

P I P E R & S K Y E



Circularity Report 2023

A Message from Our CEO

At Piper & Skye, we are driven by a deep passion for circularity; a principle that centers around the reduction of waste and the regeneration of our planet. Piper & Skye's mission is clear: to design our handbags in such a way as to minimize any sort of negative impact on planet earth, and if possible, assist in its betterment. We achieve this by crafting handbags of enduring quality that are designed to withstand the test of time and be cherished as heirlooms passed from one generation to the next.

The very heart of our commitment lies in our material selection. We meticulously choose materials that not only last, but also decompose naturally, free from environmentally-harmful chemicals. We are dedicated to continuing to make choices that echo our responsibility towards the environment.

As we embark on this journey, my hope for the future of our circularity strategy is a simple, yet powerful one. Let's remain unwavering in our dedication to our Circularity Roadmap, continuously hold ourselves accountable, and remember that it is about progress rather than perfection. Together, we strive for a sustainable and circular world that safeguards our planet for generations to come.

Joanna MacDonald





Piper & Skye: A Circular Company

Piper & Skye is an emerging luxury handbag brand created to bridge the gap between sustainability and luxury. Recognized as a leader in responsible luxury accessories, our mission is to honor what we have borrowed from nature and create beautiful handbags with the utmost respect for our planet and everything on it. All sourcing of raw materials is done in accordance with strict criterion relating to biodiversity and the regeneration of the ecosystems from which they come. Piper & Skye partners only with suppliers who align with our values of responsibility, respect and community.

Piper & Skye's handbags and accessories are crafted by small independent artisans across North America with complete consideration for people and the planet. By taking care of the communities that fish and tan our leathers, supporting local shelters in major cities across the continent, and nurturing our cherished supply chain and partners, the Piper & Skye team is very proud of the work we do. It leaves no question as to why our tagline is "we love what we're made of".

Piper & Skye's Values

Responsibility
Respect
Community

Our Mission

We find ourselves in the unique position to honor what we have borrowed from nature and create beautiful handbags with the utmost respect for our planet and everything on it. In the process, we are engaging our global communities to inspire and understand our common opportunity to make the world a better place through beauty and responsible luxury.

What is Circularity?

According to the Ellen MacArthur Foundation, to understand circularity we must first acknowledge the traditional 'Take-Make-Waste' economy which is prevalent throughout the world. This economic model involves:

1. Taking finite resources from the planet
2. Using those resources to make a product
3. Throwing away that product as waste once it has reached the end of its useful life.

The difference in a circular business is that the initial design process takes into consideration the preciousness of finite resources, aims to extend a product's useful life, and intentionally minimizes any negative environmental impact a product will have at the end of its useful life. The net result is the regeneration of planet earth.





Our Circular Business Model

Since its founding, Piper & Skye has been built on a foundation of sustainability and circularity. Whereas many companies first adopt a traditional business model and then attempt to transform into a circular business, Piper & Skye hold the concepts of sustainability and circularity as our guiding ethos. There have been no compromises made in our pursuit of circularity. All major business decisions (such as those below) have been made based on circularity and sustainability principles. Our responses to these questions will be highlighted throughout this report.

- What materials should we use?
- How do we find suppliers who share our views on circularity?
- How can we minimize any production-related waste?
- How can we design our bags to maximize their useful life?
- Can we establish a maintenance and repair program to extend the useful life of our bags?

In researching ways for Piper & Skye to quantify our circularity efforts and track our progress over time, we chose the framework provided by the Ellen MacArthur Foundation. The goal of this foundation is to promote the benefits of transition to a circular economy. We conceptualize our circularity efforts in two overarching categories:

- **Enablers:** A system of business practices and policies enacted to enhance circularity.
- **Outcomes:** Specific criteria measuring progress towards circularity.

In this initial Circularity Report, we will discuss aspects of our circular business model, opportunities for improvement, and present our Circularity Roadmap to show our intended journey to quantify, track, and enhance our achievements in circularity.



