insulated with comfortemp® down feel thermal insulation by the German company Freudenberg Performance Materials. The innovative vegan down alternative is made from 100% rPET fibres (GRS certified).

## Regenerative cotton

We adopted the use of regenerative cotton for our denim in autumn/winter 2023. Regenerative cotton has the potential to actively rehabilitate our soils and foster biodiversity. In our first season, 8% of the cotton we used was regenerative.

## Organic & recycled wool

In autumn/winter 2023, more than half of the wool we used was either of recycled (30%) or organic (22%) origin. This way, we could minimise our impact on the environment and save resources.

## Climate-neutral headquarters and warehouse

Our donations to eco-initiatives to offset our carbon emissions have made our headquarters and warehouse climate-neutral since 2018.

## Fair Wear Foundation

We have been a member of the Fair Wear Foundation since 2021. The global organisation engages with factories, trade unions, NGOs and governments to make fair fashion the new normal – for a world where the garment industry supports workers in their right to safe, dignified, properly paid employment.



# Made in Europe – and how we choose our partners

*Almost 90% of our products are made in Europe.*

We choose our suppliers very carefully and always aim for long-term relationships. We are proud to state that we have been working with most of our suppliers for decades. We visit our suppliers regularly with different Closed teams (production, design, board) and are constantly in contact with them.

It is part of our strategy to mainly source in Europe, where almost 90% of our products are made (compared to 11% in Asia). Producing in closer proximity to our headquarters results in shorter transport routes and makes it more feasible to visit suppliers on a regular basis. To keep our transport routes efficient, most of our materials also originate in Europe, where the technology standards are very high and risks in terms of water pollution and chemical use are generally lower due to stricter regulations.

Before we start working with a new supplier, we conduct a risk analysis that includes many varied factors, and we particularly investigate labour conditions. We avoid low-wage countries and fast fashion manufacturers as they are not in line with our values nor with our high quality standards. Our goal is to create products that form the opposite of fast fashion: Closed stands for high-quality garments that are meant to be worn for years to come. Our designs have a contemporary appeal, but we never chase short-lived trends. Our suppliers are required to pay their workers at least a minimum wage and work towards living wage levels.

In 2023, we reworked our Responsible Sourcing Strategy, which is embedded within our Responsible Business Conduct policy. This policy formalises our commitment to ensuring that our entire supply chain is safe and transparent – from raw materials, through material production and finishing, to manufacturing, washing and other wet processes. For us, it is essential that not only our own employees, but all workers of our production partners and suppliers are treated with respect and dignity, and that all work steps are carried out in an environmentally friendly, conscious and ethically responsible manner.



## *Where our collections were made in 2023:*

37% Italy (denim, shoes, leather belts)

25% Turkey (knitwear, sweatshirts, hoodies, leather and shearling garments)

17% Portugal (blouses, shirts, jersey tops, dresses, leather bags)

11% China (cashmere knitwear, silk tops, silk dresses, outerwear)

10% Romania (blazers, pants, jackets, coats)



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## A BETTER BLUE

We developed our eco-denim line A BETTER BLUE in 2018 and are constantly working on improving it with more innovative materials and techniques. We are continuously transforming our conventional denim qualities and treatments and replacing them with environmentally friendly alternatives.

In 2023, more than two thirds of our jeans were made according to our eco-friendly A BETTER BLUE standards.

We designed A BETTER BLUE with our Italian denim partners, the denim mill Candiani and the Everest laundry. Three pillars form A BETTER BLUE: sustainable materials, innovative ecological dyeing techniques and low-impact washing methods. A pair of Closed jeans only qualifies for A BETTER BLUE if it fulfils at least two of these three criteria. Details of the materials, dyeing and washing processes used for each individual pair of A BETTER BLUE jeans are printed on the inside of the pocket.

### Step 1: Sustainable materials

We work with the best weaving mills in the industry – and they use sustainable materials such as organic cotton and recycled elastane

to create our high-quality fabrics. One of our long-standing partners is the famous Italian company Candiani, located in Robecchetto near Milano. The headquarters is located in an environmental protection area – and Candiani is considered the “greenest weaving mill” in Europe. Together with Candiani, we introduced denim with post-consumer recycled cotton as well as many other eco-friendly innovations.

### Step 2: Sustainable dyeing methods

The yarn for our A BETTER BLUE jeans is dyed in a sustainable way – always blue or black. Our denim mills use various environmentally friendly innovations that save water and chemicals. Some of them are patented – such as the Kito-tex® technology.

### Step 3: Sustainable washing methods

Along with our denim mills, our laundries are also significantly involved in the production of our A BETTER BLUE jeans. One example is Everest, an innovative company that has its own water treatment plant and is constantly developing new, environmentally friendly washing processes without chemicals – many of which even do without water completely, such as laser.

