

# Redesigning Fashion

**Moving towards a just, circular and climate-resilient industry**

## Executive Summary

The global fashion industry stands at a critical juncture, grappling with the environmental, social, and economic consequences of its rapid growth and linear production models. As public awareness of fashion's impact increases, so too does the demand for more responsible and sustainable practices across the entire value chain. This report explores sustainability in the fashion industry through examining two specific cases to understand how the concept is integrated into their business models and practices. By assessing the effects of fast fashion, the potential of circular economy innovations, and the role of policy and consumer behaviour, this report aims to provide an overview of the sector's sustainability landscape. To evaluate how different business models are responding to these evolving pressures and expectations, the report assesses the case of two diverging fashion companies: Pact and Uniqlo. One business was chosen due to its sustainability credentials, and the other on account of its lack thereof.

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# 1. Scale or Sustainability

Uniqlo and Pact represent opposite ends of the fashion industry. One is a global, fast-fashion giant, the other a small and purpose-driven brand. The comparison within this report focuses on eight key categories: brand philosophy, product range, business operations, production practices, transparency, materials, environmental impact, and social responsibility. They were chosen for their relevance to sustainability's three core dimensions: environmental, social, and economic. Assessing how each brand performs under each category therefore provides room to evaluate how both companies address sustainability challenges across its value chain.

The table below offers a summary of the report's key findings. It clearly depicts the stark contrast between the two models. Uniqlo places emphasis on innovation and affordability, offering broad accessibility through mass production but faces concerns regarding synthetic material use, labor practices, and supply chain transparency. Pact, on the other hand, embeds sustainability into every stage of its smaller-scale operation, using only organic materials and Fair Trade Certified™ production, though its limited reach and higher price point present challenges to scalability. The clear contrast between the two brands accurately reveals the broader tension that exists in sustainable fashion. Making responsible practices accessible at scale and maintaining integrity in ethical and environmental commitments.

Uniqlo vs Pact: Comparison Table

Category	Uniqlo	Pact
<b>Brand History</b>	Founded 1949, Japan. Grew into global retailer with tech-driven fashion.	Founded in Boulder, CO. Sustainability-led from the start with organic and fair trade focus
<b>Brand Philosophy</b>	LifeWear: functional, timeless, tech-enhanced. Mass production presents sustainability issues.	"Earth's Favorite™": GOTS-certified, organic, ethical fashion embedded in entire model.
<b>Product Range</b>	Wide: casual, activewear, outerwear, business. Uses synthetic tech fabrics like HEATTECH.	Small range of organic cotton clothing for men, women and children. Focuses on everyday basics.

<b>Business Model &amp; Operations</b>	Vertically integrated, cost-efficient, global. Criticized for outsourcing and labor concerns.	Small-scale, Fair Trade Certified™, GOTS compliance, carbon neutral operations.
<b>Production Practices</b>	High-tech, synthetic blends, scalable. Raises concerns on recycling and microplastics.	GOTS-certified, low-impact dyes, minimal water use, ethical and small-batch focused.
<b>Transparency &amp; Accountability</b>	Publishes reports, but the supply chain lacks full transparency. Criticised on labor practices.	Highly transparent, traceability data shared, direct-to-consumer model ensures accountability.
<b>Sustainability: Materials</b>	Uses recycled polyester and better cotton; still reliant on synthetics.	100% organic cotton; avoids synthetics and blends entirely.
<b>Sustainability: Environment</b>	Recycling programs (Re.Uniqlo), low-impact denim, long-term carbon neutrality goal.	Offsets 100% emissions, zero-waste packaging, consumer donation programs.
<b>Social Responsibility</b>	Works with UNHCR, women's empowerment. Criticised for factory wages and past violations.	Fair trade ensures fair wages, safe conditions, and systemic worker and employee support.

## 2. Defining Sustainability within the Fashion Industry

When we think about sustainability in fashion, we should think across three key dimensions: environmental sustainability, social sustainability, and economic sustainability.<sup>1</sup> Environmental sustainability focuses on reducing waste, pollution, and carbon emissions through responsible material sourcing, production, and distribution. Social sustainability ensures fair wages, ethical labour conditions, and community engagement, particularly in global supply chains.<sup>2</sup> Economic sustainability emphasises long-term profitability through efficiency, innovation, and resilience in the face of regulatory and market shifts.<sup>3</sup>

<sup>1</sup> Fletcher, K. (2008). *Sustainable Fashion and Textiles: Design Journeys*.