Principles Of Circularity

1 Eliminate Waste and Pollution

The vast majority of business models are based on the unspoken acceptance of 'Take-Make-Waste'. Companies take valuable resources from the environment, make them into a product, then dispose of them into landfills as waste. Rarely is thought given to how to eliminate waste and pollution once a product reaches the end of its useful life.

At Piper & Skye, our handbags are designed with the aim of eliminating waste and pollution. Each step of the design process is interrogated to identify opportunities for waste minimization. Rather than being an inevitable result of production, waste and pollution are seen as design flaws.

2 Circulate Products and Materials

The intent of circulating products and materials is to keep them in use as either a) products, or b) raw materials, when no longer able to be used for their initial purpose. Rather than using a product a few times and then tossing it into the trash, the concept of 'circulating a product and materials' aims to extend the useful lifespan, and once this is achieved, preserve the ability for it to be recycled and/or used as a raw material again.

Smart design is the approach that we have taken at Piper & Skye to ensure that all of our luxury handbags meet this criteria. Not only are our pirarucu and alligator handbags made from a food by-product, but we have also implemented a number of programs aimed at extending their useful lifespan.

3 Regenerate Nature

By shifting from a 'Take-Make-Waste' mindset to one of circularity, Piper & Skye supports the regeneration of nature. With fewer virgin raw materials being extracted to construct our luxury handbags, the planet is given the opportunity to heal and regenerate.

Our approach at Piper & Skye is to ensure that the greatest possible percentage of raw material inputs come from non-virgin sources. For example, by aiming to source recycled hardware for our handbags, an economic decoupling results between business activity and raw material extraction. Nature does not have to be destroyed to create beautiful handbags.



1 Eliminate Waste and Pollution

Design-Out Waste and Pollution

Eliminating waste and pollution starts from the moment the design process is undertaken. At Piper & Skye, we have gone to great lengths to design luxury handbags that will have minimal impact on the environment once/if they reach the end of their useful life. Some examples include:

- Our bags are crafted from biodegradable pirarucu and alligator leather.
- We are actively searching for recyclable hardware to use in the design of our handbags (e.g. D-rings, zippers, etc.)
- Many of our handbags feature interchangeable components such as straps of different lengths. This allows for greater utility, and therefore, lifespan.

Non-Virgin Material Inputs

Using non-virgin material inputs in the production process avoids new material extraction and environmental degradation. The luxury handbag industry is populated by many companies using virgin bovine (cow) leather despite its extensive negative environmental impact.

At Piper & Skye, we figured there must be a better option. After much research, we settled on two primary bio-leathers: Pirarucu and wild american alligator. Both materials are food by-products and would otherwise end up in landfills or incinerated if not for us transforming them into beautiful luxury handbags.

Inventory Minimization

Fast fashion is plagued by the supposed necessity of carrying large inventory levels to keep the cost of goods sold low, and margins high. The problem is that a significant amount of this inventory eventually ends up in landfills. Given the low cost of this inventory, there is not much incentive for companies to change.

Our approach to inventory at Piper & Skye is much different as our business model involves designing our handbags in small batch production runs with the aim of carrying a minimum level of inventory at all times. Doing so allows us to minimize the amount of unsold inventory ending up as waste.

Case Study:

Dematerialization Efforts

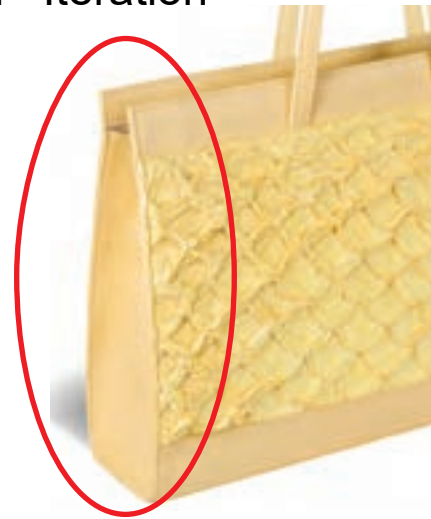
The Braemar Handbag

One of the first steps that Piper & Skye takes to eliminate waste and pollution is to dematerialize its handbags during the initial design process. Through the design, production, and testing of multiple prototypes, Piper & Skye aims to pare down a bag to solely those features deemed essential. Consider our Braemar

handbag for example. The internal structural material of the side gussets of this bag were reduced significantly as shown in the photos below. While the first iteration featured a heavier internal structure, this was deemed largely unnecessary as it provided little additional benefit to the customer. Our second iteration was dematerialized significantly by replacing the heavy structure with a lightweight backing.

