

Sustainability Case Study: Uniqlo



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December 20, 2021

Introduction

The term “Fast Fashion” first came into the mainstream in the 1990s, when the New York Times described Zara's mission to take only fifteen days for a garment to go from the design stage to being sold in stores as “Fast Fashion.” Fast Fashion is defined as the process of making garments that are cheaply produced to copy the latest trends and are quickly pumped into stores to maximize profit and relevance. The business model involves the rapid design, production, distribution, and marketing of products, resulting in large quantities of greater varieties and lower prices for consumers.¹ However, this does not come without its consequences. The fashion industry consumes one-tenth of all the water used in global industrial activities. To put it into perspective, it takes about 10,000 liters of water to produce one kilogram of cotton. Textile dyeing that is used in clothing production releases toxic chemicals and equates to about twenty percent of the wastewater worldwide. In many cases, the contaminated waters are no longer treatable. Lower-quality materials like microfibers which are not recycled, toxic, and release more carbon emissions than cotton is used to continue driving down prices of products. This has damaging effects on the ecosystem, especially marine life.²

These harrowing statistics are only a few of the many issues relating to the Fast Fashion industry. But there is still hope. According to sustainable fashion industry statistics, the market for sustainable fashion is expected to grow to \$9.81 billion in 2025 and \$15.17 by 2030. Some brands spearheading these efforts are H&M, Levi's, Patagonia, and the company being analyzed in this case study, Uniqlo.³

Uniqlo: Background

Uniqlo is a private for-profit clothing and apparel company that currently employs 57,727 employees worldwide. The company was founded in Yamaguchi, Japan in 1949 but has since expanded to countries like the US, Belgium, Canada, China, France, Germany, Hong Kong, Korea, Malaysia, Philippines, Russia, Singapore, Taiwan, Vietnam, Australia, Indonesia, India, Italy, and the UK.⁴ The company adopts a Just-In-Time Inventory method, also known as, the Toyota Production System that aims to produce what is needed, when it is needed, and in the amount needed.⁵

Uniqlo's business functions in three parts. First, are the Takumis, also known as, skilled artisans who are well versed in advanced dyeing and material production techniques from the Japanese textile industry. The “Takumi Team” offers technical expertise to partner factories to ensure quality control while maintaining deep connections with the factory workers to deliver on customer wants and needs. Second, is the design team that handles the merchandising and the research and development (R&D) of Uniqlo products. Key functions include determining product launch strategies such as line up and volume, as well as identifying customer needs and locating proper research ventures. Lastly, is the sales team which manages Uniqlo's 813 stores worldwide. The sales team ensures swift communication between warehouses and manages the

¹ Fast fashion: Its detrimental effect on the environment. (2020, January 29). Earth.Org - Past | Present | Future.

² The impact of fast fashion on the environment. (n.d.). PSCI. Retrieved December 20, 2021

³ LTD, T. B. R. P. (2020, October 28). Sustainable fashion market analysis shows the market progress in attempt to decrease pollution in the global ethical fashion market 2020. GlobeNewswire NewsRoom.

⁴Uniqlo international (By countries & regions) | fast retailing co., Ltd. (n.d.). Retrieved December 20, 2021.

⁵ McKinnon, T. (2020, May 7). How Uniqlo became the 2nd largest clothing retailer in the world. Indigo9 Digital.

smooth flow of business on its online platform.⁶ Uniqlo has integrated all of its operations of planning, material development, and marketing and sales into a single entity operating closely with Japanese textile suppliers, foreign manufacturers, and other partners.⁷ This form of integration is called vertical integration where the company acquires other companies that operate under its production process in order to strengthen the supply chain, reduce production costs, capture upstream and downstream profits, and access multiple distribution channels.⁸

At face value, Uniqlo seems to have rooted its business model in sustainable practices. This case study will dive deeper into how the company defines sustainability, the relationship with its suppliers and partners, its leadership, and conclude with the future plans and key recommendations on how the company can improve.