# Fair Wear Foundation and supply chain due diligence

We have been a member of the Fair Wear Foundation since 2021. This has helped us tremendously to work on the transparency of our supply chain and to formalise our commitment to fair working conditions. In 2023, we continued with third-party audits and trainings in our production countries.

## *Audits and trainings*

### Turkey

In 2023, we conducted our first Fair Wear audit in Turkey – an important country for us, as Turkish suppliers are responsible for manufacturing more than a quarter of our products. The audit was attended by the responsible Closed CSR and production team. This allowed us to speak directly with local management about all issues that arose during the audit. We are proud that the factory is equally committed to human rights and high-quality products. We spoke very openly about conditions such as wages and social issues.

### China

Fair Wear also carried out an audit in one of our factories in China in 2023 to ensure that our products are manufactured in a fair manner. Discovered issues were solved directly after the audit.

### Italy

As Italy remains our most important production country, we already audited all of our Italian suppliers in 2022. In 2023, we continued to collaborate on improving safety in the factories and educating workers about their labour rights.

### Romania:

Following an audit in 2022, Fair Wear training courses on grievance mechanisms and information on labour rights enabled employees at our partner factory in Romania to educate themselves in the past year.

More details can be found in our Social Report.

## *Fair Wear Code of Labour Practices*

The basis of the collaboration between Fair Wear and a member brand is the Code of Labour Practices. Eight labour standards derived from the ILO Conventions and the UN's Declaration on Human Rights are the core of this code:

1. Freely chosen employment
2. Freedom of association and the right to collective bargaining
3. No discrimination in employment
4. No exploitation of child labour
5. Payment of a living wage
6. Reasonable hours of work
7. Safe and healthy working conditions
8. Legally binding employment relationships

We are committed to implementing these eight standards in our supply chain. Our Fair Wear Foundation membership is key to achieving this. Together with Fair Wear, we set up a process to monitor and improve working standards at the factories that make our products.

Closed is also preparing for the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz"), which officially came into effect in January 2023. This federal law guides the economic actions of companies based in Germany by imposing human rights due diligence obligations on them that they must comply with within their supply chains. Companies above a certain size (2023: more than 3,000 employees; 2024: more than 1,000 employees) must observe the human rights and environmental due diligence obligations set out in the law with the aim of preventing, minimising and ending human rights violations and environmental risks. Closed is not yet under obligation to comply with this law. However, it is our aim to already start putting structures into place.



# Materials

In 2023, we continued to use organic and recycled materials to lower our environmental impact, as the cultivation of organic materials requires less chemicals, less water and less electricity. The use of recycled material also decreases emissions and saves resources that would otherwise be required to produce virgin material. We also introduced regenerative cotton in autumn/winter 2023.

## *Spring/summer 2023 eco-material highlights*

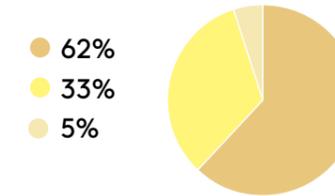
- 77% of the lyocell we used was sustainably produced by the Austrian company Lenzing (TENCEL™ and TENCEL™ REFIBRA™).
- 28% of the elastane we used was either degradable (Roica™ 550 – 20%) or recycled (8%).
- 25% of the polyamide and 21% of the polyester we used were of recycled origin.

## *Autumn/winter 2023 eco-material highlights*

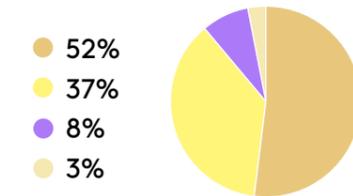
- Regenerative cotton was introduced.
- 95% of the lyocell we used was sustainably produced by the Austrian company Lenzing (TENCEL™ and TENCEL™ REFIBRA™).
- 41% of the cashmere we used was organic cashmere.
- 30% of the wool we used was recycled wool; 22% was organic wool.