Dematerialization is delivering the same or comparable product with maximized resource effectiveness by reducing the mass or material types in the product.

1st Iteration



2nd Iteration



2 Circulate Products & Materials

Our Leathers are Food By-Products



Both of our primary leathers, pirarucu and wild american alligator, are food by-products. Pirarucu is an Amazonian fish regularly consumed in fishing villages. The skin of the fish, which is traditionally discarded, is processed and subsequently utilized by Piper & Skye as its signature leather material. Similarly, wild american alligator (an invasive species) is also regularly consumed for its meat. Once processed in accordance with state regulations, Piper & Skye uses the otherwise discarded skins to produce one-of-a-kind handbags and accessories. Not only does doing so honor the animal and make greater use of the whole, but it also indirectly avoids the use of more environmentally-harmful bovine leather.

Extension of Useful Life

Piper & Skye handbags are designed to be timeless pieces that are passed from one generation to the next. We understand, however, that this may not always occur. A variety of circumstances may lead a person to decommission their handbag such as damage or a change in trends. To keep our bags in circulation, Piper & Skye developed two unique initiatives:

Repair and Maintenance Program - Launching soon, this program will offer customers the ability to send their handbags to us for repairs. By utilizing this service rather than a third-party, the customer gains access to our extensive archive of hardware (thus maintaining an identical appearance post-repair), and the same high quality craftsmanship they deserve.

Karma Credit Program - Rather have a handbag sit on a shelf or end up in a landfill, our Karma Credit program allows customers to return used handbags in exchange for a discount on their next Piper & Skye purchase.



Material Selection Criteria

Material selection is the first step in the design process, and the first step towards building a circular product. Before choosing materials for our luxury handbags, Piper & Skye developed a set of Material Selection Criteria to help guide our selection. These criteria play an ongoing role in our development projects and provide a framework to assess the alignment of new materials with our circularity ethos.

- ✓ The species must be in overpopulation in its natural habitat or considered to be invasive.
- ✓ The species must be used as a food source somewhere in the world.
- ✓ There is no undue suffering in any form during the process of culling, fishing, or otherwise. We abide by the Five Freedoms originally defined by the UK's Farm Animal Welfare Council.
- ✓ Management of the species is overseen by a governing body (e.g. CITES, Fish and Wildlife Licensing, etc.) which seeks to ensure the healthy and thriving ecosystem in which the species lives.
- ✓ The skins and leathers would be considered a waste product (i.e. headed for a landfill) unless passed on to designers and artisans who create beautiful handbags and accessories with them.
- ✓ Select only suppliers that align with our goals to reduce hazardous and toxic chemicals used in the tanning, dyeing, and manufacturing processes.

3 Regenerate Nature



Decoupling economic activity from material extraction is a central tenet of the circular economic model. The traditional linear economic model features a strong positive correlation between virgin material extraction and corporate profits. Once a product reaches the end of its useful life, it ends up as waste which necessitates further extraction of materials from the earth to manufacture new products. By pursuing a circular economic model, Piper & Skye is committed to giving nature the opportunity to regenerate.

Pirarucu as a Food By-Product

By using pirarucu (a direct food by-product) as the primary material input in the design of our luxury handbags, Piper & Skye opts out of the conventional 'Take-Make-Waste' linear economic model. As a food by-product, pirarucu leather would otherwise end up as waste in landfills or incineration plants thereby causing further environmental degradation. By utilizing the leathers, Piper & Skye avoids the 'Take' component of the traditional economic model thus giving nature the chance to regenerate. As Piper & Skye continues to evolve, we seek to source additional material inputs that will further enhance our positive impact on the regeneration of nature.