Definition of Sustainability in Uniqlo

Uniqlo puts a friendly and easy-going spin on sustainability by defining it as the concept of producing “good clothing.” Good clothing is the creation of “simple, high-quality apparel that is made to last. It means making clothing that enriches the lives of people who wear it by giving them comfort, protection, and pleasure.” Good clothing focuses on both the environmental and non-environmental aspects of sustainability, emphasizing that “it is produced in a way that is harmonious with nature, without excessive burden on the environment. Good clothing is made by people of diverse backgrounds working with energy and enthusiasm, under conditions where their health, safety, and human rights are respected and upheld. We will extend this same spirit to our customers and all our stakeholders by working with them to aspire to a better society where we all thrive.”⁹

Sustainability is founded within the framework of the business. Uniqlo’s approach to making apparel is more akin to product development embraced by the technology industry rather than the cyclical, trend-driven nature of fast fashion. Uniqlo takes the exact opposite approach of its competitors and focuses on a long-term proactive planning. Uniqlo focuses on a limited range of fabrics, allowing them to consolidate bulk orders for relatively cheap, translating into cheaper prices for its consumers and less waste. The product development process starts one year in advance of the launch, focusing on a few styles that align with its signature timeless basics theme. Once the garment is in production, Takumis visit production centers to ensure the quality of each item and resolve any outstanding issues. The production team stays well connected with customer reviews, relaying concerns to the marketing and execution teams to remedy glitches before the launch.¹⁰ Sustainability within the company is founded on the basis of feedback, oversight, and teamwork that helps produce affordable, sustainable, and stylish pieces.

Uniqlo also values sustainability with its suppliers and partners. Uniqlo has been at the forefront of providing monetary assistance, clothing aid, and educational opportunities for women and refugees, partnering with organizations like the United Nations Refugee Agency (UNHCR), UN Women, and Grameen Bank in Pakistan. For example, “The Power of Clothing Project”, founded in partnership with UNHCR, educates Japanese school children on the importance of recycling clothing and how they can help refugees by donating their own clothes. In addition, Uniqlo is spearheading a project in collaboration with UN Women, teaching them

⁶ Uniqlo International, Fast Retailing Co., May 2021

⁷ K, S. (2020, August 31). How Uniqlo is winning the fast-fashion rat race. The Second Draft.

⁸ What is vertical integration? (n.d.). Investopedia. Retrieved December 20, 2021.

⁹ The Power of Clothing. (n.d.). Uniqlo.

¹⁰ Uniqlo—The strategy behind the Japanese fast fashion retail brand. (2020, December 31). Martin Roll.

updated and relevant skills and providing an enabling environment for career progression.¹¹ Lastly, Uniqlo partnered with Grameen Bank in Bangladesh to open fifteen stores in Dhaka City under the flagship name Grameen Uniqlo. These stores produce and sell locally, with all their profits reinvested back into the stores and to help those who are suffering in extreme poverty.¹² Overall, Uniqlo has partnered with these organizations to focus on fulfilling its sustainability mission of providing a society in which we all thrive.

Uniqlo's mission statement emphasizes its commitment to creating long-lasting, quality clothing and apparel. Uniqlo has strategically partnered with Toray Industries and Kaihara Denim to deliver this exact promise. Toray Industries is a multinational corporation headquartered in Japan that specializes in industrial products centered on technologies in organic and synthetic chemistry, polymer chemistry, and biochemistry. Toray helped develop Uniqlo's climate-sensitive and adaptive clothing line which includes HEATTECH, AIRism, Ultra-Light Down Jackets, and Dry-Ex t-shirts. Thanks to Toray's carbon fiber technology, Uniqlo was able to make HEATTECH and AIRism, products that absorb moisture emitted from the body into heat to keep the body warm in the winter and, reciprocally, dispels the moisture to keep the body cool in the summer. Using Toray's innovative recycling processes, Uniqlo created the Ultra-Light Down Jacket and the Dry-ex t-shirts. The Ultra-Light Down Jackets are made with 100 percent recycled material, from used down jackets in which Uniqlo incentivizes customers to bring into stores in exchange for a ten-dollar gift card. Moreover, the Dry-Ex t-shirts are made exclusively from recycled PET bottles and like AIRism technology, Dry-Ex moves moisture away from the skin to keep the body cool.¹³