● Organic cotton  
● Recycled cotton  
● Conventional cotton  
● Regenerative cotton

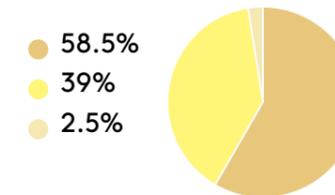
S/S 23



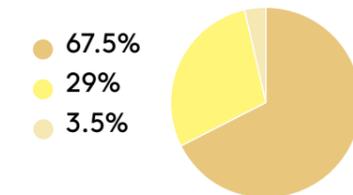
A/W 23



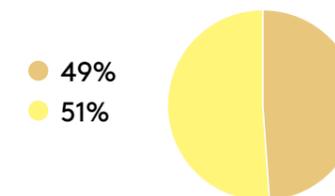
S/S 22



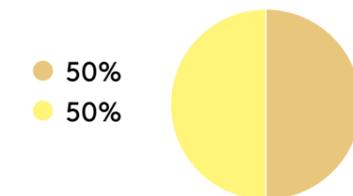
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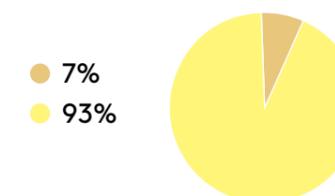
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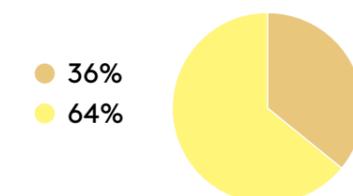
A/W 21



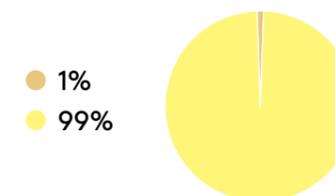
S/S 20



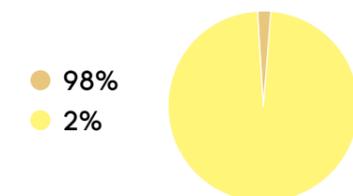
A/W 20



S/S 19



A/W 19





## *Material standards*

We demand certifications with stringent environmental requirements for all materials to verify their origin, including Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycled Standard (GRS) and the Lenzing certification number. Declarations such as REACH or ZDHC are required for all chemicals in use (e.g., for dyestuffs or wash treatments).

### **Wool (all types)**

We only accept mulesing-free wool (certified), always with a declaration of purchase, including the origin of the raw material, as well as animal welfare regulations for all other animal-derived wool types.

### **Cellulose fibres**

We always require information about the origin of the fibres. We preferably use the sustainable cellulose materials by the Austrian company Lenzing such as Tencel™ (lyocell) or Ecovero™ (viscose). All Lenzing materials come with a certification number stating the origin of the fibres.

### **Cotton**

We preferably source organic and regenerative cotton, always with the respective certificate. Due to concerns over systemic risks of forced labour or other forms of labour exploitation, we do not source cotton from Uzbekistan, Turkmenistan and the Xinjiang region of China. Avoiding these chemicals protects our groundwater and biodiversity. In addition, mixed crops and crop rotation ensure the build-up of soil organic matter and prevent soil erosion.



## *Eco-friendly materials in the spotlight*

### **New: Regenerative cotton**

As part of our commitment to more sustainable denim production, we adopted the use of regenerative cotton in 2023. Sourcing cotton while following regenerative practices can rehabilitate our soils and improve local biodiversity. Taking a holistic approach to farming improves environmental conditions. Regenerative cotton increases carbon sequestration of soils – a crucial step when it comes to fighting the climate crisis. Cotton farmers and their communities can also benefit from regenerative practices, as improved crop performance and crop diversity usually increase their revenue streams.

### **New: Bio-Alloy™ by BioFabbrica**

We introduced outerwear with Bio-Alloy™ technology by BioFabbrica in 2023. BioFabbrica is a joint venture partnership for sustainable material solutions between the American biotech company Modern Meadow and the Italian textile supplier Limonta. Modern Meadow's proprietary Bio-Alloy™ and Bio-F@rm™ technology application platforms harness the unique properties of tuned proteins to sustainably move the world away from petrochemical and animal-derived inputs without compromising on performance.

### **Linen**

Linen is made from flax plant fibres. The flax plant requires very little maintenance: it can grow in poor soil and needs no artificial irrigation (rain is sufficient) and almost no artificial fertilisers or pesticides. Most of the global

flax production is in Europe – for example, in France and Belgium. This results in relatively short transport routes to our fabric producers, who are mainly located in Italy. Linen has a lot of other benefits: as a natural fabric, it is completely biodegradable (when dyed naturally). It is heat-regulating, anti-bacterial, exceptionally durable and long-lasting, and becomes softer and more beautiful with time.

### **Hemp**

Hemp, a regenerative crop, usually grows without pesticides and needs around 80 per cent less water than cotton. Hemp grows fast, and its cultivation, frequently in the EU, requires a small amount of land – it can produce up to double the fibre yield per hectare than cotton. Just like linen, hemp fabric is very robust, temperature-regulating and biodegradable.

