

# CODE OF CONDUCT

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**!ndigo**  
Enrich your life™

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## INTRODUCTION

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At Indigo Books and Music Inc. (“Indigo”, the “Company”), we are committed to conducting business with the highest ethical and professional standards, not just because it is a positive reflection on our Company or that our customers expect no less, but because it is the right thing to do.

The Indigo Code of Conduct is a set of standards and expectations that serves as a guideline for all employees to follow. It outlines service standards we use when dealing with each other and with our customers, external consultants, vendors and suppliers. These principles and behaviours are considered binding and are agreed upon by everyone who works at Indigo.

The standards and expectations outlined in this Code of Conduct are not exhaustive and should be interpreted together with other Indigo policies and practices.

To maintain our reputation for integrity, we expect all employees to act ethically with the highest standards of integrity and abide by the principles of lawful conduct in all their business dealings. We want you to know our standards, to adhere to them and to advise your manager if the standards are in conflict with any actions you observe.

You are responsible for seeking help or clarification about any standards. If you need help or clarification, please speak to your manager or Indigo Human Resources.

## 1. CONFLICTS OF INTEREST

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### THE EMPLOYEE OBLIGATION

At Indigo, our success depends on everyone’s commitment. We should always conduct ourselves in a manner in which there is no conflict of interest between our personal interests and those of the Company. When an actual or potential conflict of interest arises, talk to your manager.

In general, a conflict of interest occurs when personal interests appear to interfere with your responsibilities and duties required by your job and the business.

Avoiding conflicts of interest means avoiding situations where your actions are allowing you to benefit personally as a result of your position at Indigo. As an employee of Indigo, it’s expected that you will always act in the Company’s best interests.

### GIFTS FROM CUSTOMERS, EXTERNAL CONSULTANTS, VENDORS OR SUPPLIERS

Some jobs at Indigo involve dealing with external vendors, consultants, and suppliers. Indigo expects you to deal honestly and fairly in these business relationships, and when choosing an external consultant, vendor or supplier, not to be influenced by factors other than quality, price, reputation, relevance and value.

# Indigo Code of Conduct

You should not accept gifts over \$100 in value or other gratuities from customers, external consultants, vendors or suppliers (existing or prospective). You should also not use your position within the Company to obtain personal gain from those seeking to do business with the Company.

Products or services received during the conduct of business (including samples, promotions, etc.) are the property of Indigo.

Please address any questions you may have on this matter with your manager or Human Resources.

## **WHAT WE WON'T SELL**

There are three types of material we will absolutely not carry in our stores no matter the consequence: child pornography; written material with explicit instructions on how to create weapons that could be used for mass destruction; and written material which has as its sole intent inciting people toward the annihilation of a particular group in society.

## **2. PRIVACY AND CONFIDENTIALITY**

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### **PRIVACY AND CONFIDENTIALITY OF INDIGO INFORMATION**

By virtue of your employment, you have access to information about the Company, such as our business plans, product, new services, pricing, promotions and technology. This information and any other information related to our business, is private and confidential. You must use it only for the exclusive benefit of the Company. The only exception is information we make available to the public, such as press releases, promotional materials or public announcements about new products, services or locations. Any breach of privacy or confidentiality constitutes a breach of your duty of loyalty and is considered a very serious offense. Appropriate action will be taken immediately upon discovery and may include termination.

### **DISCLOSURE, CONFIDENTIALITY AND INSIDER TRADING**

Only the CEO, President, CFO or VP of Public Relations should be discussing financial information with analysts, investors, shareholders and the media.

Any communication with the media must be made with the prior approval of the Indigo Books & Music VP of Public Relations.

Indigo's common shares are traded publicly on the Toronto Stock Exchange and market prices of such securities are influenced by what the public knows about the Company. Investors could gain an unfair advantage from inside, non-public information that could affect an investor's decision to buy, sell or hold securities.

# Indigo Code of Conduct

You may come into possession of insider information in the normal course of business, e.g., news about financial results prior to public disclosure, significant management changes, etc. The law forbids the selective disclosure of such material insider information or the purchase and sale of securities by anyone who has such material insider information which has not been made public by the Company by press release.

Trading on or “tipping” others about material non-public information about Indigo threatens our integrity and could result in serious civil and criminal penalties for both you and Indigo.

If you come into contact with financial material or other information in the course of your work, you are required to be familiar with and abide by the Indigo Insider Trading Policy as amended from time to time.