Kaihara Denim is a Japanese denim fabric manufacturer for Uniqlo and is the only company in Japan that performs every step in the manufacturing process of denim, from cotton selection to the execution of the final product. Kaihara has helped Uniqlo kickstart its Blue Cycle Jean Initiative, creating technologies to reduce the amounts of water and manual labor used to create denim. The process replaces natural pumice with powder-less eco stones that provide a stone-washed look, eliminating the need to use large amounts of water to wash away the powdery residue. Laser distressing is used to create vintage-style jeans and replaces the need for the prior mechanism of sandpapering. Lastly, ozone mist washing machines that utilize nanobubbles are deployed to wash the jeans throughout the process. The advanced technologies have significantly reduced the amount of water used in the jeans finishing process, by up to 99 percent. However, there are currently twenty-four types of Uniqlo jeans that are not made by the Blue Cycle Jean Initiative.¹⁴

Uniqlo has invested time and resources into science, philanthropy, and education. In addition to the ongoing list, Uniqlo also values oversight. Uniqlo lacks in-house measures of sustainability, therefore it has partnered with Better Cotton Initiative (BCI) and the Sustainable Apparel Coalition (SAC) to help make sure that all parts of its supply chain are up to standards. BCI is the largest cotton sustainability program in the world and aims to help cotton communities survive and thrive while protecting and restoring the environment. One of Uniqlo's goals is to be sustainably sourcing 100 percent of its cotton by 2025, BCI helps companies like

¹¹ Global partnership: Unlocking the power of clothing. Uniqlo sustainability. (n.d.). GLOBAL PARTNERSHIP: Unlocking the Power of Clothing. UNIQLO Sustainability. Retrieved December 20, 2021

¹² Grameen Uniqlo (Bangladesh) | unlocking the power of clothing. Uniqlo sustainability. (n.d.).

¹³ The art and science of life wear | Uniqlo | partnership | toray. (n.d.). Retrieved December 20, 2021

¹⁴ BLUE CYCLE JEANS: Eco-friendly, exceptionally made. (n.d.). BLUE CYCLE JEANS: Eco-Friendly, Exceptionally Made. Retrieved December 20, 2021

Uniqlo by connecting them with cotton plantations that are compliant with BCI standards.¹⁵ Some of BCI's standards include sourcing from farmers that use water efficiently, farmers that care for their soil and conserve natural processes.¹⁶ Uniqlo is also a member of SAC, a global multistakeholder non-profit alliance for the fashion industry. The coalition helped develop the Higg Index, a suite of tools that standardizes value chain sustainability measurements for all industry participants. These tools measure environmental and social labor impacts within the supply chain that allow companies to identify problem areas and continuously improve sustainability performance.¹⁷ However, there is little quantitative evidence accessible to the public on the negative or positive impacts as a result of partnering with BCI and SAC, let alone evidence on any assessment conducted according to SAC principles.

Lastly, when defining the meaning of sustainability within a company, consumer and stakeholder engagement is key. The sustainability webpage of Uniqlo provides a user-friendly guide by dividing its efforts into three easily accessible categories: planet, society, and people. Each category directs the user to a short synopsis of Uniqlo's goal and the relevant initiatives undertaken. For example, the category for "People" highlights Uniqlo's disability, women, and LGBTQ plus employment ratings.¹⁸ Additionally, Uniqlo interacts with its customers through various educational mechanisms. Uniqlo launched "The Power of Clothing" in which a narrative between a boy and a mother on throwing away a t-shirt is used to teach consumers how and why it is important to recycle. Uniqlo also enlisted the help of a famous cartoon character called Doraemon. Doraemon is originally a character in a popular kids cartoon show in Japan. The original color of the character is blue, but Uniqlo changed it to green to represent sustainability and make the initiative more digestible for consumers.

Relations with suppliers and partners

Uniqlo states that it hopes to "extend [the] same spirit to our customers and all our stakeholders by working with them to aspire to a better society where we all thrive."¹⁹ Although there is no explicit statement that working with partners that share the same vision of a sustainable business is a requirement, Uniqlo's two most advertised partners show their commitment in varying degrees.

Toray Industries touts a sustainable vision that complements its corporate philosophy, "to deliver innovative technologies and advanced materials that provide real solutions to the challenges the world faces while balancing development and sustainability." Like Uniqlo, Toray has recognized the UN Sustainable Development Goals (SDGs) and provides full transparency in its sustainability reporting by indicating key performance indicators, progress within the company on the SDGs, and metrics in all three tenets of sustainability. For example, Toray provides quantitative measures on energy consumption, industrial waste, greenhouse gas emissions, women in management positions, number of employees taking childcare leave, among many more.²⁰ What makes Toray particularly special is not only its innovative technologies but rather the company's decision to use those technologies for the greater good.