### **Organic and sustainable cashmere**

Certified organic cashmere means that it is farmed in line with the strict criteria for organic farming: without any harmful chemicals and concerned with protecting animals, farmers and natural resources. Furthermore, all farms and yarn producers from which we source our cashmere and cashmere blend yarns are certified with an independent standard for sustainable cashmere. It covers all aspects of cashmere production, aiming to improve the welfare of cashmere goats and the living conditions of farmers and farming communities and also advocating for greater environmental friendliness.

### **PCR cotton**

Post-consumer recycled cotton (PCR cotton) is made of cotton garments that have reached the end of their lifespan. Using old clothes to make new ones saves precious resources – allowing us to move towards a circular economy. We can decrease garment waste, and fewer resources are necessary to produce new materials. For these reasons, our Italian denim mill Candiani has a PCR programme aimed at reviving discarded clothes to give them a second life. Candiani partners with Humana Italia, an independent humanitarian organisation that collects clothes which are no longer worn and gives them a second life, generating environmental and social benefits. The clothing is cleaned thoroughly, and all buttons, zips and labels are removed, as they cannot be turned into new fabric. The Italian company Filatura Astro, an expert for regenerated yarns, shreds the pre-processed garments and spins the remnants into yarns. Candiani utilises these yarns together with “fresh” cotton to weave new denim – which is used for some of our A BETTER BLUE jeans.

### **Organic cotton**

Compared to conventional cotton, the cultivation of organic cotton requires about 80 per cent less water and about 60 per cent less energy. Organic cotton is produced and certified according to the guidelines and standards of organic farming: neither genetically modified seeds nor toxic chemicals, pesticides or insecticides are used. Avoiding these chemicals protects our groundwater and biodiversity. In

addition, mixed crops and crop rotation ensure the build-up of soil organic matter and prevent soil erosion.

### **TENCEL™**

TENCEL™ brand lyocell fibres by the Austrian company Lenzing are produced from sustainably sourced natural raw material wood in an environmentally conscious manufacturing process. TENCEL™ fibres are of natural origin, which means they are biodegradable and compostable – they can be completely returned to nature.

### **TENCEL™ REFIBRA™**

The innovative REFIBRA™ technology by the Austrian company Lenzing involves upcycling a significant proportion of cotton fabric scraps, for instance from garment production, which is blended with pulp. The raw material is processed into new TENCEL™ lyocell fibres to produce garments. TENCEL™ fibres are of natural origin, which means they are biodegradable and compostable – they can be completely returned to nature.

# Environmental impact

Our headquarters and warehouse have been climate-neutral through carbon offsetting since 2018. It is our goal to constantly reduce our emissions and offset the emissions we cannot yet avoid. In the coming years, we will gradually concentrate on further eco-friendly measures and CO2 compensation to progress towards a completely climate-neutral supply chain.

## *We are saving emissions by:*

- Producing close to our main markets in Europe and sourcing local materials to keep transport routes short.
- Using more organic and recycled materials in our collections to conserve resources.
- Increasing the volume of A BETTER BLUE products to limit water, electricity and chemical consumption.
- Travelling for business by rail instead of air if possible, encouraging our employees to cycle or use public transport instead of driving by financially supporting them when they use more sustainable means of transportation.

The annual carbon emissions for 2023 for our headquarters and warehouse (237 employees) were around 653 tonnes. Compared to other companies of our size in our industry, our emission value per employee is in the low range. We offset 653 tonnes of carbon emissions by supporting a climate-friendly project in Turkey.

## *Uzundere hydroelectric project, Turkey*

The Uzundere hydroelectric power plant project in Rize, Turkey, is a run-of-the-river hydroelectric facility situated along the Uzundere stream. Standing at 817.59 m, the powerhouse aims to generate and supply electricity to the national grid. With an installed capacity of 63 MWe from two turbines, it is expected to contribute 156,205 MWh annually to the grid. The project is also anticipated to reduce greenhouse gas emissions by 87,318 t CO2e yearly according to the registered PDD, while actual net electricity generation during this monitoring period reached 811,962.21 MWh.





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## Charity and utilisation of unsold products

No disposal of unsold goods – we would never throw away or destroy unsold Closed items. Products unsold by the end of the season are marked down for our sale periods. Remaining items have an additional chance to sell in our outlets. The next step after the outlets is our twice-yearly factory sale. After this, unsold items have been donated to a Chilean charity organisation for many years. The clothes are sold in Chile, and the total proceeds support a music school for children in need.

We look forward to connecting on all channels from Instagram to Pinterest!

[instagram.com/closedofficial](https://www.instagram.com/closedofficial)

[tiktok.com/closed.official](https://www.tiktok.com/closed.official)

[pinterest.com/closedofficial](https://www.pinterest.com/closedofficial)

[youtube.com/closedofficial](https://www.youtube.com/closedofficial)

[facebook.com/closed](https://www.facebook.com/closed)



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