*Employees can obtain complete policy details by accessing the Company's intranet site.*

## **PROTECTING EMPLOYEE PERSONAL INFORMATION**

As outlined in the Information Security section (on page 6), it is a corporate policy, and employees are expected to secure and protect private, confidential, sensitive or valuable information; this includes employee personal information.

"Employee Personal information" is information about an identifiable individual that is recorded in any form. For example, employee name followed by birth date, home address, etc. The name, title, business address or telephone number of an employee is not considered private information.

Indigo shall not use or disclose employee personal information for purposes other than those for which it was collected, except with the consent of the employee or as required by law. Indigo will retain personal information only as long as necessary to fulfill those purposes.

## **PROTECTING CUSTOMER INFORMATION**

Under Canada's Personal Information Protection and Electronic Act (PIPEDA) the protection of customers' personal information is the responsibility of each employee. Personal customer information includes name, home address and home phone number, email address, credit information, billing records, and product and service use.

At Indigo, personal customer information is not to be used or disclosed for purposes other than those for which it was collected, except with the written consent of the customer or as required by law. Unless the purpose of collection is self-evident, Indigo will identify the purposes for which personal information is collected before or during the time of the transaction.

All employees who have access to credit card data must complete the Information Security Awareness eLearning module before starting their position.

# Indigo Code of Conduct

Employees whose roles include access to confidential customer or employee information have an obligation to know the protocols of information protection, and then to protect it. Failure to do so is grounds for disciplinary action, up to and including termination.

*Employees can obtain complete policy details by accessing the Company's intranet site.*

## 3. PROTECTION AND PROPER USE OF COMPANY ASSETS

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### USING COMPANY FACILITIES AFTER HOURS

If you need to enter your location after normal business hours, you must have the permission of your manager. In most circumstances, you will not have a need to be on our premises at any time other than a normal working day.

All office employees will be given a security pass card for their office location which will be activated for their working hours.

### INFORMATION SECURITY

At Indigo, we encourage the use of information technologies and electronic communications resources. These resources are widely available to our employees to allow for more effective and efficient performance of their work duties.

To prevent disruptions, overload and misuse of these resources and services, the use of Company electronic communications resources is limited to Company business. Limited or occasional use of technology for personal reasons is acceptable as long as it does not negatively impact the ability of others to conduct Company business using that same technology or result in additional cost to the Company.

You must not use e-mail or the Internet to access or distribute material that is discriminatory, harassing, derogatory, obscene, sexually explicit, pornographic, defamatory, threatening, or that is in violation of any applicable licensing agreements and/or copyright laws. Also, information technologies must not be used for conducting personal business or for any type of 'hacking' activity.

It is a corporate policy to, and is expected that all employees will, secure and protect private, confidential, sensitive or valuable information; whether or not it pertains to an employee, to customers or to the Company.

# Indigo Code of Conduct

Electronic private, confidential, sensitive or valuable information, unless properly protected or encrypted, should:

- Not be sent over the Internet (e.g. via email, social networking sites or peer-to-peer sites)
- Not be stored electronically on a Company computer hard drive (“C” drive) or other portable or mobile devices such as memory sticks, portable hard drives, on a BlackBerry or other smartphone etc.
- Never be sent to department copy machines without activation of secure print and password

Paper based private, confidential, sensitive or valuable information, should

- Never be left unattended or within open view of others
- Always be stored under lock and key
- Always be disposed of using a secure (locked) disposal bin or shredder

Indigo reserves the right to inspect, monitor and access any information technology or electronic communication in all circumstances.

*Employees can obtain complete details policy of the following policies by accessing the Company’s intranet site: [Computer Usage Policy](#), [Social Media Policy](#) and [Information Security Policies](#).*

## 4. RESPECT IN THE WORKPLACE

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### OPEN DOOR POLICY

Great companies are all about people and creating a trusting, rewarding and high performing workplace. As our most valuable resource, Indigo employees should always feel that they can share ideas, feedback and concerns about workplace issues.

We strive to ensure that we have open channels of communication and want to hear from you. We will treat your ideas and concerns with respect. Any information you share is kept confidential and disclosed to only those directly involved.

We encourage you to raise questions and concerns at any time to your manager, head of store or involve a senior manager if you feel it is warranted. If you are not satisfied with the response or if you are uncomfortable speaking to your manager directly, you can call the confidential Human Resources Hotline: 1-800-286-9921 and speak to an HR representative. We encourage the ongoing participation and involvement of all employees.