Avoiding Environmental Degradation

Using pirarucu as our primary material input means providing direct financial support to Amazonian fishing communities. When these communities receive money for fish leathers that would otherwise go to waste, there is financial incentive to continue this process rather than shifting to more environmentally-destructive income-generating practices such as cattle farming and deforestation of the Amazon.

Case Study:

Use of Invasive Species

In adherence with our Material Selection Criteria (discussed above) and constant pursuit of materials that promote the regeneration of planet earth, Piper & Skye has begun to develop a new collection of handbags constructed from the invasive python of the Florida Everglades. Our objective here is simple: Encourage nature to flourish while pushing fashion beyond sustainability.

Arguably one of the worst invasive species, the invasive Burmese python was accidentally introduced from Southeast Asia to the Florida Everglades. In doing so, the python has destroyed a once thriving and diverse ecosystem as it preys on 90-99% of small mammalian life present in the Everglades. By utilizing the python leather in the construction of our luxury handbags, we are using non-virgin materials while simultaneously supporting the restoration of the natural Floridian environment and its biodiversity. This type of trailblazing fashion experience, marrying luxury and style with a profound commitment to healing the planet and restoring affected ecosystems, is what Piper & Skye is known for. Our goal is simply to leave the planet in better shape than we found it.



P I P E R & S K Y E



Tracking Our Progress

To gain a better understanding of the progress we are making towards becoming a more circular company (and where room exists for improvement), Piper & Skye has adopted the Ellen MacArthur Foundation's framework for comprehensively assessing circularity. The framework considers 11 different aspects of our company in two broad categories, Enablers and

Enablers

Strategy and Planning - How central is circularity in our business strategy?

Innovation - Are the conditions in place to support the development of innovative circular products?

People and Skills - Does our team consist of people with the skills necessary to transition to a circular business model?

Operations - Has investment been made in PP&E to support the transition towards circularity?

External Engagement - Are we promoting our circular economy initiatives externally and amongst business partners?

Outcomes (as previously discussed). In 2023, our inaugural year using this framework, we used the framework to shape and guide our decision making as exemplified in the example questions below. In future years, we intend to develop a more thorough assessment process to formally track our progress and transparently report it to our customers and shareholders.

Outcomes

Products and Materials - Are the materials we source, and the products we produce, circular?

Plant, Property and Equipment - Is PP&E procured and disposed of in a circular way?

Water - Is water used in a circular way?

Energy - Is renewable energy used to support a circular economy?

Circularity Roadmap

Circularity is not a defined endpoint, but rather, a lifelong journey. As new materials come on market, technology evolves, and consumption patterns shift, so too will what it means to be circular. A company that is defined as circular must continuously evolve to maintain this badge of honour. It is within this context, that Piper & Skye has developed the following Circularity Roadmap highlighting

our circularity pursuits over the next 18 months. In developing this roadmap, we have prioritized the following four pillars:

- 1) Implementing corporate policies that support circularity
- 2) Initiating measurement practices to track necessary data
- 3) Selecting appropriate metrics against which to benchmark
- 4) Pursuing circularity certifications and external audits

Conduct dematerialization assessments of all current designs to identify opportunities to save materials.

Apr '24

Launch our Repair & Maintenance Program aimed at extending the useful life of our handbags by keeping them in circulation for longer.

July '24

Launch our much anticipated Archive Collection in which unique iterations of handbags (both current and past) are sold to minimize wastage.

Jan '25

Jan '24

Implement a corporate policy formalizing a circularity assessment process to be completed on all new designs prior to being offered to the public.

June '24

Define metrics and other indicators of progress towards greater circularity along with monitoring methodologies (e.g. raw material wastage and non-virgin material usage)

Oct '24

Initiate process of gaining a highly respected circularity certification involving a comprehensive external audit process.