¹⁵ Fast Retailing Sustainability Report 2021. (2021). Fast Retailing.

¹⁶ BCI STANDARD-SETTING CODE SYSTEM REPORT. (2015). Better Cotton Initiative.

¹⁷ The higg index—Sustainable apparel coalition. (n.d.). Retrieved December 20, 2021

¹⁸ Top | unlocking the power of clothing. Uniqlo sustainability. (n.d.). TOP | Unlocking the Power of Clothing. UNIQLO Sustainability. Retrieved December 20, 2021

¹⁹ The Power of Clothing. (n.d.). Uniqlo.

²⁰ Esg data | csr-related policies and guidelines / esg data | sustainability | toray. (n.d.). Retrieved December 20, 2021

Toray released a four-tiered plan to reach its sustainability goals by 2050. The company website provides comprehensive information on the innovations created the roadblocks ahead, and their tangible impact on society.²¹ For example, Toray created the Reverse Osmosis Membrane, made from synthetic polymers, a semi-permeable material with pores of 0.6 to 0.8 nanometers of a millimeter. Seawater is pumped through the membrane preventing salt and other impurities from seeping through its pores, allowing freshwater to emerge on the other side. This technology is used in seventy-six countries, delivering fresh water to 400 million people, including the entire population of Singapore.²² In terms of management, Toray has hired a Chief of Corporate Social Responsibility (CSR) that oversees all things sustainability within the company and the CEO himself has publicly stated that he considers CSR to be a high priority within the management of Toray. The only qualm that Toray has encountered is back in 2016 when it falsified data on textiles used to strengthen car tires and delayed disclosure of the falsification for more than a year.²³ Nevertheless, the company stated that none of the materials falsified were used by Uniqlo's parent company Fast Retailing. Overall, Toray not only markets its activities in a user-friendly and easily digestible manner but also ensures full transparency by measuring against standardized sustainability metrics and more.

In contrast, Kaihara denim is not as comprehensive as Toray in its sustainability efforts. There seems to be no designated CSR management division and no acknowledgment of sustainability being an area of importance for the company by the C-suite level. In the product section of its website, there is a comprehensive review of the detail-oriented process of creating its denim. CSR is one of the four tenants in this process; however, the description provides empty promises with no quantitative or qualitative evidence. The website simply uses ambiguous language like its "continued commitment to nature and society by performing business in an ethical and environmentally friendly way." There is minimal evidence on how Kaihara is acting on its commitment other than its partnership with Uniqlo in the Blue Cycle Jeans Initiative.²⁴

As mentioned earlier in this case study, one way in which Uniqlo ensures quality in its products is by enlisting the help of skilled artisans, or Takumis, to oversee activity in Uniqlo production sites. Uniqlo claims that it deploys about 450 production team staff and Takumi to these production offices that visit factories each week to resolve outstanding issues.²⁵ Uniqlo's choice of "issues" is ambiguous as the company advertises Takumis on its sustainability page but their role in the company seems geared more towards resolving customer satisfaction issues rather than sustainability-related issues. If the Takumi team is not used as an oversight mechanism for Uniqlo's external factories, then the only mechanism of oversight is the standards outlined by the Sustainable Apparel Coalition, which no evidence of an evaluation is to be found on Uniqlo's website. The lack of oversight can possibly be attributed to the ongoing human rights lawsuit filed by workers in Jaba Garmino factories in Indonesia. The factory is under investigation for labor rights abuses, including the firing of pregnant workers and harassment of trade union members. Uniqlo quickly stopped placing orders while the investigation was underway, which led to the collapse and bankruptcy of the factories. Many of the workers are unable to find work due to their old age and involvement in speaking out against Uniqlo. The workers claim they are legally owed \$5.5 million dollars in severance pay, as Uniqlo continues to

²¹ Sustainability | toray. (n.d.). Retrieved December 20, 2021

²² A materials world | sustainability | toray. (n.d.). Retrieved December 20, 2021

²³ Soble, J. (2017, November 28). Japan's toray, a major supply chain link, says it falsified data. *The New York Times*.

²⁴ Csr | カイハラ株式会社. (n.d.). Retrieved December 20, 2021.