<sup>2</sup> Niinimäki, K., Peters, G., Dahlbo, H. *et al.* The environmental price of fast fashion. *Nat Rev Earth Environ* 1, 189–200 (2020). <https://doi.org/10.1038/s43017-020-0039-9>.

<sup>3</sup> Henninger *et al.*, 2017, Sustainability in Fashion: A Cradle to Upcycle Approach. doi:[10.1007/978-3-319-51253-2](https://doi.org/10.1007/978-3-319-51253-2).

Sustainability in fashion is a complex challenge that requires support and buy-in from many stakeholders who are engaged across a garment's life cycle. Creating a sustainable fashion industry means finding a balance between economic profitability, ecological preservation, and social responsibility. Achieving this balance requires active cooperation among textile manufacturers, designers, policymakers, NGOs, and consumers.

Circular economy models, as pioneered by organisations such as the Ellen MacArthur Foundation, are central in advocating a shift from the traditional linear fashion model of “take, make, dispose” to a closed-loop system where materials are continuously repurposed. Companies adopting circular business models aim to extend product lifespans, improve recycling processes, and reduce reliance on virgin materials. This shift requires investments in design innovation, take-back systems, and advanced material processing technologies.

This report investigates the business models of two fashion companies to understand how sustainable fashion is being implemented in practice, with a particular focus on how businesses of varying size and scale are adopting circular economy principles. By examining their strategies, commitments, and performance in key areas—including material sourcing, supply chain transparency, circularity, and social responsibility—this analysis evaluates how effectively each brand aligns with evolving regulatory standards and sustainability best practices. The comparison offers insight into the contrasting approaches of a global fast fashion giant and a smaller, purpose-driven brand committed to sustainability from the outset.

### **3. Brand History**

Uniqlo was founded in 1949 in Japan by Tadashi Yanai as a small textile manufacturer. Over the decades, it transformed into a global retailer with a unique focus on affordable yet high-quality apparel. The brand gained international recognition for its ability to integrate innovative fabric technologies into mass-market fashion, providing consumers with functional clothing that adapts to different climates and needs. Its LifeWear philosophy, introduced in the 2000s, set the foundation for the brand's direction, emphasising timeless designs, simplicity, and high-performance materials. Uniqlo has since expanded across multiple continents, establishing itself as a leader in technology-driven apparel with thousands of stores worldwide.

Pact, in contrast, was established in Boulder, Colorado, USA, with sustainability at its core. Unlike Uniqlo, which started as a traditional textile business, Pact was founded as an eco-conscious brand from inception, embedding sustainability into every stage of its supply chain. The company has committed to producing Earth's Favorite™ Clothing, ensuring that all materials and labour practices meet the highest environmental and social standards. Its focus on organic cotton and fair trade certification allows it to differentiate itself from mainstream fashion retailers, catering to conscious consumers looking for ethical alternatives to fast fashion.

## 4. Brand Philosophy

Uniqlo's philosophy is centred around LifeWear, a concept designed to create apparel that enhances everyday life. This approach prioritises durability, comfort, and innovation, stripping away unnecessary elements to focus on function and quality. Rather than following seasonal trends, Uniqlo develops timeless and versatile clothing that integrates advanced fabric technologies like HEATTECH (heat retention), AIRism (moisture-wicking), and Ultra Light Down (lightweight insulation). While this approach promotes longevity in clothing, Uniqlo's mass production model presents sustainability challenges, particularly regarding material sourcing and labour practices.

Pact, on the other hand, is built on the principle of sustainable and ethical fashion from the ground up. The brand's philosophy revolves around minimising environmental impact and ensuring fair labour conditions at every stage of production. Branding itself as "Earth's Favorite™ Clothing Company," Pact's core mission is to create apparel that is both environmentally responsible and socially just. It exclusively uses GOTS-certified organic cotton, eliminates synthetic fibres, and offsets its carbon footprint through partnerships with organisations like SimpliZero. Unlike Uniqlo, which integrates sustainability into an existing fast-production model, Pact designs its entire business model around sustainability.

## Product Range

Uniqlo provides an extensive product range, covering men's, women's, and children's apparel, with a strong emphasis on functional clothing. The brand's innovative fabric technologies, such as HEATTECH and AIRism, allow it to develop climate-adaptive clothing, offering comfort and performance for various lifestyle

needs. Its product categories include casual wear, activewear, outerwear, and business casual apparel, ensuring mass-market appeal. Additionally, Uniqlo frequently collaborates with designers and global brands to create limited-edition collections that balance functionality with fashion.