All employees are welcome to contact any of the senior executives.

*Employees can obtain complete policy details by accessing the Company’s intranet site*

# Indigo Code of Conduct

## HUMAN RIGHTS POLICY

Indigo is committed to providing a workplace where each of us is treated with dignity and respect. Indigo is an equal opportunity employer. As part of our commitment to a successful, respectful and productive work environment, we strictly prohibit all forms of discrimination and harassment.

## DISCRIMINATION

At no time will we discriminate on the basis of any of the following factors: race, colour, ancestry, place of origin, ethnic origin, citizenship, gender, sexual orientation, physical or mental disability, age, marital status, appearance, or any other criteria contained in federal and provincial human rights legislation. We also will ensure that all our policies and decisions relating to the recruiting, hiring, promotion, transfer, layoff, termination, development, compensation and any other terms and conditions of employment provide for equal rights and opportunities.

## HARASSMENT

Our harassment policy supports our belief that our work environment should, at all times, treat each employee with dignity and respect.

**Personal Harassment** is a comment or course of conduct that is known, or ought reasonably to be known, to be unwelcome. It can take many forms including; threats, insults, unwanted sexual solicitation or advances, abusive name calling, stereotypical portrayals of men, women, racial or ethnic groups, teasing, or joking.

**Sexual Harassment** is any unsolicited conduct, comment, or physical contact of a sexual nature that is unwelcome by the recipient. It includes, but is not limited to, any unwelcome sexual advances (oral, written or physical), taunts or suggestions about a person's body, attire, or other prohibited grounds of discrimination; displays of degrading, offensive or derogatory material such as graffiti or pictures.

**Psychological Harassment and Bullying** is any behaviour in the form of repeated and hostile or unwanted conduct, verbal comments, actions or gestures that affect an employee's dignity or psychological or physical integrity, which results in a harmful work environment for the employee.

**Position Harassment** occurs when a person who can grant or deny benefits, such as a member of the management team or other Indigo leader, does any of the following: makes sexual advances or requests; denies, or threatens to deny, a benefit to an employee based on the discriminatory factors noted above.

*Employees can obtain complete policy details by accessing the Company's intranet site.*



# Indigo Code of Conduct

## REPORTING HARASSMENT

If you feel you have been the subject of harassment, we advise that you take the following actions:

- Your first step is to advise the person responsible that the conduct is unwelcome. Those who are acting out of ignorance or a misplaced sense of humour, rather than malice, will often stop once they realize the affect their behaviour is having.
- If raising your concern makes you uncomfortable, is embarrassing, or if the behaviour persists, contact your Manager, or next level Manager. Don't be afraid to raise your issue. You will not be subject to any reprisal for making your report.
  - If you are a store employee, you may contact your Head of Store, your Regional Manager, or Human Resources.
- Your Manager or the Head of Store, in conjunction with HR, will investigate the complaint in as confidential a manner as possible. Please be aware, however, that once you make a formal complaint, it cannot be anonymous. All those with alleged involvement in the incident have the right to know who is making the complaint.
- We will take immediate action to deal with the concerns of any employee who feels targeted by harassment or discrimination. We will examine each incident thoroughly and take corrective actions to any individual found to have engaged in any discriminatory act or harassment. Depending on the seriousness and nature of the incident, the actions may result in corrective action, up to and including termination of employment.
- We will not take any action against employees who raise issues in good faith. We do, however, recognize the potential damage of unfounded allegations and will take appropriate corrective action in cases where this policy is abused.
- If you are a manager and you learn of an incident of possible harassment, you are required to report the incident to your manager and to your HR representative.

*Employees can obtain complete policy details by accessing the Company's intranet site.*

## HARASSMENT BY A CUSTOMER

Employees who are subjected to harassing behaviour by a customer should always politely excuse themselves and notify a manager of the situation. This includes, but is not limited to, threats or abusive behaviour, sexual comments or gestures, or a negative comment made regarding race, gender or ethnicity. Under no circumstances should the employee personally confront the harassing party.

## WORKPLACE VIOLENCE

Indigo has zero tolerance for violence in the workplace. Workplace violence includes actual or threatened acts such as assault, aggressive behaviour, screaming and other forms of verbal abuse, throwing things, or any other act that constitutes an actual or potential threat to the well-being of any Indigo employee or individual on the Company premises.