²⁵ Our business | Uniqlo us | Uniqlo us. (n.d.). Retrieved December 20, 2021.

deny all allegations.²⁶ Uniqlo is also a company that is potentially violating human rights codes by enlisting the use of forced labor of Uyghurs in Xinjiang, China. Although there is little evidence to prove their involvement in this scandal, Uniqlo continues to partner with the Better Cotton Initiative which has been confirmed to be involved with farms using Uyghur forced labor. The organization condemned the use of forced labor and promised to retract their involvement with the implicated cotton farms, however, they recently removed those statements from their website and has made no comment since²⁷

Overall, Uniqlo's partnership with Toray and Kaihara has provided fruitful outcomes in the realm of sustainability and profits. Nevertheless, out of the 84 factories Uniqlo uses, only five are Kaihara Denim factories and three are owned by Toray. There is little to no information about the 76 other factories and their alliance with Uniqlo's sustainability mission. The Uniqlo website states "we monitor conditions at partner factories, request improvements as needed, and offer support if problems are found", but there is little evidence of what oversight is being enlisted and their findings. But there is evidence that points to the lack of oversight in these factories, as pertaining to the human rights violations in the Jaba Garmino factories. This lawsuit goes against the partnerships created between UNHCR and UN Women, as well as the Factory Worker Empowerment Projects that is spearheaded by Uniqlo. The inconsistencies show Uniqlo's need to improve oversight and transparency within the supply chain.

Leadership

Uniqlo's parent company Fast Retailing Co. provides a description of its sustainability governance. The company president and CEO appoint directors and an executive officer to facilitate Uniqlo's sustainability efforts. However, there is no information online to be found of a sustainability manager or anyone in the C-suite level to direct Corporate Social Responsibility within Fast Retailing or Uniqlo. After doing a quick LinkedIn search, the only employees that matched the title of manager or director within the organization were Jean Emmanuel Shein and Chelle Escaffre.²⁸ Shein's title is "Global Corporate Social Responsibility Director" at Uniqlo USA, but it is unclear what his actual responsibilities entail. Escaffre's title is "Sustainability Manager" and judging from her past appointments in the company, she is assumed to be based out of Germany. Escaffre writes in her employment description that she manages and aids in the development of Uniqlo's Second Life Studio that upcycles and repairs garments. She additionally engages with stakeholders at the local and EU levels to create meaningful partnerships within the firm and supports staff in understanding Uniqlo's initiatives.²⁹

A sustainability committee is tasked to promote sustainability activities and ensure that such efforts are closely integrated with the overall management strategy. Specifically, "committee members determine the direction of corporate activities and corporate policy from a variety of sustainability-related perspectives, including environmental protection, respecting human rights, contributing to society, compliance, and diversity. Sustainability Committee decisions are then integrated into our sales, marketing, production, purchasing, human resources, and other relevant departments."³⁰ Judging from this statement, sustainability seems to be

²⁶ Uniqlo and the women owed \$5.5 million. (n.d.). [News Item]. Clean Clothes Campaign. Retrieved December 20, 2021

²⁷ Paton, E., Gallois, L., & Breeden, A. (2021, July 2). Fashion retailers face inquiry over suspected ties to forced labor in china. The New York Times.

²⁸ <https://www.linkedin.com/in/jeshein/>

²⁹ <https://www.linkedin.com/in/cherelleescaffre/>

³⁰ Sustainability governance | fast retailing co., Ltd. (n.d.). Retrieved December 20, 2021

integrated within all departments of the company, however, there is a lack of transparency in who is on the committee, what the committee exactly does, what kind of initiatives are a result of the committee's actions, and other relevant information. Additionally, Uniqlo recently hired Larry Meyer as the CEO of Uniqlo USA. Prior to joining Uniqlo, Meyer was the executive vice president at Forever 21 and CFO at Gymboree.³¹ Considering his background and involvement in a company that is the embodiment of fast fashion, Meyer's expertise and background may not align with Uniqlo's sustainability vision.

The CEO since 2005, Tadashi Yanai, is described to be a minimalist presence, not too flashy, almost embodying the "timeless basics" theme of Uniqlo. Yanai recently sat down with philosopher Jacques Attali to discuss Attali's recent book "The Economy of Life" in which he outlines the economic and environmental crisis facing humanity. The talk discusses key tenets of sustainability within the organization and for society. Yanai is often seen endorsing many of the sustainable reports and partnerships on the Uniqlo website, nevertheless, his involvement in championing sustainability within the organization is limited to Uniqlo's foundational concept of creating timeless basics and shying away from the consumerist ways of the fast fashion industry.³² His influence on his counterparts in the fashion industry is minimal to non-existent.

