

Fast Retailing employs technology in its sustainability drive

BY JENNY NG

With ethical fashion becoming increasingly in vogue, fast fashion players have publicly announced labour and environmental standards and targets for themselves. The world's third largest apparel manufacturer and retailer by sales, Fast Retailing Co Ltd, will not be left out.

Next month, the group's 3,500 stores worldwide will switch from plastic bags to eco-friendly paper bags as part of its plan to eliminate the use of unnecessary plastic throughout its supply chain and to reduce the amount of single-use plastic handed to customers.

The move will result in the use of plastic, either as shopping bags or product packaging, at Fast Retailing falling by 85% or 7,800 tonnes annually by end-2020.

Best known for its casual wear sold under the Uniqlo brand, the group is guided by one of its six priorities for sustainability — "Respect the environment". But the sustainability measures of the manufacturer and retailer are not limited to shopping bags and product packaging.

Using technology, Fast Retailing is adopting innovative manufacturing processes to ensure that every pair of jeans it makes is sustainable. At a recent media briefing at its Jeans Innovation Center (JIC) in Los Angeles, the US, the Japanese fashion giant revealed that it can make a pair of jeans with almost no water.

Located in the "home of denim", the JIC is Fast Retailing's hub for jeans research and development, focused on sustainably minded processes and designs. Set up in 2016, it has developed new technologies using nanobubble and ozone washing machines that cut water usage by an average of 90% and as much as 99% (when comparing between the 2018 and 2017 production of a pair of Uniqlo men's regular fit jeans).

"The little water used will be cleaned, recycled and returned to the [washing] machine. We want to get to 100% savings in terms of reducing the usage of water in jeans processing," Masaaki Matsubara, chief operating officer of JIC, told a group of Asian reporters at the briefing.

To achieve the worn and distressed "stonewash" look, jeans are washed with pumice stones that are replaced regularly as they get depleted by multiple washes. JIC has created synthetic stones that can be used semi-permanently.

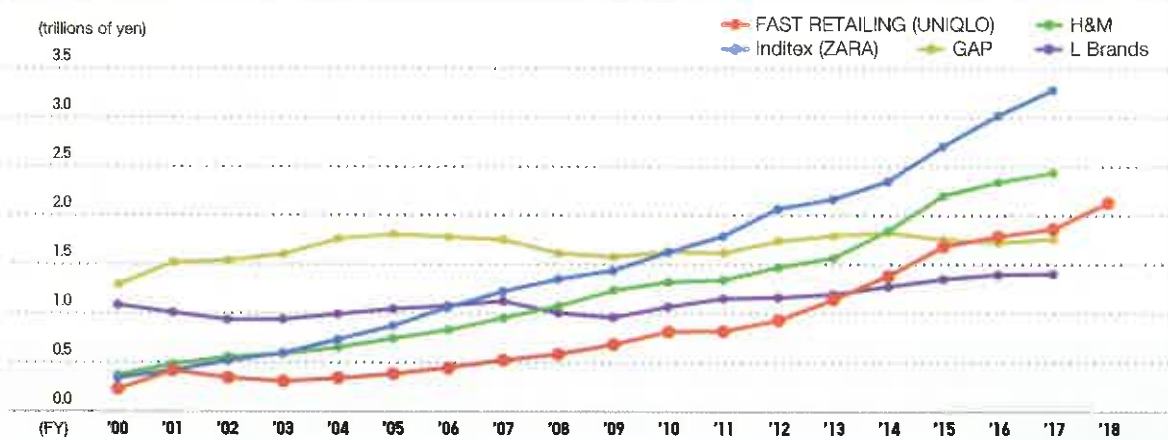
The process of making jeans requires huge amounts of water — from the cultivation of cotton to dyeing the fabric and the final washing processes. The release of untreated dyes to the environment have also attracted unwanted attention.

"By 2020, our water-saving technology will be used in all jeans made by Fast Retailing," sustainability director Veronique Rochet said at the briefing.



At a recent media briefing at its JIC in Los Angeles, the Japanese fashion giant revealed innovative manufacturing processes, incorporating new technologies that ensure every pair of jeans is sustainably produced

Fast Retailing is the world's third largest apparel retailer, by sales



*Compiled from individual annual report data and calculated using exchange rates as of end August 2018.