*Employees can obtain complete policy details by accessing the Company's intranet site.*

## ALCOHOL AND DRUG-FREE WORKPLACE

Our goal is to balance respect for individual privacy with the need to keep a safe, productive and healthy work environment. You may not, on our premises or during business hours:

- Possess alcohol or illegal drugs.
- Be under the influence of illegal drugs or alcohol.
- Use, sell, distribute or manufacture any illegal drug.

### *For Home Office Only*

We recognize that as part of occasional celebratory events, a modest amount of alcohol may be consumed on our premises and during work hours, but only if all of the following conditions are met:

- Advance written approval is received prior to the celebratory event from the Functional Executive (SVP & above) and the SVP Human Resources.
- The Functional Executive (SVP & above) must be in attendance for the duration of the event.
- Employees will not be performing work duties while alcohol is being consumed and will not be operating machinery of any kind (including, but not limited to, motor vehicles) following the consumption of alcohol.
- The Functional Executive (SVP & above) present appropriately considers the provision of transportation options (at no charge) for employees in attendance.

## 5. HEALTH AND SAFETY

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Indigo is committed to providing a safe and healthy work and retailing environment for our employees and customers alike. This commitment begins with our focus on prevention of occupational illness and injury and the goal of realizing an accident-free workplace achieved through effective administration, education and training. Furthermore, we strive to eliminate all potential hazards that pose a risk of loss to Company property.

We will ensure that all employees adhere to Indigo safety standards, for the protection of themselves and others. We believe we all share in the responsibility of reducing the risk of incidents and injury in our workplace, as outlined below.

### **Indigo will:**

- Comply with applicable workplace Health & Safety legislation and follow acceptable industry practices in the development and administration of its Health & Safety program.
- Deal with concerns about hazards in the workplace and other situations in accordance with good business practices and requirements of the law.
- Provide the necessary orientation, ongoing training and communication to protect the health and safety of all our employees
- Take every precaution reasonably necessary in any circumstance for the protection of employees.
- Provide information, instruction and supervision to employees to protect the health and safety of our employees.

# Indigo Code of Conduct

## **Our Managers/Supervisors will:**

- Provide a safe and healthy workplace and are accountable for the health and safety of the employees they supervise.
- Model behaviours consistent with Indigo's Health & Safety commitment.
- Ensure that they have the information, training and certification to do their job safely.
- Ensure workers have the information, training, certification, and supervision to do their job safely.
- Ensure their direct reports understand and comply with prescribed safety regulations and established work practices.
- Co-operate with Health & Safety Committee members and representatives in dealing with health and safety issues.
- Correct all hazards and unsafe practices once an issue has been identified.

## **Our Employees will:**

- Comply with all applicable health and safety requirements, including legislated requirements and Indigo policies and procedures.
- Ensure they have the information, training, and certification to do their job safely.
- Work in a manner avoiding health and safety hazards to themselves or others; this includes reporting fit to work.
- Assist in reducing and controlling accident and illness in the work environment.
- Report any incidents, near misses, injuries or illnesses to the manager on duty.

Let's all work together to prevent unwanted losses and personal injuries or illnesses.

*Employees can obtain complete policy details by accessing the Company's intranet site*

## **6. STORE OPERATIONS**

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### **ATTENDANCE & PUNCTUALITY – REPORTING TO WORK**

Serving our customers well and supporting team members requires that all employees report to work on time ready to contribute. Although we recognize that situations may arise from time-to-time that may cause you to be late, we hope that you recognize that the quality of our service may suffer or other employees may be affected. If you know you are going to be late, please call your manager as soon as possible. This gives your manager some time to make contingency plans to cover for you until you can get to the store.

### **SEPARATION OF EMPLOYMENT**

While you may terminate the employment relationship at any time, we ask that if you choose to resign from the Company, you observe proper business etiquette and provide your supervisor with at least two (2) weeks written notice or greater as defined within individual employment contracts.

# Indigo Code of Conduct

There is an Employee Resignation form, available from your manager, which you can use to provide written notice. You must return all Company property upon termination of employment. Final pay will be made in accordance with provincial legislation and Company policy.