The Future of Sustainability in Uniqlo

Good on you, an online rating platform that rates companies in the fashion industry according to its own sustainability measures, rates Uniqlo as an "it's a start."³³ Although Uniqlo brands itself as not a fast-fashion company, it's also not a sustainable company either. There are several gaps in its plan like the lack of key performance indicators, enforcement of sustainable practices, implementation of sustainability efforts, and the consideration of societal consequences.

Uniqlo's partnership with Toray and Kaihara has been profitable, showing a 52 percent increase in sales in the following year, after the launch of the HEATTECH and the Ultra Lightweight Down Jackets.³⁴ Exemplifying that business growth and sustainability can be aligned. However, Uniqlo's science-backed clothing line makes up a minority percentage of Uniqlo's output. Recycled fabrics, like the ones used in Ultra-Light Weight and Dry-Ex t-shirts, can be expanded to Uniqlo's limited edition designer collaborations. The luxurious nature of these one-of-a-kind products creates immense traction within the fashion industry and, therefore, is an opportunity for Uniqlo to spread the word on slow fashion and sustainable fashion. Additionally, not all jeans produced by Kaihara follow the Blue Cycle process. As aforementioned in the case study, there are twenty-four styles of jeans that are not made sustainably by Uniqlo.³⁵ The Blue Cycle Jean Initiative can create different styles of jeans like tapered and vintage, therefore there is an opportunity for Uniqlo to convert 100 percent of its jeans production to the Blue Cycle way to achieve maximum sustainable outcomes.

Toray is a leader in carbon fiber innovation, using the product to help aviation and automotive industries become greener. In addition, Toray developed a way to utilize hydrogen as

³¹ Anne-Sophie, S. (2013, December 9). Larry Meyer named CEO of Uniqlo USA. The Fashion Network.

³² Sustainability report | special conversation: Our path to a positive world. (n.d.). Sustainability Report | Special Conversation: OUR PATH TO A POSITIVE WORLD. Retrieved December 20, 2021

³³ Uniqlo—Sustainability rating—Good on you. (n.d.). Retrieved December 20, 2021.

³⁴ Fumataki, N. (2015, July 10). Uniqlo reports huge profits up 52% based on great sales of heattech and ultra-light down and hoodies – label networks.

³⁵ Blue Cycle Jeans, n.d.

an energy source so that emissions can be 100 percent carbon-free³⁶ The point of highlighting these incredible technologies is to highlight the opportunity for growth. Uniqlo should continue to partner with Toray to find more innovative ways to reduce factors of environmental degradation within its supply chain and explore Toray's other innovations to replace current unsustainable practices within the company. For example, Uniqlo can start by converting sectors in the supply chain in which the most fuel is being used to Toray's 100 percent carbon-free hydrogen fuel.

After surveying Uniqlo's sustainability reports from 2017 to 2021, there are no quantitative measures of sustainability efforts within the company. There are non-binding references to words like "effort", "participation", and "partnership." Uniqlo claims that it uses the Sustainable Alliance Coalition's Higg Index to evaluate its suppliers and partners, but there is a lack of transparency in releasing the data. There is no evidence of the results of the Higg Index evaluations within their sustainability reports or on the website. On the Sustainable Alliance Coalition website, a consumer can only access the Higg Index metrics if an account is created, and even then, you must be a member or affiliate of the company to access the information. The same goes for Uniqlo's partnership with the Better Cotton Initiative. As mentioned before, the Better Cotton Initiative is an organization that links companies with sustainably sourced cotton.³⁷ However, there is no indication that Uniqlo utilizes cotton or any positive or negative quantitative metrics that accompany the impact of the relationship.

To improve on its transparency, Uniqlo should look to its partner Toray. Toray has a comprehensive ESG data list that covers environment, society, and governance-related metrics. Toray measures the most minute of indices such as phosphorus emissions, number of employees taking childcare leave, number of major violations of laws, monetary contributions to political fundraising, and etc.³⁸ Toray also goes beyond these three standards by calculating the progress it has made on UN Sustainable Development Goals that pertain to its business activities.³⁹ The learning point in Toray's key performance indicators is how the company not only highlights the good but also the bad. There is marketability in humility and understanding that sustainability is a complex issue that takes time to achieve. Uniqlo's sustainability website uses language and is structured in a way that is catered less to education and more to marketing. Uniqlo should invest more time and resources in educating its consumers on the general ill-wills of fast fashion and not be afraid to highlight its own shortcomings and outline how the company will tackle resolving these issues.