Pact, in contrast, offers a curated selection of everyday basics that align with its commitment to ethical and sustainable fashion. The brand specialises in organic cotton clothing, including loungewear, underwear, casual wear, and home textiles like bedding and bath products. While its product range is smaller compared to Uniqlo's, each item is carefully designed to maximise sustainability and ethical production standards. Unlike Uniqlo, which incorporates synthetic and blended fabrics, Pact's entire collection is made using organic cotton, natural dyes, and biodegradable packaging.

## **Business Model and Operations**

Uniqlo operates under a centralised and vertically integrated supply chain model, which streamlines product design, manufacturing, and retail distribution. This structure enables the company to efficiently control costs, manage inventory, and rapidly respond to consumer demand. Uniqlo negotiates directly with material suppliers worldwide, securing high-quality textiles at competitive prices through economies of scale. However, its reliance on outsourced production in Asian markets has raised concerns about labor conditions and transparency.

Pact's supply chain is designed with sustainability and ethical sourcing at its core. The company ensures that all its organic cotton is sourced through Fair Trade Certified™ factories and meets GOTS (Global Organic Textile Standard) certification requirements. This guarantees strict environmental and labor protections at every stage of production. Pact also partners with Fair Trade USA and SimpliZero to maintain a fully transparent and responsible supply chain. Unlike Uniqlo, which primarily focuses on cost reduction and efficiency, Pact prioritizes worker welfare, water conservation, and carbon neutrality throughout its production network.

Uniqlo and Pact exemplify two vastly different approaches to fashion. Uniqlo, with its large-scale operations, aims to incorporate sustainability gradually while maintaining affordability and accessibility. However, it still faces challenges in material sustainability, labor transparency, and long-term environmental impact. Pact, by contrast, is a sustainability-first brand, ensuring that every element of its

business—from fabric sourcing to packaging—is as environmentally responsible as possible. However, its smaller scale and higher pricing limit accessibility to a mainstream audience.

Both brands highlight the trade-offs in sustainable fashion. Large companies like Uniqlo must continue improving transparency, accountability, and sustainable material use, while niche brands like Pact need to explore scalable solutions without compromising their values. The future of sustainability in fashion likely lies in a hybrid model, integrating scalability and deep-rooted ethical principles into the broader fashion industry.

## Production Practices

Uniqlo focuses on high-efficiency manufacturing and innovation-driven production. The company collaborates with material scientists and textile manufacturers, such as Toray Industries, to develop proprietary fabrics like HEATTECH, AIRism, and Ultra Light Down, which enhance comfort, insulation, and durability.<sup>4</sup> Uniqlo's production strategy prioritizes high-tech processes, such as computerized fabric cutting and automated quality control, ensuring efficiency and cost reduction. However, its reliance on synthetic and blended fibers presents sustainability challenges, particularly regarding microplastic pollution and the difficulty of textile recycling.<sup>5</sup>

Pact, by contrast, emphasizes low-impact and ethical production processes. Its entire manufacturing chain follows GOTS (Global Organic Textile Standard) certification, ensuring non-toxic dyeing, reduced water usage, and environmentally friendly production methods.<sup>6</sup> Pact also prioritizes Fair Trade Certified™ factories, guaranteeing that labor conditions meet international ethical standards.<sup>7</sup> Unlike Uniqlo, which focuses on large-scale manufacturing, Pact operates on a smaller, more controlled production model, ensuring that every step adheres to strict sustainability criteria.

## Transparency and Accountability

Uniqlo has made strides in improving transparency but still faces criticism for supply chain opacity. The company publishes annual sustainability reports,

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<sup>4</sup> Fast Retailing, 2023. doi: [https://www.fastretailing.com/eng/ir/library/pdf/ar2023\\_en\\_sp.pdf](https://www.fastretailing.com/eng/ir/library/pdf/ar2023_en_sp.pdf).

<sup>5</sup> Greenpeace, 2021. doi: <https://www.greenpeace.org.uk/impact/impact-report-2021/>.

<sup>6</sup> Textile Exchange, 2023. doi: <https://textileexchange.org/knowledge-center/reports/materials-market-report-2023/>.