*Employees can obtain complete policy details by accessing the Company's intranet site*

## **SERIOUS MISCONDUCT**

There are certain types of behavior and actions by employees that may warrant immediate dismissal. These are some examples and are not meant to be an exhaustive list:

- Possession of a weapon on Company premises.
- Willful or careless significant damage or destruction to Company property or the property of another employee, customer or vendor.
- Theft, attempted theft, or removal of Company property or another employee's property from the premises without proper authorization. This includes "strip covers" and discarded merchandise.
- "Borrowing" cash or writing an "IOU" for cash amounts from the register or safe.
- Falsification of Company records, including but not limited to employment applications, payroll and financial reports. This may include punching or making entries into another employee's timecard or timesheet.
- Unauthorized perusal and/or release of confidential information (i.e., contents of employee files, wages, Company finances/sales information, etc.) to employees or outside parties.
- Gambling on Company premises.
- Violence; hitting, pushing or otherwise striking another person or any other disorderly conduct while on Company premises or arising out of Company business relations.
- Threatening, open or veiled, verbal or physical, an employee, customer or vendor.
- Harassment (in any form) of an employee, vendor, or customer.
- Drugs and narcotics; possession, use, sale (or attempted sale) or being under the influence of illegal substances while on Company time and/or premises.
- Alcohol; unauthorized possession, use or being under the influence of alcohol while on Company time/or premises.
- Failing to report for work or call in with an acceptable reason for three consecutive workdays (job abandonment).
- Insubordination; failure to carry out a reasonable job assignment or job request of your manager after being warned that failure to do so may result in termination.
- Charged and convicted of a crime (summary conviction or indictable offence), which can reasonably be construed to indicate that continued employment would constitute a threat or hazard to fellow employees, customers, the Company, its property or its reputation.
- Unauthorized or inappropriate use of Company software, computer networks inter/intranets, e-mail, or mobile phones.
- Employee discount card abuse, i.e., buying products with your employee discount card and selling it to others at any price.

# Indigo Code of Conduct

## STORE SECURITY POLICIES

- Employees must enter and exit through the front entrance. The receiving door must not be used as an entrance or exit by employees.
- Only authorized employees (i.e. scheduled employees, scheduled service employees, home office employees) may be admitted to the store after closing or before opening.
- All emergency exit doors and receiving doors must be locked and/or armed at all times except when merchandise is being received or garbage taken out. If someone knocks to enter, first identify him or her as being an authorized person before letting them in.
- Only authorized key holders may unlock and/or disarm the receiving door.
- There must always be a clear pathway to any emergency exit door. Deadbolts on any emergency exit door must be unlocked when employees are in the store.
- The back door should not be opened after 6pm, under any circumstances.
- The door leading to the back room/receiving area must be kept closed during business hours.
- Only store employees are allowed in the back room/receiving area and other non-selling areas. If delivery employees must be in the back room, they should be supervised at all times by an authorized store employee.
- Employees should not bring valuables to work. Purses or personal items must be kept in locked lockers during the work shift; a combination lock will be provided by the Company for the duration of employment. Lockers must be emptied each day and left unlocked at the end of the shift. Indigo is not responsible for any personal property brought into the store by employees.
- All Indigo employees (i.e. scheduled employees, home office employees and field staff), on-site vendor representatives or scheduled service employees, are subject to a personal bag check prior to exiting the store.
- At store closing, there must always be at least two employees exiting together as the last store employees to leave the premises.
- Manual bank deposits must always be brought to the bank by at least two Indigo employees, one being management.

## PROTECTING COMPANY ASSETS

One of your most important responsibilities is to protect the cash and inventory in your store. You can do this by following cash handling practices, filling out paperwork accurately and providing the best customer service possible. All employees working on cash are required to read and sign the cash handling practices.

*Employees can obtain complete policy details by accessing the Company's intranet site.*

## CUSTOMER RELATIONS

Indigo is about great customer service. Employees should always conduct themselves in a professional manner, recognizing that each customer contributes to the success of the Company and its employees. We all share the responsibility of satisfying the needs of the customers through maintaining a high degree of professionalism, understanding and conscientious effort. We should also apply this same commitment when conducting our business relationships by using appropriate and ethical business practices.

Please address any question you may have on this matter to your manager.

## Indigo Employee Hotlines

Indigo has three hotlines in place to support employees.

### **HR Hotline**

The HR Hotline is available for you to report any employee or employment related concerns.

### **Loss Prevention Silent Witness Hotline**

The Silent Witness Hotline is in place to allow you to confidentially report all store-related theft or vandalism issues.

### **Financial Reporting Issue Hotline**

The Financial Reporting Issue Hotline is in place to allow you to report any accounting issues that you feel cannot be resolved by a member of the Finance or Accounting management teams.