To continue the discussion on transparency, the concept, and role of Takumis are ambiguous as to whether their function is to remedy customer-related issues or factory violation-related issues, or both. The first step in remedying this issue is to outline the role clearly, creating a set of guidelines relating specifically to factory oversight that the Takumi team must follow. Each Takumi must be well versed in the new grading system implemented after the violations in Jaba Garmino were made public. In Uniqlo's 2016 sustainability report, Uniqlo instituted a grading system for each factory, requiring a grade of A or B for the factory to continue business with Uniqlo. Although instituting a grading system of their own is a commendable step, Uniqlo should work on publishing the outcomes of its evaluations, possibly

³⁶ A materials world | sustainability | toray. (n.d.-b). Retrieved December 20, 2021.

³⁷ BCI STANDARD-SETTING CODE SYSTEM REPORT. (2015). n.d.

³⁸ Esg data | csr-related policies and guidelines / esg data | sustainability | toray. (n.d.)

³⁹ Csr roadmap 2022 (Fiscal 2020 – Fiscal 2022) | toray group corporate social responsibility | sustainability | toray. (n.d.). Retrieved December 20, 2021.

outlining a factory that failed its evaluation and how Uniqlo worked with the factory to raise its rating. Sustainable fashion is full of greenwashing from companies that use it as a ploy for marketing, therefore consumers need tangible evidence to see Uniqlo's real impact in the sustainable fashion industry.⁴⁰

Uniqlo's vertically integrated model allows it to have control over multiple departments making sustainability easier to communicate throughout the company, however, Uniqlo still uses external factories in its supply chain. Sustainability in the fashion industry is predominantly achieved in the production system, by reducing waste, greenhouse gas emissions, water usage, and ensuring a safe work environment. Implementing corporate governance is important, however, sustainability within the company is nothing if its partners and suppliers are not held to the same standard. Therefore, Uniqlo should be more diligent in recording its key performance indicators not only within the company but also with external stakeholders.

Lastly, Uniqlo should consider creating a concrete and structured Corporate Social Responsibility (CSR) Department with a sustainability role at the C-Suite level. Creating an official CSR department would transfer sustainability management from the more unofficial sustainability committee to the department. Uniqlo already has set the foundations for the department to tighten up and implement greater ESG policies, key performance indicators, and influence within the fashion industry. Moreover, Tadashi Yanai, the CEO of Uniqlo, is the richest man in Japan and has undeniable influence in the industry. As a person of such influence, Yanai and other members of the C-Suite level should be more involved in influencing its counterparts within the fashion industry. This can be in the form of attending sustainability conferences, speaking to leaders in sustainable fashion, investing in startups for greater innovations, and facilitating partnerships with other fast fashion industries with companies like Toray to show that sustainability is achievable in the industry.

Yanai has stated multiple times his intentions of making Uniqlo the number one apparel brand in the world.⁴¹ This goal is problematic as it can be construed as revenue focused. To achieve this goal, there needs to be significant expansion into global markets which can make Uniqlo susceptible to disregarding its humble roots and become integrated within the current disposable consumerist trend. Profits and growth are important measures for a business; however, it is this exact focus that has resulted in the chase for greater profit margins and the birth of our current disposal society.

To conclude this case study, Uniqlo has strong foundations and has planted the seed of sustainability within the company. Sustainability is inherent within its business model; it is only a matter of applying the idea to practice. The concept of sustainability was only nascent when Uniqlo was first created, the definition is now deemed to be multifaceted and tackling the issue requires a multidimensional approach. If Uniqlo continues to create sustainable partnerships, implements new and innovative technologies, implement stricter human rights guidelines, increase transparency, and conduct more comprehensive oversight, it will come out of its limbo and become a fully sustainable company.

⁴⁰ Fast Retailing CSR Report. (2016). Fast Retailing Inc.

⁴¹ Nast, C. (2021, September 13). How can Uniqlo succeed in America? Vogue Business.

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