The group will also be using lasers to engrave patterns on jeans as well as to achieve the vintage look as opposed to manually spraying them with chemicals. The process ensures a uniformly high standard of quality and yields 60 pairs of jeans per hour compared with 10 manually.

Certainly, Fast Retailing is ticking the right boxes. It is a member of the non-profit Better Cotton Initiative that supports sustainable cotton production and aims to use 100% sustainable cotton by 2025.

By 2020, Fast Retailing aims to be Responsible Down Standard or RDS-certified. RDS seeks to ensure that down and feathers are sourced from animals that have not been subjected to unnecessary harm.

On the labour front, it is an affiliate of the Fair Labor Association and is committed to ensuring a safe and fair working environment along its entire supply chain.

"Ethical — the way we work with factories and suppliers. Sustainable cotton initiative, human welfare and working conditions ... it is part of our business model, it is not something we work on in silos. And we're pretty engaged currently with a lot of our business partners," said Rochet.

"It started from 2016, when our department changed its name from CSR (corporate social responsibility)



Fast Retailing's jeans are washed using semi-permanent synthetic pumice stones to achieve the 'stonewash' look

to sustainability — it means that it has to be totally integrated into the business model. Whatever decision that we take today has to be valid [not only] for today but also for the future so that it's long-lasting," she added.

Fast fashion, defined as stylish but inexpensive apparel that "move quickly from catwalk to stores" and is targeted at the mass market, has come under scrutiny as wasteful and damaging to the environment. Not only that, to keep prices low, it is produced by cheap labour in Third World countries.

The focus on the industry's labour practices sharpened following the collapse of Rana Plaza — which

housed factories for many fashion brands — in Bangladesh in 2013, killing 1,100 people. The tragedy served as a wake-up call for global retailers and led to measures to improve working standards for factory workers. The environmental impact also became a point of contention given the wastages created by fast fashion.

These led to the creation of labour and sustainability standards, which have been adopted by many fashion brands.

At Fast Retailing, the Higg Index (the Sustainable Apparel Coalition's environmental self-assessment tool) was adopted in 2015 at Uniqlo's major fabric mill partners. The group inves-

tigates and evaluates each factory's environmental impact and works with them to pinpoint possible improvements. This is because fabric manufacturing consumes a lot of water and energy, hence the need to monitor and evaluate the environmental impact.

In 2017, Fast Retailing launched the Ariake Project, which saw the digitalisation of its entire supply chain. The group's designing, planning, production, distribution and retailing functions are all linked, so that it is able to instantly create products that customers want.

"The ultimate aim of our digital consumer retail company is to eradicate waste by ensuring we make, transport and sell only what is necessary," Tadashi Yanai, chairman, president and CEO of Fast Retailing, said in its annual report for the financial year ended Aug 31, 2018.

Matsubara explained that the group relies on artificial intelligence to predict sales and plan production, ensuring that all its products are sold. The layout of its stores also ensures that goods are visible to customers.

Is sustainability just a trend and will the measures to make clothes sustainable cost more?

"Our concept is LifeWear. As a group, we want to provide easy to wear, easy to buy apparel. We don't provide special or expensive collections. For example, we don't use expensive fabrics. We don't approach [sustainability] just for marketing. As much as possible, we keep the prices the same and provide our sustainability items. As for the production teams, these decisions are taken together," said Yukihiro Nitta, executive officer and director of CSR at Fast Retailing.

Does being sustainable eat into profit margins then?

"We believe that being sustainable will lead to healthy growth and that will lead to profitability. It's the same thing essentially, the front and back of the same thing," Nitta added.

Fast Retailing produces more than one billion items each year. Apart from Uniqlo, its other brands are GU, Theory, theory luxe, PLST, Helmut Lang, Comptoir des Cotonniers, Princesse tam.tam and J Brand.

Listed in Japan, Fast Retailing posted a net profit of ¥154.8 billion on sales of ¥2.13 trillion in FY2018. For the first time, sales from Uniqlo International surpassed Uniqlo Japan, driven by strong performance in China and Southeast Asia.

Uniqlo International's sales rose 26.6% year on year to ¥896.3 billion in FY2018, ahead of Uniqlo Japan's ¥864.7 billion.

The group is confident that China and Southeast Asia will continue to be key drivers of growth for the brand. It also hopes to break into India in autumn this year.

As at end-FY2018, Fast Retailing had 3,445 stores globally, which is expected to reach 3,614 by end-FY2019.