<sup>7</sup> Pact, 2023. doi: <https://wearpact.com/sustainability>.

outlining its progress in ethical sourcing, factory auditing, and material innovations.<sup>8</sup> However, independent labor watchdogs, such as the Clean Clothes Campaign, have raised concerns regarding wage disparities and working conditions in Uniqlo's supplier factories, particularly in Bangladesh, Vietnam, and China.<sup>9</sup> While Uniqlo has committed to zero forced labor and worker empowerment initiatives, critics argue that enforcement remains inconsistent.

Pact is highly transparent about its operations, with detailed traceability reports available to consumers. The company openly shares information about its Fair Trade Certified™ production facilities, organic cotton sourcing, and carbon offset partnerships with SimpliZero.<sup>10</sup> Pact's direct-to-consumer model allows for greater control over transparency, as it bypasses third-party distributors and retailers, ensuring that sustainability claims are verifiable and not diluted by supply chain complexity.

## Sustainability Efforts

### Materials

Uniqlo sources a mix of natural and synthetic materials. While the brand has increased its use of recycled polyester and responsibly sourced cotton, the bulk of its product line still relies on conventional synthetic fabrics, which contribute to environmental issues such as non-biodegradability and microplastic shedding.<sup>11</sup> The company partners with initiatives like Canopy to reduce deforestation in its viscose supply chain and The Responsible Down Standard (RDS) to ensure ethical treatment of animals in its down-filled apparel.<sup>12</sup>

Pact, on the other hand, exclusively uses organic cotton certified by GOTS, ensuring that no pesticides, synthetic fertilizers, or genetically modified organisms (GMOs) are used in cultivation.<sup>13</sup> Organic cotton farming reduces water consumption by up to 90% compared to conventional cotton and eliminates toxic chemical runoff, making it a more sustainable choice.<sup>14</sup> Pact avoids synthetic fibers entirely and does not use blended materials that complicate textile recycling.

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<sup>8</sup> Fast Retailing, 2023. doi: [https://www.fastretailing.com/eng/ir/library/pdf/ar2023\\_en\\_sp.pdf](https://www.fastretailing.com/eng/ir/library/pdf/ar2023_en_sp.pdf).

<sup>9</sup> Fashion Transparency Index, 2023. doi: <https://www.fashionrevolution.org/fashion-transparency-index/>.

<sup>10</sup> Pact, 2023. doi: <https://wearpact.com/sustainability>.

<sup>11</sup> Greenpeace, 2021. doi: <https://www.greenpeace.org.uk/impact/impact-report-2021/>.

<sup>12</sup> Fast Retailing, 2023. doi: [https://www.fastretailing.com/eng/ir/library/pdf/ar2023\\_en\\_sp.pdf](https://www.fastretailing.com/eng/ir/library/pdf/ar2023_en_sp.pdf).

<sup>13</sup> Textile Exchange, 2023. doi: <https://textileexchange.org/knowledge-center/reports/materials-market-report-2023/>.

<sup>14</sup> WWF, 2022. Living planet report. Doi: <https://www.wwf.org.uk/our-reports/living-planet-report-2022>.

## Environmental Initiatives

Uniqlo has undertaken multiple environmental sustainability initiatives, including the Re. Uniqlo program, which collects worn clothing for redistribution, upcycling, or recycling.<sup>15</sup> The brand has also introduced sustainable jeans production, utilizing laser finishing and ozone washing to cut water and chemical usage by up to 90%.<sup>16</sup> Additionally, Uniqlo is eliminating single-use plastics in its packaging and aims to achieve carbon neutrality by 2050.<sup>17</sup>

Despite these efforts, Uniqlo's environmental commitments lack clear short-term targets, and much of its progress remains in the pilot stage. Critics argue that without third-party verification and full transparency, it is difficult to assess Uniqlo's true impact.<sup>18</sup>

Pact takes a comprehensive approach to environmental sustainability, incorporating climate neutrality, waste reduction, and circularity into its business model. The brand partners with SimpliZero to measure and offset 100% of its carbon emissions, funding reforestation projects, renewable energy developments, and community-based climate initiatives.<sup>19</sup> Additionally, Pact minimizes waste through zero-waste packaging solutions, using recycled and biodegradable paper-based materials. The brand also encourages consumers to extend product lifespans through its Give Back Box initiative, which facilitates the donation of used clothing to charities rather than landfills.<sup>20</sup>

## Social Responsibility

Uniqlo engages in social responsibility initiatives, including education programs, disaster relief, and employment empowerment.<sup>21</sup> The brand works with the United Nations Refugee Agency (UNHCR) to provide clothing donations to displaced communities and supports women's empowerment programs in manufacturing regions.<sup>22</sup> However, labor activists have criticized Uniqlo for not disclosing full factory wage structures and for past labor disputes involving forced overtime and unfair wages in supplier factories.<sup>23</sup>

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<sup>15</sup> Fast Retailing, 2023. doi: [https://www.fastretailing.com/eng/ir/library/pdf/ar2023\\_en\\_sp.pdf](https://www.fastretailing.com/eng/ir/library/pdf/ar2023_en_sp.pdf).

<sup>16</sup> Fashion Transparency Index, 2023. doi: <https://www.fashionrevolution.org/fashion-transparency-index/>.

<sup>17</sup> CDP Global, 2022. Scoping out nature across the supply chain. doi:

<https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/918/original/CDP-Supply-Chain-Report-2022.pdf>.

<sup>18</sup> Greenpeace, 2021. doi: <https://www.greenpeace.org.uk/impact/impact-report-2021/>.

<sup>19</sup> WWF, 2022. Living planet report. doi: <https://www.wwf.org.uk/our-reports/living-planet-report-2022>.

<sup>20</sup> Pact, 2023. doi: <https://wearpact.com/sustainability>.

<sup>21</sup> Fast Retailing, 2023. doi: [https://www.fastretailing.com/eng/ir/library/pdf/ar2023\\_en\\_sp.pdf](https://www.fastretailing.com/eng/ir/library/pdf/ar2023_en_sp.pdf).

<sup>22</sup> Fashion Transparency Index, 2023. doi: <https://www.fashionrevolution.org/fashion-transparency-index/>.

<sup>23</sup> Clean Clothes Campaign, 2023. doi: <https://cleanclothes.org/news/2023>.

Pact embeds social responsibility into its entire business model. By maintaining Fair Trade Certified™ production, the company ensures that factory workers receive fair wages, safe working conditions, and community development funds.<sup>24</sup> Unlike Uniqlo, which primarily donates surplus stock, Pact prioritizes long-term systemic improvements in worker welfare by investing in fair labor structures from the start.<sup>25</sup>

## Where do we go from here?

This report has examined the sustainability efforts of two companies—Uniqlo, a global fast fashion giant, and Pact, a smaller, sustainability-focused brand—to explore how businesses of different sizes are responding to the growing demand for responsible fashion. Both companies have made strides in incorporating sustainability into their operations, yet they face distinct challenges. Uniqlo, while promoting longevity and functional design through innovations like LifeWear, still struggles with issues related to material sourcing, labour practices, and transparency in its global supply chain. For many similar companies that are considered to fall under the fast fashion model, the transition towards more sustainable operating practices poses many challenges. Fast fashion companies have been established to produce and sell products quickly and at scale. This means that to move towards a more sustainable approach will require revisiting the previous operating model, materials and supply chain practices and critically its management. In contrast, Pact offers a model grounded in ethical sourcing and environmental responsibility, relying solely on organic cotton and fair trade certifications, though its smaller scale limits its ability to scale impact. The reverse of this is that the infrastructure does not yet exist for more sustainable fashion companies to produce items of clothing at scale, nor might it ever. To be truly sustainable, the fashion industry must reduce the amount of new clothing produced and adopt a more circular approach to production. This shift from business as usual raises questions that many in the fashion industry might not yet be willing to consider. Ultimately, the evidence in this report would prejudice that the future of sustainable fashion will require a hybrid approach that combines the scalability of large brands with the ethical foundations of smaller, purpose-driven companies. While progress is being made, the transition to a circular economy—along with the adoption of advanced technologies and stronger regulatory frameworks—will be crucial for the industry's long-term sustainability.

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<sup>24</sup> Pact, 2023. doi: <https://wearpact.com/sustainability>.

<sup>25</sup> Textile Exchange, 2023. doi: <https://textileexchange.org/knowledge-center/reports/materials-market-report-2023/>.

By learning from the diverse strategies of companies like Uniqlo and Pact, the fashion sector can move closer to achieving a more sustainable and equitable future.

As consumers, policymakers, and corporations increasingly align toward sustainability, collaboration and innovation will be essential. The fashion industry must now embrace both responsibility and adaptability to ensure a just, circular, and climate-resilient future.